ORGANISATIONAL CHANGE MANAGEMENT IN SOUTH AFRICA – THE DEVELOPMENT OF A CHANGE FRAMEWORK AND SCORECARD WITHIN A MERGERS AND ACQUISITIONS ENVIRONMENT

by

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Declaration

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I declare that ORGANISATIONAL CHANGE MANAGEMENT IN SOUTH AFRICA – THE DEVELOPMENT OF A CHANGE FRAMEWORK AND SCORECARD WITHIN A MERGERS AND ACQUISITIONS ENVIRONMENT is my own work and that all sources that I have used or quoted have been indicated and acknowledged by means of complete references.

_____   _____

SIGNATURE   **DATE**

(MR M C GLENSOR)

Dedication

"1In the beginning was the Word, and the Word was with God, and the Word was God. 2He was with God in the beginning. 3Through him all things were made; without him nothing was made that has been made. 4In him was life and that life was the light of men (people). 5The light shines in the darkness, but the darkness has not understood it."

I would like to dedicate this Research Study to the following persons who have been instrumental in my life journey in an ever-changing world:

GOD – for His gift of life, provision, strength, hope and wisdom provided throughout my life; without you I am nothing!

To my **parents – Colin and Pamela Glensor** – for their love, inspiration and motivation to continue through difficult times, even in the face of adversity.

To the **Glensor and Bezuidenhout families** this research study is evidence of what you can accomplish through the support, commitment and love of others, and most of all the perseverance to continue despite the difficulties or problems that life may present.

Acknowledgements

I would like to acknowledge the following persons for their commitment and dedication towards this Research Study:

Abstract

Change in today's business environment may be seen as inevitable however in the absence of a generic and endemic Change Framework for Managing and Leading Change; South African businesses face a difficult task of surviving into the future unless they are able to find an Organisational Change Management Approach that will assist them in navigating the Organisational Change Landscape for the 21st Century.

This study provides an exploratory approach to understanding the nature of Organisational Change Management in South Africa, by exploring the following key concepts:

(1) An understanding of the nature of Organisational Change Management in South Africa
(2) The Critical Success Factors needed for Organisational Change Management to succeed in South Africa
(3) The provision of a practical Organisational Change Management Framework and Scorecard for the measurement of Organisational Change Management processes and initiatives
(4) Recommendations towards a Organisational Change Management Scorecard

The study which is largely qualitative in nature makes use of a multiple case study design methodology for the collection of empirical evidence as well as quantitative research data from a survey questionnaire to support the underlying constructs and research questions posed within the study. The use of data and methodological triangulation, namely research interviews, survey data, company and archival documentation as well as focus group discussion points has provided the research study with the necessary validity and reliability to support research results, findings and recommendations.

This information should be utilized by Change Practitioners practicing organisational change within a rapidly transforming environment, where Mergers and Acquisitions are major force for change as it would help to provide the necessary change framework and change scorecard for the management and measurement of organisational change interventions.

This study also highlights the Critical Success Factors for change by focusing on the Emotional side (Low impact) and Change Imperatives / Prerequisites (High impact) for the management of organisational change. In addition, the study also provides a first view of some change performance measures in the form of a Change Scorecard, which can be used to assess the overall impact of the current change intervention being implemented.

Keywords
Organisational change management; Change Management Framework; Change processes; Change Scorecard; Change measurements; Critical success factors; Change outputs; Case Study; Exploratory research; Quantitative (Survey) research.

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Inspirational research quotes:

We are reminded of some inspirational quotes by some well-known and respected Leaders who have added significant value to our understanding of the most fundamental principles of Change:

"Change is the only constant".
(Heraclitus, Greek philosopher)

"Without changing our pattern of thought, we will not be able to solve the problems we created with our current patterns of thought".
(Albert Einstein)

"Change is a fact of life. And those who look only to the past or the present are certain to miss the future".
(John. F. Kennedy)

"Be the change you want to see in the World".
(Ghandi)

1.0   Chapter One: Introduction

1.0   Introduction to the Argument

Balogun and Hailey (2004) report that the failure rate for all change programmes undertaken across most of the world's organisations stands at around seventy percent. In support of the above Burnes (2004) argues that after a careful analysis of the current change initiatives and programmes, it is clearly evident that the poor success rate experienced across organisational change initiatives and or programmes highlights the following two key issues for further research and consideration:

- The presence or the lack thereof of a valid framework on how to implement and manage organisational change,
- The existence of a large proportion of current or available academic literature and research which is available proves to be contradictory, often with confusing theories and approaches on organisational change.

Guimaraes and Armstrong (1998) support Burnes' (2004) argument and report that only personal and superficial analyses have been published in the area of change management. Doyle (2002) continues to argue that based on the current research evidence available, with the exception of some research material that existing practice and theory are mostly supported by unchallenged assumptions about the very nature or organisational change management.

Edmonstone (1995) further supports the above observations and states that many of the change processes over the last twenty-five years have been subject to inherent faults that often prevent the successful management of organisational change.

Todnem (2005) proceeds to argue that a lack of consensus concerning a framework for organisational change management has aided the change community in identifying two fundamental issues, namely:

(1) The pace of change has never been greater than in the current business environment (Balogun and Hope Hailey, 2004; Burnes, 2004; Carnall, 2003; Kotter, 1996; Luecke, 2003; Paton and McCalmon, 2000), and
(2) There is consensus that change being triggered by internal or external factors, comes in all shapes, forms and sizes (Balogun and Hope Hailey, 2004; Burnes, 2004; Carnall, 2003; Kotter, 1996; Luecke, 2003)

Todnem (2005) reports that although there is an ever-increasing focus within the generic literature emphasizing the importance of and suggestions on how to approach change that there is very little empirical evidence around to support the current theories and approaches. It is for this reason that Todnem (2005) recommends that further research be conducted into the following areas of organisational change with the following main objectives:

- To examine the nature of organisational change, with the purpose of ;
- Constructing and or creating a relevant and practical framework for the management of organisational change.

Todnem (2005) concludes that the lack of empirical research within Change Management, and the apparent lack of a valid framework for organisational change management within organisations can be observed through the poor success rates of many change management programmes in operation within the working environment.

For these reasons Todnem (2005) recommends that further research in the following areas of Organisational Change Management be conducted:

(i) The need to carry out exploratory research to increase the current knowledge of organisational change management

(ii) The identification of critical success factors for the management of change

(iii) The design of a valid framework for change management

(iv) The measurement of the success rate of change initiatives

All of the above is further supported by Senior (2002:10) who clarifies the comments of Jones, Palmer, Osterwel and Whitehead (1996) by providing an illustration of the current Organisational Change Landscape:

"As we approach the 21st Century the pace and scale of change demanded by the organisations and those who work within them are enormous. Global competition and the advent of the information age, where knowledge is the key resource, have thrown the world of work into disarray. Just as we had to shed the processes, skills and systems of the agricultural era to meet the demands of the industrial era, so we are now having to shed ways of working honed for the industrial era to take advantage of the opportunities offered by the information age...Organisations are attempting to recreate themselves and move from the traditional structure to a dynamic new model where people can contribute their creativity, energy and foresight in return for being nurtured, developed and enthused."

1.1   *The Statement of the Problem*

Problem statement: The needs for a valid Organisational Change Management Framework, the identification of Critical Success Factors for Organisational Change Management, and the design/identification of Organisational Change Management processes and measurements to assess the overall success rate of Change Initiatives are critical elements for Organisational Change Management within South Africa.

The following sub-problems emerge from the problem statement:

- **Sub-problem One:** To examine the nature of Organisational Change Management in the South African environment.
- **Sub-problem Two:** To identify the Critical Success Factors needed for Organisational Change Management to succeed in South Africa.
- **Sub-problem Three:** To confirm the Organisational Change Management Framework for the management and measurement of Change processes and initiatives within the South African environment.
- **Sub-problem Four:** To understand the relevant recommendations for the development of an Organisational Change Management Scorecard that measures change outputs resulting from change initiatives.

1.2   *Research Questions*

The following key research questions shall be investigated in this research study:

- **Research question One:** What is the nature of Organisational Change Management in South Africa?
- **Research question Two:** What are the Critical Success Factors for Organisational Change Management to succeed in South Africa?
- **Research question Three:** What should the Organisational Change Management Framework for the management and measurement of Organisational change processes and initiatives look like in the South Africa environment?
- **Research question Four:** What are the relevant recommendations for the development of an Organisational Change Management Scorecard in the South African environment?

Based on the above Research Questions, the following research propositions have been formulated:

- **Research proposition One:** In the South African environment specific Critical Success Factors are needed in order for Organisational change to be successful.
- **Research proposition Two:** In the South African environment the existence of a Change Management Framework is essential for the successful management and measurement of Organisational change.

- **Research proposition Three:** In the South African environment the presence of specific or identifiable Success Factors, and a clearly defined Change Management Framework, which is supported by an articulated Change Management Scorecard with identifiable change outputs will facilitate the management of successful organisational change.

1.3 Aim of the Research – Research Objectives

The research shall broadly establish the relationship that exists between the nature of Organisational Change Management in South Africa, and the required Critical Success Factors needed for the successful management and measurement of Organisational Change through a Change Management Framework and Scorecard, specifically the research shall endeavour to:

1.3.1 Understand the nature of Organisational Change Management in South Africa.
1.3.2 Identify the critical success factors needed for successful Organisational Change Management in South Africa.
1.3.3 Identify the essential and or key change processes and measurements required within the Change Framework and Scorecard for the management of change.
1.3.4 Formulate a proposed Change Framework and Scorecard for the South African environment.

1.4 Assumptions

The following assumptions are taken into account throughout the duration of this research study will include:

1.4.1 Mergers and acquisitions are a major form of change for all four of the cases studied
1.4.2 Organisational change specialists, departmental managements, senior managers and top managers are best positioned as the survey participants
1.4.2.1 All of the above survey participants have adequate access to the Internet for the purpose of completing the survey questionnaire.
1.4.3 The four cases studied operate across a diverse or multi-disciplinary industry base where significant organisational change is taking place
1.4.4 Owing to the diverse natures of the different industries and also the backgrounds of the survey participants, conditions were uncontrolled, thereby possibly influencing the statistical significance of the data. The research study therefore made use of a blend of quantitative and qualitative research techniques with a strong emphasis on case study reporting.

1.5 Delineation of the Study

This research study is limited to:

1.5.1 To organisations who have recently experienced Organisational change as a result of the Mergers and or Acquisitions within their business environments, and

1.5.2 To organisations who are currently operating within the following sub-sectors of the economy: manufacturing (FMCG), packaging, energy and mining and professional / financial advisory services.

1.6 Rationale

The rationale for the delineation of the above research study is for the following reasons:

1.6.1 The South African environment has experienced an escalation in the number of Mergers and or Acquisitions over the past few decades (Thayser, 2007)

1.6.1.1 According to statistics quoted by Thayser (2007), South Africa experienced 823 mergers in 2004, totaling $ 18.1 billion, an increase of 15.4% over the previous year.

1.6.2 Weston (2001) provides us with a list of the top ten powerful change forces identified during Mergers and Acquisitions across the globe, namely:

- The pace of technological change has accelerated
- Costs of communication and transportation have been greatly reduced
- Markets have become international in scope
- Forms, sources and intensity of competition have expanded
- New industries have emerged
- Regulation has increased in some areas, whilst deregulation has taken place in other industries
- Favourable economic and financial environments have persisted from 1982 to mid 2000
- Within a general environment of strong economic growth, problems have developed in individual economies and industries
- Inequalities in wealth and income have widened
- Valuation relationships and equity returns for most of the 1990's had risen to levels significantly above long term historical patterns

Weston (2001) concludes that the leading challenges for Mergers and Acquisitions in the business environment are as a result of the combining different organisations and cultures, whereupon the Change forces (as listed above) are impacting those industries and forcing individual firms to make adjustments; only to realize that success is often difficult to achieve unless multiple adjustment processes are implemented throughout the change process.

1.7 Who will benefit from the Findings

The following will benefit from the findings of the research study:

- Change Practitioners, Change Managers and Change Leaders will be provided with the critical success factors, related change processes and measures (using the

Change Scorecard) with which to implement change initiatives using a common Change Framework

- Change Programmes will be provided with a Change Framework with which to facilitate the implementation of change initiatives

- The body of organisational change literature wherein previous research has neglected to provide a consolidated Change Framework or Scorecard for the South African environment with special reference to the following key themes and or concepts:

  - *An understanding of the Nature of Organisational Change Management in South Africa.*
  - *The Critical Success Factors needed for Organisational Change Management to succeed in South Africa.*
  - *The provision of a practical Organisational Change Management Framework for the management and measurement of Organisational Change processes and initiatives.*
  - *Recommendations towards the development of an Organisational Change Management Scorecard for the measurement of change outputs.*

1.8 *Organisation of the Research Study*

The Case Study will be organized according to the following chapters:

- **Chapter One:** provides an overview of the problem statement, research questions and aims. It defines the terminology and concepts that will be used throughout the study and discusses the delineation, assumptions and importance of this research study.

- **Chapters Two and Three:** provide a review of the literature related to organisational change, critical success factors needed for change and the required change processes with their related measurements set against a scorecard for the purpose of measuring performance and or success within a mergers and acquisitions environment. The theoretical and conceptual framework created from the review of the current literature will help to position the research study in a systems thinking approach.

- **Chapter Four:** provides a review of the research design used throughout the research study and explores various elements of the case study method applied across different sectors of the South African economy where mergers and acquisitions appear to be creating significant organisational change. It provides a discussion on the various sources of information, the different data techniques (questionnaires, structured and semi-structured interviews and Focus Groups) and the manner in which the data will be analysed and interpreted. It also provides a review of the main limitations of the study.

- **Chapters Five and Six:** provide an analysis and interpretation of the research data using the research questions as the main constructs and or approach. It further explores and explains the manner in which the critical success factors needed for organisational change influence the overall success of the change initiative being implemented within a clear Change Framework, wherein specific change processes and their measurements will provide a means of identifying a scorecard approach to organisational change.

- **Chapters Seven and Eight:** conclude the research study and provides an overview of the central themes that have emerged throughout the research study. It provides the critical success factors needed for organisational change within the SA environment as well as the Change Framework, the required change processes and their associated measures that have led to the development of a Change Scorecard.

1.9   Chapter Summary

In this chapter the Researcher has provided an overview of the research problem, the related research questions, research objectives, assumptions and delineation and rationale for the study.

The Researcher will now explore the current and available literature based on the research problem highlighted, the research questions posed for further investigation and the research propositions that may result from the research that was conducted.

2.0 Chapter Two: A review of Change Literature, the Change Landscape and Mergers and Acquisitions as the 'Major Form of Change' in the South African environment.

Van Tonder (2005, 2006) argues that the subject of organisational change has received much attention largely because of the fact that more organisational change initiatives and or practices turn out to be unsuccessful; this is further supported by Mariotti (1998). van Tonder (2006) proceeds to reminds us of recent historical corporate events such as the demise of Barings Bank, Enron, Parmalat, Saambou and WorldCom where the very concept of "change gone wrong" bears testimony to the limited value of the available change knowledge.

Van Tonder (2004) reports that the concept of "Transformation"; which has noticeably gained 'faddish status' in South Africa according to the King 1997 report continues to do so in most forms of institutional change since the transition of the 1994 political dispensation. Despite the research and the literature available on the proposed theme for research there is little consensus on the nature of organisational change and the critical success factors needed for change to be successful within South Africa.

Most of the change theories and models focus on the management and leadership of change, each from a different organisational perspective with special reference to the following:

- Affirmative action and Employment Equity – Diversity Management

Whilst the above topic has formed a major part of existing research literature, their appears to little or no focus on the different types of organisational change being experienced within South Africa, the required change processes and their related outputs being facilitated within a commonly accepted Change Framework.

The mistakes that are most commonly made in the research of Organisational Change include the following:

- Limited empirical evidence has been provided to support the many different change theories and approaches (Guimaraes and Armstrong, 1998)
- Lack of a critical review of the current change theories and approaches (Todnem, 2005)
- Lack of consensus concerning a framework for Organisational Change to encourage the formation of a new and pragmatic change framework (Todnem, 2005)
- The need for or the existence of a stable environment (Lewin, 1947)
- The separation of organisational change from organisational strategy (Burnes, 2004)

- The idea that change processes cannot be measured or reveal tangible results and or benefits because there are faults within the processes themselves (Edmonstone, 1995) and Kaplan and Norton (2004)
- The inappropriate generalization of results to different situations and contexts with little or no relevance to the South African environment

Outline of the Literature Review:

This chapter will review and critique the major discussions, theories and models that have been developed so as to explain the fundamental concepts and building blocks of organisational change; the very nature of organisational change itself with a special focus on Mergers and Acquisitions as the major form of change. In addition, the study will set out to validate the critical success factors identified from other research studies, the recommendations for the identification of specific and measurable change processes within a clearly articulated Change Framework as well as the related measurements that help to identify successful change and the improvements that result there from within a Change Scorecard frame of reference.

Based on the above contextualization of the Literature Review, the following literature review chapters and sections will be discussed with special reference to the following:

- Chapter 2: A review of the Change Literature, the Change Landscape and Mergers and Acquisitions as the 'Major Form of Change' in the South African environment:
  - o Defining Change Management
  - o Organisational Change – the Forces for Change
  - o Resistance to Change – the 'Human-side' of Mergers and Acquisitions
  - o The South African Change environment and the context for Mergers and Acquisitions
  - o Current Change Theories and Mergers and Acquisitions Models
- Chapter 3: The move towards a South African Change Management Framework and Scorecard for the measurement of Change:
  - o The requirements for successful change – the move towards the critical success factors needed for change
  - o Change Management Framework and related Change Processes – the move towards a South African Change Management Framework
  - o The Balanced Scorecard – the move towards a Change Management Scorecard
  - o The PROPOSED South African Change Management Framework and Scorecard

2.1 *Defining Change Management*

This section will provide an overview on the definition of change management, the context (the environment for change) and content (the types of change) for organisational

change as well as a brief focus on some of the proposed change roles and change processes that are currently identified within the field of organisational change.

The available literature provides us with some key definitions of change management and organisational change, which are relevant to the research questions of this study:

- Change management is defined as the process of continually renewing an organisation's direction, structure and capabilities to serve the ever-changing needs of the internal and external customers (Moran and Brightman, 2001).

- Burnes (2004) indicates that Organisational Change is an ever-present feature of organisational life, both on an operational and strategic level, and it is for this reason that organisations should develop their ability to identify where it needs to be in the future, and the necessary actions it will need to take in managing the changes required to get the organisation safely into the future.

- Senior (2002) and Graetz (2000) argue that organisational change and the management thereof is an essential management skill that is required throughout the world where there is increased deregulation, rapid technological innovation, a growing knowledge workforce and shifting social and demographic trends.

- Booysen and Beaty (1997), Booysen (2007) and Nkomo and Kriek (2011) remind us that organisational change is about 'tweaking' the organisation's strategy and operations, and returning to the basics or searching for new tools and techniques that will help the organisation to navigate through the changes that lie ahead.

- Organisational change is further defined by Bennis (in Vermaak 1996:14) as 'a response to change, a complex educational strategy intended to change beliefs, attitudes, values and structure of organisations so that they can better adapt to new technologies, markets and challenges, and the dizzying rate of change itself'.

For a merger and acquisition to be successful as a transformation initiative, it is important to identify the cycles of growth and maturity that an organisation will experience both, before, during and after the implementation of the change initiative. Senior (2002) points out that as cycles of growth and activity are an essential part of living, so are the concepts of an organisational life cycle as defined by Greiner (1998) and Kimberley and Miles (1980).

Greiner (1998) highlights how with each phase of change management experienced within an organisation, and that as each growth period moves into the next, the organisation goes through a shorter-lived crisis period – these periods are respectively known as the evolution and revolution stages as depicted in the Figure 2.1 on the following page.

Figure 2.1 – The Five Phases of Growth - Greiner, L. E. (1998)
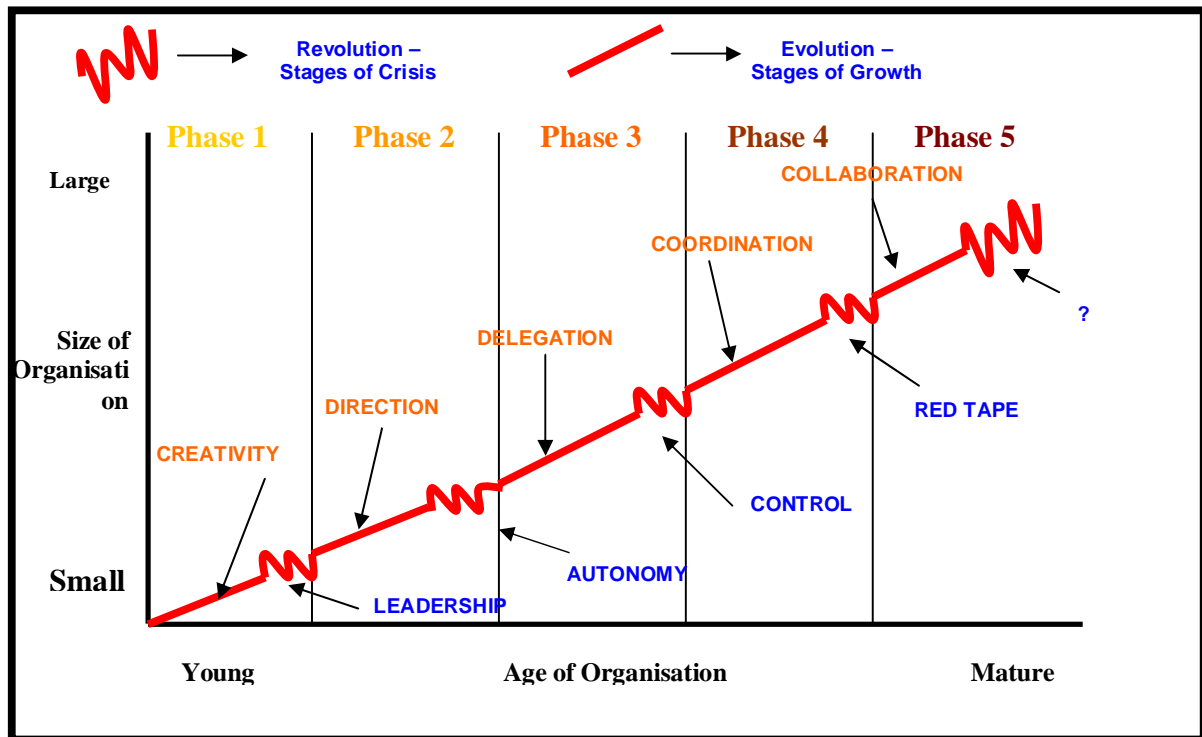
Greiner (1998) identified five distinct phases of an organisational life cycle which are useful for identifying an organisations position for change during an organisational change initiative, thereby providing a warning for the organisational change or Transformation team of the impending crisis point that they will need to address during a merger and acquisition. These five phases are collectively grouped as follows:

- **Phase One**: Creativity
- **Phase Two**: Direction
- **Phase Three**: Delegation
- **Phase Four**: Co-ordination
- **Phase Five**: Collaboration

Senior (2002) highlights the usefulness of Greiner's Life cycle in assisting managers and organisational change agents with the following understanding surrounding organisation change characteristics/features:

- Change to some extent is inevitable.
- Organisations must of necessity change as they grow and mature.
- It helps to legitimize the need for change.
- It helps to reduce resistance to change through stakeholder involvement in the respective stages of organisational transition.

Senior (2002) argues that more research is required to develop methods or techniques of bringing about the necessary changes from one organisational phase to another throughout the organisational life-cycle. It is for this reason that a change framework needs to be developed to diagnose the type of change situation prevailing at any given point in time, so as to accurately determine and assess the kind of change approach to be taken.

Greiner (1998) identified five critical elements in the current change literature on organisational change. These five elements include the:

(1) **The Age of the Organisation** – this is an obvious and essential element for any model of development. Historical research has shown that the same organisational practices are not maintained throughout a long life span (Greiner, 1998).

(2) **The Size of the Organisation** – a company's problems and solutions will tend to change in accordance with the number of its employees and the rate at which its sales volume increases.

(3) **The Stages of Evolution** – research has shown that most growing organisations do not expand for the first two years of their organisational life, and will often constrict for at least a year thereafter and those organisations that normally do survive will enjoy up to four to eight years of continuous growth within its market environment.

(4) **The Stages of Revolution** – organisational growth cannot be assumed to be linear (Greiner, 1998). Several organisations will often experience periods of substantial turbulence spread between smoother periods of evolution. During these periods of revolution organisations have often subject to or have experienced serious upheavals in management practices.

(5) **The Growth Rate of the Industry** – the speed at which an organisation experience phases of evolution and revolution will largely depend upon the environment or market in which it is located (Greiner, 1998).

Greiner (1998) identified specific key organisational practices that unfold during each of the five phases, which are discussed in Table 2.1 shown below:

Table 2.1 – Organisational Practices in the Five Phases of the Organisational Life-Cycle - Greiner (1998)					
Category	**Phase 1**	**Phase 2**	**Phase 3**	**Phase 4**	**Phase 5**
Management focus	Make and sell	Efficiency of operations	Expansion of markets	Consolidation of organisation	Problem solving and innovation
Organisational structure	Informal	Centralized and functional	Decentralized and geographical	Line staff and product groups	Matrix of teams
Top Management System	Individualistic and Entrepreneurial	Directive	Delagative	Watchdog	Participative

Control system	Market results	Standards and cost centres	Reports and profit centres	Plans and investment centres	Mutual goal setting
Management reward emphasis	Ownership	Salary and merit increases	Individual bonus	Profit sharing and stock options	Team bonus

Todnem (2005) complements the work of Greiner (1998) by highlighting the primary task of today's managers, namely that of leading organisations through organisational change and the above related practices; albeit at a specific stage within an organisation's life-cycle or during a merger and acquisition. Todnem (2005) bases this recommendation on the following key change triggers being experienced within the organisational world of today, and these can be summarized as follows:

- Increased globalisaton
- Increased deregulation
- The rapid pace of technological change and innovation
- A growing knowledge workforce
- Shifting social and demographic trends

The above triggers, which could also facilitate a merger and acquisition, are confirmed by the earlier research of Maurer (1996) and Carter (1996) who acknowledge the following antecedent conditions which serve as stimuli for change in any organisation:

- changing forces in the internal and external environment of an organisation
- growth and decay of an organisation
- new personnel
- barometers of declining effectiveness – when an organisation's declining productivity is an indication of the need for change
- a change in organisational strategy
- the personal goals of leaders – the pursuit of such goals normally brings about change in the company
- the 'domino effect' – when a change in one part of the organisation sets off a sequence of related and supporting changes.

Luecke (2003), Okumus and Hemmington (1998) argue that the successful management of change has been accepted by many organisations as a necessity for survival in a highly competitive and continuously evolving environment, especially when you consider some of the key change triggers mentioned above, and that mergers and acquisitions are on the increase both nationally and internationally. The Researcher will provide specific reference the overall statistic later on in the study.

From the above the research on the context (environment for change) it could be argued that the content or type of change is largely determined. Todnem (2005) highlights

Senior's (2002) categories of change, which the Researcher believes provides the basis of a sound structure with which to associate many of the current organisational change theories and approaches. These three categories of organisational change that have been classified by Senior (2002) include the following:

- Change characterised by the rate of occurrence
- Change characterised by how it comes about
- Change characterised by scale

Change characterised by the rate of occurrence

Early approaches and theories to organisational change management suggested that organisations could not be effective or improve performance if they were constantly changing (Rieley and Clarkson, 2001).

It was argued that people need routines to be effective and able to improve performance (Luecke, 2003). However, it is now argued that it is of vital importance to organisations that people are able to undergo continuous change (Burnes, 2004; Rieley and Clarkson, 2001). While Luecke (2003) suggests that a state of continuous change can become a routine in its own right, Leifer (1989) perceives change as a normal and natural response to internal and environmental conditions. The two types of change categorized by the rate of occurrence are:

- Discontinuous and
- Incremental change

Change characterised by how it comes about

The literature is dominated by planned and emergent change approaches (Bamford and Forrester, 2003). Even though there is not one widely accepted, clear and practical approach to organisational change management that explains what changes organisations need to make and how to implement them (Burnes, 2004); the planned approach to organisational change attempts to explain the process that brings about change (Burnes, 1996; Eldrod II and Tippett, 2002). Furthermore, the planned approach emphasizes the importance of understanding the different states which an organisation will have to go through in order to move from an unsatisfactory state to an identified desired state (Eldrod II and Tippet, 2002).

Change characterised by scale

When it comes to change characterised by scale there is less confusion as there appears to be a wider form of consent within the literature. According to Dunphy and Stace (1993), change identified by scale can be divided into four different characteristics, namely:

- Fine-tuning,
- Incremental adjustment,

o   Modular transformation, and
o   Corporate transformation.

Fine-tuning which is also known as convergent change (Nelson, 2003), describes organisational change as an ongoing process to match the organisation's strategy, processes, people and structure (Senior, 2002). It is usually manifested at a departmental or divisional level of the organisation. The purpose of fine-tuning is, according to Dunphy and Stace (1993), to develop personnel suited to the present organisational strategy, linking mechanisms and creating specialist units to increase volume and attention to cost and quality, and refine policies, methods and procedures.

Arguably, fine-tuning should foster both individual and group commitment to the excellence of departments and the organisation's mission, clarify established roles, and promote confidence in accepted beliefs, norms, and myths (Dunphy and Stace, 1993).

According to Senior (2002) incremental adjustment involves distinct modifications to management processes and organisational strategies, but does not include radical change.

Modular transformation is change identified by major shifts of one or several departments or divisions, and this could include mergers and acquisitions. In contrast to incremental adjustment this change can be radical. However, it focuses on a part of an organisation rather than on the organisation as a whole (Senior, 2002).

For the purpose of this research study, the Researcher has not focused on change characterised by rate of occurrence or change characterised by scale, but instead on the focal points of the discussions and arguments presented by Senior (2002) for Change characterised by how it comes about for the following reasons:

o   It supports the devolving of change - a bottom up approach where all parties and stakeholders are involved in the change process or initiative, and
o   It focuses on the 'How' building block of change – which is perhaps the most essential process for executing change within an organisational environment based on its current position within the organisational life-cycle.
o   It supports the process of Mergers and Acquisitions as the major form of change within the working environment.

In order to facilitate organisational change either within a planned or emergent approach to change, specific change action roles are required.

Change Action Roles

Jick's (1993) earlier research into the essential change action roles revealed three broad categories or roles, namely Change Strategist, Change Implementer and Change Recipient.

In support of the above; O'Neill (2000) conducted further research into the change action roles within today's business organisations and discovered that five roles emerged.

Listed below in Table 2.2 is a comparison and alignment of the change action roles from Jick (1993) and O'Neill (2000) side by side, revealing the possible overlaps in the old versus the new roles required by Change leaders. What is noticeable is the effect of the change sponsor on the overall change strategy and the role of the change agent in implementing the change initiative.

Table 2.2 – Alignment of Change Action Roles as proposed by O'Neill (2000) and Jick (1993)				
O'Neill's Change Action Roles (2000)			**Jick's Change Action Roles (1993)**	
Role	**Description**	**Comment**	**Role**	**Description and comment**
Sponsor	Has the authority to make the change happen Has control of resources	Needs to have a clear vision for the change Identify goals and measurable outcomes	Change Strategists	Responsible for identifying the need for change, creating a vision of the desired outcome, deciding what changes are feasible
Sustaining sponsor	Sponsors change in own area, although top-level responsibility lies further up the hierarchy	Must be careful not to transmit cynicism	Change Strategist / Change Implementer	Providing support to the sponsor for the purpose of successfully implementing the change initiative
Implementer	Implements the change Reports to sponsor Responsible for giving live feedback to the sponsor on change progress	Needs to listen, enquire and clarify questions with the sponsor at the start of an initiative	Change Implementer	Implements the actual day to day process of change – is seen as the change leader People in the middle trying to respond to the demands of the change strategists and win the co-operation of the change recipients

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Change agent	Facilitator of change. Helps sponsor and implementer stay aligned	Acts as data gatherer, educator, advisor, meeting facilitator, coach	Change Strategist / Change Recipient	Brining the change recipients closer to the change initiative by clarifying the overall purpose and objectives of the change initiative.
	Keeps sponsor on board			
	No direct authority over implementers.			
Advocate	Has an idea	Must make idea appealing to sponsor	Change Strategist / Change Implementer & Change Recipient	A defender and or supporter for the change initiative.
	Needs a sponsor to make it happen			
	Usually highly motivated			
			Change Recipient	The largest group (the employees) who need to adapt to the changes. Success of transformation will depend upon the employees adoption and or adaptation of the changes
Source: adapted from O'Neill (2000)			*Source:* adapted from Jick (1993)	

O'Neill's (2000) definitions of these essential change action roles provides a clear framework for those individuals or organisations approaching a merger and acquisition, and illustrates a range of leadership roles necessary for change to occur. O'Neill (2000) reports that based on prior experience that people at all levels in organisations find this framework useful for kicking off and sustaining change, and for judging how well the community of leaders is supporting the change process (O'Neill, 2000). O'Neill (2000) agrees with Senge's (2006) idea of communities of leaders and recommends the above four change leadership roles for successful and sustained change in organisations. It could be argued that these four change leadership roles of Sponsor, Change Agent, Implementer and Advocate provide a clear framework for any change practitioner within a mergers and acquisitions environment.

O'Neill (2000) argues that the model seems to provide the necessary amount of clarity in today's organisations, where hierarchy is unclear and jobs and projects overlap, thereby

providing a need for a simple but flexible way of defining who does what in any process of change.

The literature has revealed that discrepancies do and can exist amongst different theories and approaches to organisational change. For the purpose of this research study, a strong focus was given to the emergent approach to organisational change; based on the recommendations of Burnes (2004) who states that the approaches to organisational change provides a popular framework to managers involved in the management of unpredictable change albeit that mergers and acquisitions are regarded as form of planned change but the incorrect management thereof could lead to unprecedented changes. Through the active use of the five change action roles, a change practitioner can clearly identify which change action role to use when implementing an Organisational change initiative at a particular stage within the organisation's life-cycle. To understand what causes or triggers the organisational change process, specific research relating to Organisational change triggers will be discussed.

2.2   *Organisational Change – the forces for change*

This section will provide an overview on the triggers responsible for the initiation of change such as mergers and acquisitions within organisations. This is supported by an earlier statement within the introduction chapter around the second focal point of change management where there appears to be some consensus within the Change fraternity that change being triggered by internal and external factors, comes in all shapes and sizes (Balogun and Hope Hailey, 2004).

Straub (2007) points out that the common phrase mergers and acquisitions (abbreviated M&A) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create another business entity.

A merger and acquisition is a tool used by companies for the purpose of expanding their operations; often with the objective of increasing the organisations' long term profitability (Straub, 2007).

Usually mergers and acquisitions occur in a consensual (occurring by mutual consent) setting where executives from the target company help those from the purchaser in a due diligence process to ensure that the deal is beneficial to both parties. Acquisitions however can also happen through a hostile takeover by purchasing the majority of outstanding shares of a company in the open market against the wishes of the target's board.

The completion of a merger and acquisition does not ensure the success of the resulting organization; indeed, many mergers (in some industries, the majority) result in a net loss of value due to problems (Straub, 2007). Correcting problems caused by incompatibility,

whether as a result of technology, equipment, or corporate culture; often diverts resources away from new investment, and these problems may be exacerbated by inadequate research or by concealment of losses or liabilities by a key stakeholder in the process. Overlapping subsidiaries or redundant staff may be allowed to continue, creating inefficiency, and as a consequence the new management team may cut too many operations or personnel, losing expertise and disrupting employee culture. Straub (2007) suggests that these problems are similar to those encountered in takeovers and that for the merger not to be considered a failure; it must increase shareholder value faster than if the companies were separate, or it should at least prevent the deterioration of shareholder value more than if the companies were separate.

Although they are often uttered in the same breath and used as though they were synonymous, the terms merger and acquisition mean slightly different things.

When one company takes over another and clearly establishes itself as the new owner, the purchase is called an acquisition (Straub, 2007). From a legal point of view, the target company ceases to exist, the buyer "swallows" the business and the buyer's stock continues to be traded.

Straub (2007) states that a merger happens when two firms, approximately the same size, agree to move forward as a single new entity rather than continue to remain separately owned and operated. This kind of action is more closely referred to as a "merger of equals", wherein both companies' stocks are surrendered and new company stock is issued in its place. For example, both Daimler-Benz and Chrysler ceased to exist when the two firms were merged, and a new company, DaimlerChrysler, was created as a result.

Straub (2007) explains that in practice or reality, actual mergers of equals do not occur very often. In some instances, one company will buy another and, as part of the transaction al terms, simply allow the acquired firm to proclaim that the action is a merger of equals, even if it's technically an acquisition. Straub (2007) highlights that being bought out often carries negative connotations, therefore, the deal will often be described as a merger, so as to make the takeover sound more acceptable to dealmakers or senior managers.

Weston (2001) reported that recent merger and acquisition activities within the global economy had revealed the following key forces for change:

- The pace of technological change has accelerated
- Cost of communication and transportation had greatly reduced
- Markets have become more international in scope
- Forms, sources and intensity of competition have expanded
- New industries have emerged
- Whilst regulations has increased in some areas, deregulation has taken place on other industries

- Favourable economic and financial environments have persisted from 1982 to 1990, and from 1992 to 2000
- Within a general environment of strong economic growth, problems have developed in individual economies and industries
- Inequalities in income and wealth have been widening
- Valuation relationships and equity returns for most of the 1990's had risen to levels significant above long-term historical patterns

Of the two most important forces for change, Weston (2001) states that the following two have the strongest influence:

(1) Technological change
(2) Efficiency of operations

These two forces are sufficient for a merger and acquisition to take place. These two forces for change can be supported by the work of Beer and Nohria (2000) who identified two archetypes or approaches to change within organisations. These two archetypes include Theory O (Soft approach) and Theory E (Hard approach), which will be briefly analysed and discussed within Table 2.3 below:

Table 2.3 – Key Dimensions of Change (Beer and Nohria, 2000)			
Dimension of Change	Theory E	Theory O	Theory E and O Combined
Goals	Maximizes shareholder value	Develops organisational capability	Explicitly embrace the paradox between economic value and organisational capability
Leadership	Manage Change from top down	Encourage participation from the bottom up	Set direction from the top and engage the people below
Focus	Emphasize structure and systems	Build up corporate culture, employee behaviour and attitudes	Focus simultaneously on the hard (structures and systems) and the soft (corporate culture)
Process	Plan and establish progress	Experiment and evolve	Plan for spontaneity
Reward System	Motivate through financial incentives	Motivate through commitment – use pay as fair exchange	Use incentives to reinforce change but not to drive it
Use of Consultants	Consultants analyze problems and shape the	Consultants support management in	Consultants are expert resources who empower employees

	solutions	shaping their own solutions	

Beer and Nohria (2000) provide the Change practitioner, manager and leader with a set of key dimensions with which to manage a merger and acquisition. The two most important forces for change will require different approaches to the management of the change, namely:

(1) Technological change – Theory O: a soft approach would be required to orientate the organisation towards new technology thereby allowing the development and improvement of organisational capability.
(2) Efficiency of operations – Theory E: a hard approach would be required to stress the urgency for the maximization of shareholder value through the management of organisational efficiencies.

Weston (2001) reports that as a result of these pervasive change forces within organisations that many of the industry structures have been forced to change. The following sources of change as discussed in Table 2.4 have produced merger and acquisition activities within organisations:

Table 2.4 – Sources of change that produce Merger and Acquisition activities (Weston, 2001)	
No	**Source of Change**
1	Industry transformation
2	Technology change
3	Globalization
4	Commoditization
5	Low growth
6	Attractive high growth
7	Chronic excess capacity (consolidation)
8	Fragmentation (rollups)
9	Large capital investment subject to high risks
10	Price volatility
11	Unrelated activities
12	Demand shifts
13	New entries
14	Deregulation

Weston (2001) highlights that mergers and acquisitions are not the only main adjustment process for an organisation in response to the economic, political and technological developments that create favourable and unfavourable characteristics for change.

Booysen and Beaty (1997), Booysen (2007) and Nkomo and Kriek (2011) analyzed both the internal and external forces driving organisational change within South Africa with special reference to:

External forces for organisational change: Nadler (1983) reported that organisations transform and change largely as a result of external forces rather than an internal desire to or need to change. In the South African environment, these external forces include a combination of political, economic and social changes, wherein businesses are forced to align their businesses to new realities (Booysen, 2007).

Other forces within the South African environment include pressure from globalization, shifting demographics and changes in the availability of the Labour force, with special reference to a shortage of skilled workers and an oversupply of unskilled workers (Booysen and Beaty, 1997) and Booysen (2007) may also influence or encourage a merger and acquisition.

The PEST (Political, Economic, Social and Technological) mnemonics provides a useful metaphor to distinguish different aspects of the organisational internal and external environment during a merger and acquisition, and their specific relationship to organisations as triggers of change (Senior, 2001, Johnson and Scholes, 1999; Goodman, 1995).

The Researcher has taken the PEST model and applied the South African specific Political, Economic, Technological and Socio-cultural factors that trigger organisational change during a merger and acquisition (as illustrated in Figure 2.2), and the following major forces for change are aligned and confirmed with the earlier research of Booysen and Beaty (1997), Jackson (1999), van Tonder (2004a), Todnem (2005), Booysen (2007), Bendix (2010) and Nkomo and Kriek (2011):
- Increasing pressure of Globalization on South African organisations
  - Creating political, economic and social triggers for organisations to transform.
- Rapid pace of technological innovation within the South African working environment
  - Creating technological pressures for organisations to stay connected to regional, national and international networks and social media.
- The actions of change leaders and or leaders to embrace change, to provide hope, to connect change to African values and culture and to champion diversity (Nkomo and Kriek, 2011).
- Shifting social and demographic trends within the South African working environment

- This is confirmed through the research of Booysen (2007) and Nkomo and Kriek (2011) where social and demographic trends are adding increased pressures on organisations to transform with the added pressure of workplace legislation enforcing changes throughout.
- A growing Knowledge Workforce within South Africa
  - Increased numbers of employees are gaining access to higher education thereby adding pressure to the internal environment of the organisation as well as the external environment through the 'War for Talent'.
- Increased regulation through the promulgation of several legal statues to drive organisational change such as the following:
  - Skills Development Act 1997.
  - Employment Equity Act 1998.

Figure 2.2 - PEST – South African specific PEST analyses that triggers organisational change
Source: Adapted from (Booysen, 2007; Nkomo and Kriek, 2011; Bendix, 2010; Senior, 2001; Johnson and Scholes, 1999; Booysen and Beaty, 1997; Jackson, 1999; van Tonder, 2004a and Goodman, 1995)

Economic Factors
- Competitors
- Suppliers
- High unemployment rates
- Wage rates and demands
- Government economic policies - NEDLAC

Technological Factors
- Greater and improved access to information technology / the Internet and mobile technology
- New production processes – lean production through capitalization projects
- Transforming economies from agricultural to knowledge-based

Political Factors
- Government legislation – Employment Equity, BBBEE
- Post 1994 elections – re-introduction into the Global arena
- Local regulations
- Trade union activities – COSATU and the tri-partheid alliance

Socio-cultural Factors
- Demographic trends – ageing *vs* younger workforce
- Impact of HIV / AIDS – absenteeism and loss of productivity, single parenting / no parents
- Lifestyle changes – new emerging 'black middle class'
- Skills shortages and availability

ORGANISATION

All of the PEST factors illustrated will exist as part of the organisation's internal and external environment, and will impact upon the organisations formal and informal sub-systems, as well as their related components such as their products and services offered to the market (Bendix, 2010; Senior, 2001).

For the purpose of this research study, the researcher has focused on those PEST factors that are relevant to the research questions and the case studies selected, namely:

Political Factors:

The following political factors have been identified as key triggers for organisational change:

- o Government legislation
- o Local regulations
- o Trade union activities

Within the South African environment, government legislation within the Labour market has been largely responsible for driving large scale organisational change around the promulgation of Employment Equity and Skills Development legislation.

Socio-cultural Factors

The following political factors have been identified as key triggers for organisational change:

- o Demographic Trends (customers and employees)
- o Skills availability
- o Gender issues
- o Business ethics

Socio-cultural factors influence the ways organisations are set up, run and managed as well as their capacity to attract people to work within them (Senior, 2001).

Socio-cultural factors are closely linked to political factors, and within the South African context, the Employment Equity Act and Skills Development Act have largely been responsible for driving organisational change around some of the following key issues:

- Workplace Diversity and the management of employees from previously disadvantaged individuals or groups of individuals
- Skills development and upliftment for previously disadvantage individuals or groups of individuals.

Economic Factors

The following political factors have been identified as key triggers for organisational change:

- o Employment rates
- o Government economic policies
- o Employment rates

Triggers for change within the economic environment provide more serious concerns, especially as organisations pursue money or profit or the provision of services and products to markets for the purpose of meeting organisational budget requirements (Bendix, 2010; Senior, 2001).

Technological Factors

The following political factors have been identified as key triggers for organisational change:

- o Information technology

Senior (2001) and Bendix (2010) reveal that an important and far-reaching influence on organisations in almost everything that they do is the increasing power of internet-based communications. At the same time, within the context of Africa, and South Africa at large – the use of the internet is not without problems as many organisations wanting to reach markets, customers and clients need to acknowledge that not everyone has access to computers for internet-connectivity purposes.

Booysen and Beaty (1997), Booysen (2007) and Nkomo and Kriek (2011) provide a further analysis of the internal forces for organisational change within South Africa:

- Booysen and Beaty (1997), Booysen (2007) and Nkomo and Kriek (2011) indicate that South African firms are changing as a result of organisational life cycle evolutions, the re-invention of core structures and processes, culturally diverse workforce talent, and highly unionized workforce as result of the introduction of legislative changes mentioned within the Political factors that trigger organisational change.
- This has created a significant impact on the role of a Change Leader, who must now not only meet the needs of the of culturally diverse workforce which is comprised of illiterate, unskilled and semi-skilled workers who are mostly black, whilst leading an educated and highly skilled workforce, mostly comprised of whites (Booysen and Beaty, 1997), Booysen (2007) and Nkomo and Kriek (2011).

Booysen and Beaty (1997), Booysen (2007) and Bendix (2010) highlight two significant issues impacting organisational change within South Africa at large, namely:

(1) Booysen and Beaty (1997), Booysen (2007) and Bendix (2010) report that the only manner in which South African managers will be able to succeed in resolving a number of organisational change issues is to improve the current human potential that is available for South African organisations.

(2) Booysen and Beaty (1997), Booysen (2007) and Bendix (2010) contend that with both the internal and external changes forcing South African firms to continually reassess their strategies and operations – the methods and timing with which employees will respond to change and transformation will differ

Based on the above two key issues highlighted, it is arguable that a definite need exists for the design and development of a framework for organisational change in South Africa, where specific change processes can be used to address the different approaches or methods required for organisational change based on a clear identification of the type of change (such as a merger and acquisition), as a result of the specific change triggers.

In addition to the external and internal triggers for change; and the nature of organisational change, it is evident that a proper identification of the nature of the resistance of change be discussed in the next section, for the purpose of identifying how the success of organisational change efforts and or initiatives such as mergers and acquisitions can be affected.

Based on the Literature reviewed the Researcher believes that both the context and content for organisation change as well as the forces for change can have a major impact on the success of an organisational change intervention. However, it could be argued that if organisational change is to succeed within any organisation let alone an organisation in South Africa that the Researcher will need to provide a clear analysis of the concept of resistance to change within a mergers and acquisition environment should be made; if organisational change is to succeed.

2.3 Resistance to Change – the 'Human side' of Mergers and Acquisitions

In this section the Researcher will provide an overview on the nature of resistance to change, and the involvement of all stakeholders in providing feedback on their reactions to organisational change in a mergers and acquisitions environment with special reference to the 'human side' of change.

Coetsee (1999) argues that obtaining stakeholders' commitment and managing resistance to change successfully are two key pre-requisites for effective change management.

Schmidt (1997:88) explains how employee reactions to change can have a significant impact on the initiative as whole; employees could view change as the following: "Change can be a force to be feared or an opportunity to be seized". Successful change management thus not only consists of seizing the opportunity and effectively planning and implementing change but by focusing on what Jick (1993:5) referred to as, "managing reactions to change." Change management therefore includes getting all the stakeholders involved and affected to accept the changes and the results of the change process as well as to manage resistance to change effectively (Coetsee, 1999).

Kotter and Schlesinger (1979), Fernandes (1988), and Margolis and McCabe (1988) underline the importance of managing resistance to change effectively.

Kotter and Schlesinger (1979) go on to provide us with a simple definition of resistance, which refers to any opposition to a shift in the status quo. In physical terms, resistance means "to slow a process down" or to "put obstacles in the way of goal achievement" (Mariotti, 1998 : 140). Resistance to change thus refers to an expression of reservation that arises as a response or reaction to change (Mabin, Forgeson and Green, 2001). This response is viewed as natural as change involves unlearning habitual patterns and learning new ways of thinking and feeling which result in new behaviors (Claxton, 1999; Gratton, 2001). This process provokes anxiety and hence the resistance (Kets de Vries, 2002). Two terms closely associated with describing resistance to change, are "fear of loss" and "fear of the new" (Coker, 2000 : 24).

The aspect of loss is particularly important and the following factors may contribute to a fear of loss (Coker, 2000; Mabin *et al.*, 2001; Kets de Vries, 2002; Seely, 2000; Pheng, 1999):

- Individual factors (personality factors such as a high need for control, locus of control, need for achievement, etc.; attitudes based on previous experiences of change)
- Economic loss (loss of job, reduction in earnings or less opportunity for economic growth)
- Inconvenience (more work for the same pay, more effort for the same output, greater responsibility and no additional rewards)
- Threats (increased insecurity, anxiety or worry)

- Power (loss of control and having inferior knowledge or levels of competence)

Resistance to change can furthermore be distinguished at three different levels (Mariotti, 1998; Maurer, 2000).

- Level 1 – this resistance is based on a lack of information or on honest disagreement over the facts.
- Level 2 – this entails personal and emotional resistance and manifests because people are afraid that change may cost them their jobs, reduce their control, or cause them to lose face.
- Level 3 - is often associated with employee's managers or what these managers represent. In these situations, people will resist almost any changes that are suggested to them, as they link "change" and "management" with one another.

Booysen and Beaty (1997) provide us with a list of internal and organisational forms of resistance to change:

Individual resistance to change – this would include the following (Booysen and Beaty, 1997):
- Fear of the unknown – relates to uncertainty about the causes and effect of change
- Habit – change requires new ways of doing tasks and challenges people to develop new skills
- Self-interest – an unwillingness to give up existing benefits that have predominantly been provided to select advantaged individuals
- Economic insecurity – changes within the organisation have the potential to the threaten the job and economic security of the employee
- Failure to recognize the need for change, general mistrust and social disruptions
- Selective perceptions – changes in the organisation may be perceived by some employees as threatening, and by others as challenging

Organisational resistance to change – this would include the following (Booysen and Beaty, 1997):
- Structural inertia – organisations are designed to maintain stability
- Cultural inertia – SA organisations have cultures that emphasizes stability and tradition
- Work group inertia – the development of organisational group norms often help to guide member behaviour
- Threats to existing power, relationships, expertise and to resource allocation and previous unsuccessful change efforts – the new realities of the SA workforce have meant a shift in power and resource allocation to the previously disadvantaged

Coetsee (1999) argues that although resistance to change may serve positive purposes where reformers are forced to rethink or re-evaluate an envisioned organisational change thereby forcing them to motivate better and more effectively "sell" a proposed new vision or goal, it is usually seen as a negative force.

Coetsee (1999) points out that upon a closer analysis of the definition of resistance - as opposed or blocking energies and powers directed at impeding, redirecting, rejecting or stopping change— it leads us to the conclusion that there are more forms of resistance than the current two forms (passive and active resistance).

Coetsee (1993:1923) proceeds to explain in a more comprehensive model the nature of resistance to change, and proposes an additional level or phase of resistance, namely: aggressive resistance. Coetsee (1999) in his model as depicted in Figure 2.3 also elaborated to include apathy (or indifference) as a first level of resistance or a transition phase between resistance and acceptance of change. This is especially important to consider before embarking on a major form of change such as a merger and acquisition.

Figure 2.3 – The Nature of the Resistance to Change (Coetsee, 1999)

Apathy - Indifference

Absence of Positive or Negative Feelings and Attitudes

Lack of Interest

Passive Resistance

Negative Perceptions and Attitudes

Voicing opposing points of view and attitudes in negotiation

Active Resistance

Voicing strong opposing views and attitudes
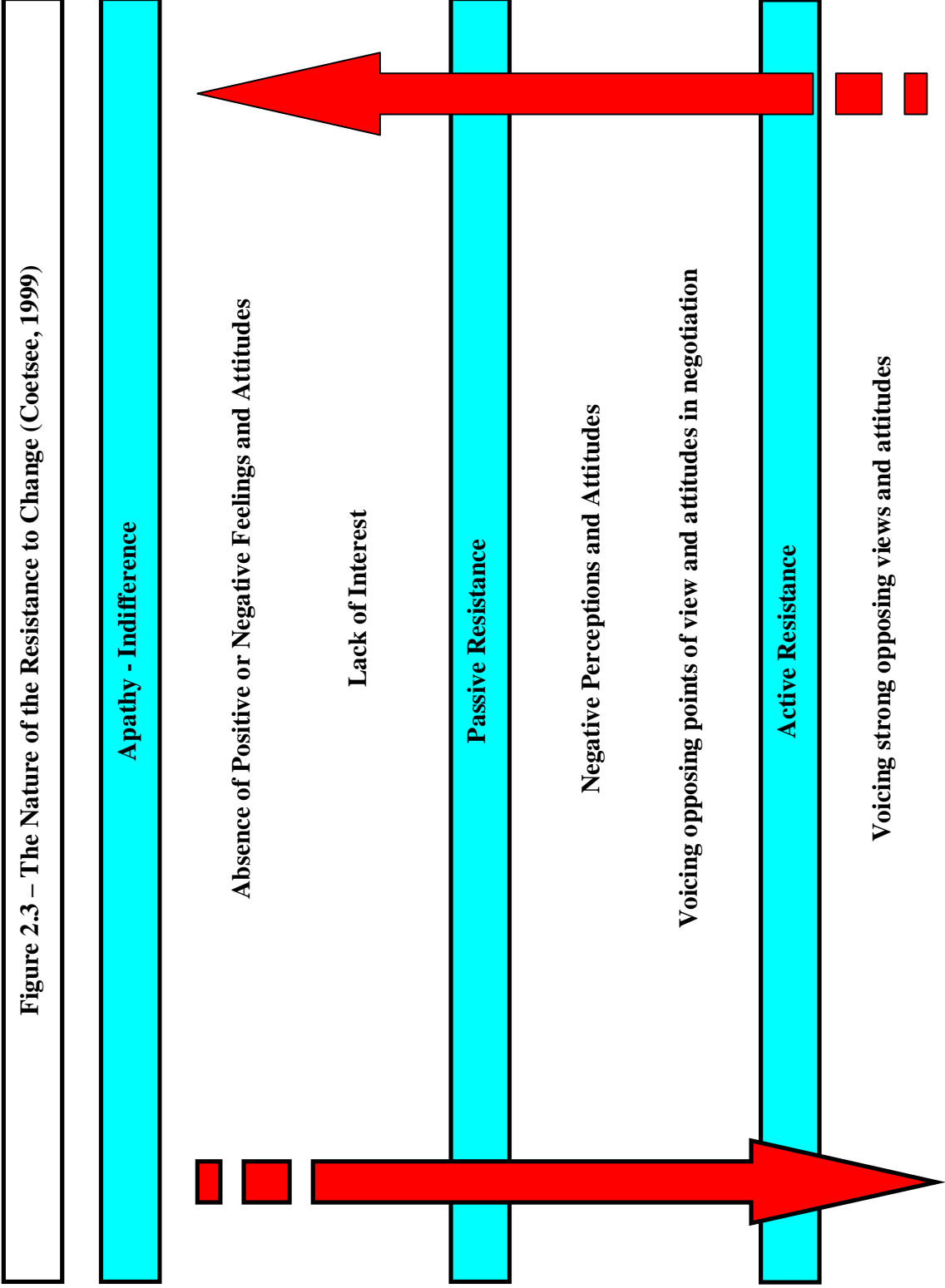
Coetsee (1999) explains that resistance to change can range from apathy or indifference, which can be labeled as a neutral or transition zone, characterised by a lack of positive or negative emotions or attitudes (indicated by no demonstrated interest), to aggressive resistance (a destructive opposition) reflected in destructive behaviour such as purposefully committing errors and spoilage, subversion, sabotage. Each of these behaviours mentioned could have disastrous side effects on the successful implementation of a merger and acquisition.

Managing resistance to change in Mergers and Acquisitions

There are two crucial aspects that underlie the successful management of resistance to change and these include; both an understanding of individuals and the differences that exist between employees together with knowledge of the behaviour underlying the resistance to change.

George and Jones (2001) argued that change efforts should be focused on an individual level as change is initiated and implemented by individuals, despite organisations being collective entities. Managers interested in successfully managing change must therefore learn how to encourage individuality, and need to legitimate, respect, and value diverse individual experiences (Steiner, 2001). This includes being aware of the abilities and strengths of each individual and the capacity to capitalise on these in the context of a work team. First-line managers should be able to support employees on an individual basis to deal with the envisaged change (Kets de Vries, 2002).

Dealing with the concerns of employees will help identify the reasons for resistance and enable managers to deal with these proactively (Bechtel and Squires, 2001; Coker, 2000). Ignoring people issues can lead to failure in achieving successful change (Bechtel and Squires, 2001; Folger and Skarlicki, 1999). In managing resistance to change, first-line managers may also be required to deal with resistant behaviour in the team context, for example group decision-making sessions (George and Jones, 2001; Mabin *et al.*, 2001).

The effectiveness of change interventions such as mergers and acquisitions in organisations will thus largely be determined by the competence of first-line managers to facilitate the desired change with employees on an operational level (Moran and Brightman, 2001). This view is supported by Appelbaum, St-Pierre and Glavas (1998) who stresses that the most difficult aspect of the change efforts lie in changing people and their skills, knowledge and behaviour. This is particularly challenging given the natural tendency of people to resist change. Most people are suspicious about the unfamiliar; and are naturally concerned about how to get from the old to the new, especially if it involves learning something new and risking failure (De Jager, 2001). The danger however lays in the fact that resistance to change, particularly at operative levels manifests in the delivery of sub-standard outputs, which can drive customers to the competition. It is thus crucial that managers should be able to deal with resistance to change in an effective manner.

Based on the above literature is clear that a definite need exists for the measurement of the outputs of change, especially where it impacts the quality of the goods and services offered by an organisation to its market. In addition to the need for measurements, is the need to manage change individually within the teams that comprise or make up the organisation as a whole.

Marks and Mirvis (1998) remarks that in the majority of mergers and acquisitions, the mere combination of 'one plus one will often yield less than two'. This statement reveals the imminent challenge of successfully integrating two organisations.

Seo and Sharon Hill (2005) states that there is a significant amount of research that examines both the strategic and financial aspects of mergers and acquisitions; however since nearly half of all mergers and acquisitions fail to fulfill the planned or intended objectives; recent research has shifted to uncover some of the psychological and behavioural effects of mergers and acquisitions on employees (Hogan and Overmyer-Day, 1994).

Hogan and Overmyer-Day (1994) report that most of the literature that focuses on the human side of mergers and acquisitions is not theory driven; especially since most researchers have been inclined to study mergers and acquisitions as retrospective and inductive activities, often based on a single case study; thereby leading to suggestions that the findings should be generalized as a prescription for the effective management of mergers and acquisitions.

Unfortunately, this has resulted in the write up of countless merger and acquisition related practices being prescribed to managers on how to successfully combine their organisations; often after a merger has taken place; but without any sound theoretical or empirical basis.

Similar to other change endeavours, resistances to change are also experienced in mergers and acquisitions. Muller (2006) provides us with an overview of the emotional and behavioural challenges that a manager would encounter during a merger and acquisition process, with a particular emphasis on the following key human behavioural elements:

- Personal stress
- Job security and uncertainty
- Communication.

Personal Stress

Muller (2006) comments that for most people change hurts, and sometimes involves a sense of loss - from the past, of routine, comfort, relationships, security, and identity. It may also involve a change in knowledge - of facts and of understanding (Muller, 2006).

Change can also affect people's emotions, especially since individuals have fears and attachments and when people experience a high level of uncertainty, their immediate response is to move to protect themselves (Muller, 2006). Coffey, Garrow and Holbeche (2002) list the negative effects of change on employee behaviour as the following:

- A deterioration in communication,
- Poor productivity,
- Deterioration in team play and
- An increase in parochialism,
- Increased power struggles which disrupt work,
- Decreased levels of commitment, and
- A tendency of employees to 'bail out'.

Clarke (1994) proceeds to list some of the individual's resistance to change as being the following:

- Loss of control
- Questioning necessity of change
- Uncertainty and ambiguity
- Surprises being sprung
- Loss of face to the individual
- Questioning of own competence and coping ability
- Fear of more work.

Clarke (1994) highlights that these points of resistance are an output of the psychological emotions being experienced by the individual who is being affected by organisational change as a consequence of:

- Fear of the unknown,
- Lack of information,
- Threats to status,
- Threats to established skills,
- Fear of failure,
- Reluctance to let go,
- Lack of perceived benefits,
- Threats to powerbase,
- Low-trust organisational climate,
- Fear of looking stupid,
- Feeling vulnerable and exposed,
- Threat to self esteem,
- Loss of control of one's own destiny,
- A loss of team relationships,
- High anxiety and
- Stress.

Muller (2006) argues that many people will resist change, especially if they do not understand why the change is being introduced. This resistance to change can prevent the employee from adapting and progressing within the organisation. Organisational change of the same magnitude as a merger or acquisition will usually have a negative impact on employees, especially since they perceive that they do not have a say in the matter, and therefore believe that such organisational change is not of their own making and it should therefore be feared (Muller, 2006). As a result it could be argued that personal stress experienced as a result of mergers and acquisitions is much higher than in ordinary cases of change.

Job Security and uncertainty

Muller (2006) points out that uncertainty is a common element in major change, and can therefore become dangerous for the successful progress of a merger and acquisition.

Muller (2006) provides the following list of elements that can increase the uncertainty for employees during a period of organisational change:

- Lack of communication. Some attempt must be made to address the 'me factors' early if staff morale is not to be damaged unduly |
- Degree and speed of real integration
- Process of deployment of staff. Deployment is usually damaged by two main factors, namely politics and lack of information.

The change process during a merger and acquisition must be seen to be equitable and as transparent as possible (Coffey *et al.*, 2002:39). Garrow (2003) points out that if employees are challenged to find common ground, to understand the new issues and dynamics, and to develop working relationships with new colleagues who were most likely to become potential future rivals for jobs during and after a merger and acquisition that the change process could become threatened. As far as career progression is concerned, employees could also feel that there job security was threatened as there would now be more contenders for the same job, especially if the individuals concerned were perceived to have more experience, specialist or scarce skills or a higher qualification (Muller, 2006).

Job security should be viewed as a significant employee concern for managers during mergers and acquisitions, and the process of appointments should be seen to be fair (Devine 1998, Coffey *et al.*, 2002). Garrow (2003) found that during mergers and acquisitions that employees have fears of job loss through retrenchment or restructuring, and that these fears pertained to what criteria might be used for determining future appointments; as result if this issue was neglected the overall productivity of the employee and that of the department and organisation as a whole could be significantly affected.

Communication

Communication is a significant factor in any change process. Coffey, *et al.* (2002) reports that communication is often hailed as the most important factor in a merger's and acquisitions success.

Communication should not be seen as the mere passing on of passive information, but should play a vital role in reducing anxiety, managing expectations, demonstrating concern, promoting integration, building new networks, building trust and commitment, encouraging involvement through feedback and two way communication, and prompting behaviour changes or 'walking the talk' (Coffey *et al.*, 2002:166).

Muller (2006) points out that if it is deemed that employees are in a negative mode (or when the climate is bad), a 'marketing approach' on communication or attempt to provide an insincere message would most likely generate a high level of cynicism from the employees likely to be affected by the change. Muller (2006) argues that employees can read into heightened tensions, and every management action that is part of the communication process should be done in order to build credibility and trust, therefore all communication in the form of words, actions and outcomes must be aligned.

Duck (2001) points out that during periods of organisational change that informal networks of communication are often disrupted or destroyed and that it takes longer for people to do their work and to figure out whom to talk to as networks need to be rebuilt. These communication gaps create opportunity for uncertainty of interpretation, and this view is further supported by Snowden (2002) and is aligned to the disruption of the psychological contract put forward by Coffey *et al.* (2002).

Coffey *et al.* (2002) argues that during high risk/low trust situations such as the various stages of a merger and acquisition, there are some basic rules which can be applied to communication; and proceed to describe the principles of Dr Vincent Covello, Director of the Centre for Risk Communication in the United Kingdom, which are applicable to a merger situation where emotions are running high.

The communication principles that are put forward by Dr Vincent Covello provide the basis for the following theoretical communication constructs illustrated in Table 2.5 below.

Table 2.5 – Basic rules to be applied to communication during a merger and acquisition (Source: Coffey, Garrow and Holbeche (2002))
Trust determination theory: - Trust can only be established by the recipient of the message who wants to be cared for before caring about what you know. - Trust is built up over a long period of time but can be destroyed very quickly. - Trust factors include empathy, competence, honesty, and commitment.
Communication Principle: The recipients of the intended

organisational change should be able to trust the message and sender (management representative)
Mental noise theory: - Upset people have difficulty hearing and processing information. - Information thus needs to be repeated frequently and there should be a limited number of messages that have to be absorbed.
Communication Principle: The frequency of the communication to the recipient of the organisational change should be frequent and relevant to the process at hand
Negative dominance theory: **-** Upset people tend to think negatively. It is thus advisable to avoid negative words
Communication Principle: The message to be communicated to the recipients of the organisational change should not contain words or phrases that are provocative or negative in context to the organisational change process
Risk perception theory: - What is perceived is real in its consequences. - Perceptions of risk are influenced by existing levels of trust, perceived benefits, level of control and perceived fairness.
Communication Principle: The perceptions of the target audience or people affected by the organisational change are 'real' (relevant), and should be addressed upfront and as early as possible in the change process

From the above research of Coffey *et al.* (2002) it is clear that a significant emphasis should be placed on communication that is frequent, simple, consistent and that is relevant. The above mentioned four communication principles could be most useful in all merger and acquisition processes. Arguably from the literature reviewed thus far it appears that communication is a fundamental principle of any organisational intervention; not only mergers and acquisitions.

In support of the internal and organisational forms of resistance to change, Kotter and Schlesinger (2008) encourage the Change leader to consider the following methods for managing resistance to change:

- Where the resistance to change is as a result of an employee's lack of information, the change leader should use education to communicate the reasons for the desired change thereby encouraging greater support for the change initiative. Kotter and Schlesinger (2008) point out that this method can be time consuming as it involves larger groups of stakeholders.
- In those instances where the change leader requires more commitment towards the change initiative from employees; participation should be encourage by requesting the employees to become involved in the design or implementation of

the change initiative. Kotter and Schlesinger (2008) state that participation helps to increase grassroots support for change however it could also lead to problems if the employees lacked the necessary expertise to develop effective plans.

- When the employees fear that they cannot make the necessary adjustments needed to support the change initiative then the change leader should provide further skills training and emotional support. Kotter and Schlesinger (2008) state this approach works the best with employees who are unable to make adjustments, however it can be time-consuming and expensive.
- When powerful groups or stakeholders resist the change because they may loose out as a result of the change; the change leader should make use of negotiation or even offer incentives to those employees who comply with the change. Kotter and Schlesinger (2008) confirm that this is a relatively easy but expensive way to defuse major resistance to change.
- When the time required for change is limited and timing is essential; the change leader could make use of coercion by threatening potential job loss, either transfer or loss of promotion opportunities for those employees who do not comply with the change initiative; however Kotter and Schlesinger (2008) mention that whilst this method may help to override resistance quickly, he proceeds to caution the change leader against the potential for intense resentment for the use of this method during a change initiative.

Of particular interest to the Researcher is how emotional and political resistance to change within a Mergers and Acquisitions environment can be managed through the use of the Change Scorecard as highlighted by Kotter and Schlesinger (2008) above.

Undoubtedly, the ability and need to manage individual, team and organisational reactions to mergers and acquisitions cannot be underestimated. A thorough knowledge and understanding of the nature of change, the triggers for change and the factors that cause individuals to resist change proves the requirement for a valid change framework, where specific focus can be paid to the types of change processes and the relevant success factors needed for successful organisational change within the South African mergers and acquisitions environment.

The Researcher will now provide a further analysis of the nature of change within the context of mergers and acquisitions currently affecting the South African environment.

2.4 The South African Change environment and the context for Mergers and Acquisitions

This section will provide an overview on the nature of some of the change forces affecting the South African mergers and acquisitions environment. An overview of the current workforce demographics, and the nature and impact of change leadership, and culture on organisational change within the South African environment.

Thayser (2007) argues that South Africa had seen a substantial increase in the value of (Merger and Acquisitions) M&A transactions in 2007 as the top ten deals came in at R208.1bn, a 51.5% increase from 2006.

Furthermore, Thayser (2007) highlights that foreign direct investment was a key driver of Merger and Acquisition (M&A) activity in 2007 with the announcement of two of the largest deals for the year being Bain LLC's acquisition of Edcon and the 20 % investment by China's largest bank, the Industrial and Commercial Bank of China (ICBC) into Standard Bank. The investment into Standard Bank was the largest made by the Chinese bank, and the largest made into Africa.

Black Economic Empowerment (BEE) continues to play a significant role in breaking up traditional corporate formations and ensuring a dynamic mergers and acquisitions (M&A) deal-flow, and 2007 was no exception (Thayser, 2007).

Booysen and Beaty (1997), Jackson (1999), van Tonder (2004a) and Booysen (2007) contend that with both the internal and external changes confronting South African firms, organisations will need to continually reassess their strategies and operations within the business environments, simply because the methods and timing with which employees will respond to change and transformation will differ.

Von Holdt and Webster (2001) identified four emerging trends within the South African workplace, which have become responsible for most of the change taking place within the workplace, namely:

> (1) A "limited market/sectorial decline";
> (2) "Growing competitive pressure";
> (3) "Casualisation, informalisation and sub-contracting" and
> (4) "Privatisation of parastatals"

From the above trends, it is apparent that the nature of the South African organisational environment and workforce is changing.

Thayser (2007), director for Ernst & Young Transaction Advisory Services argues that international trends were also reflected in the overall increase in the volume of transactions and the increased presence of emerging market companies on the local

scene. "This trend was signified by the largest transaction of the year, the sale of a 20% stake in the Standard Bank group to the Industrial and Commercial Bank of China".

Thayser (2007) acknowledges that the major difference between the local and international M&A scene in 2007 was the continuing presence of BEE. "M&A transactions constitute one of the dimensions of BEE and it consequently has become an important, perhaps crucial, aspect of M&A activity over the past few years", as highlighted by Thayser (2007).

Head of BEE at Ernst & Young, Sugan Palanee commented that the publication of the Codes of Good Practice required companies to review their plans because the old focus on equity ownership as the first priority had now been de-emphasised. As a consequence, other aspects of BEE such as black participation in business and procurement from black business became more significant (Thayser, 2007).

Booysen and Beaty (1997), Jackson (1999), van Tonder (2004a), Booysen and Nkomo (2010), Bendix (2010) and Nkomo and Kriek (2011) highlight some essential principles and practices for organisational transformation within South Africa:

- **Legislative principles driving equality within the South African workplace**

  Booysen and Nkomo (2010) point out how the legislative landscape has helped to drive workplace equality through the introduction of the following pieces of legislation after the 1994 democratic elections:
  - Labour Relations Act, 1995
  - Constitution of South Africa, 1996
  - Basic Conditions of Employment Act, 1997
  - Employment Equity Act, 1998
  - Skills Development Act, 1998
  - Skills Development Levies Act, 1999
  - Black Economic Empowerment Act, 2003 – including the BEE Industry Charters, 2004; BEE Draft Code of Practice, 2004 and the BEE Codes, 2007.

  The above legislative changes within South Africa are designed to bring about greater social justice and equality thereby helping to correct past unfair discrimination processes and practices and to achieve a greater degree of proportional representation that provides a more accurate reflection of the country's national demographics (Booysen and Nkomo, 2010). The drive to become more representative so as to become more reflective of the demography of South African presents numerous challenges in itself for the organisational change process.

  Rautenbach (2005) confirms the results of a study published by Finance Week in April 2005 where indirect and direct shareholding and control of the Johannesburg Stock Exchange illustrates the following:

(1) South African whites still own and control about 50% of the JSE in comparison to the 98% in 1999,

(2) Inequality has also increased within the black community owing to the development of a strong black middle class with the result that there is an economic shift that is class related, and

(3) As BBBEE gains added momentum in 2007 following the introduction of the promulgated Codes of Good Practice there is no doubt that the economic power will shift from whites to blacks.

The resultant or perceived loss of power and inequality within the community and society at large is creating additional dynamics for the organisational change environment within the South African landscape.

- **Two key organisational change practices are emerging within the South African workplace:**
  - The first practice centres around negotiation of the transformation and change process wherein South African Managers need to understand which forces are driving the change, the dynamics of the change and what can be changed as well as the steps involved in implementing the process.
  - The second practice is the recognition by Change leaders that there are different antecedents for change, and that each antecedent calls for a different change response:
    - Organisations of the 1990's were operating within external environments that called for re-orientation – a revitalized approach where discontinuous, multi-level, frame-breaking and or second order change was prevalent (Booysen and Beaty, 1997).
    - Orlikowski and Hofman (1997), reported that specific recommendations for change in the 1990's would call for the reformation of the organisational mission and core values, an altering of management power and status, the necessity to modify structures, systems and procedures – and to appoint new leaders from outside of the organisation.

Some of the principles and practices recommended by Booysen and Beaty (1997), Jackson (1999) and van Tonder (2004a) include a deeper understanding on the change action roles played by Change leaders, the reasons for the resistance to change, the change management models that are needed to manage the change and the influence of leadership on change within the South African working environment:

Influence of Leadership on Change in South Africa

Booysen and Beaty (1997), Jackson (1999), van Tonder (2004a) and Booysen and Nkomo (2010) provide essential insights into the content of leadership and the specific

challenges confronting many of the South African organisations from an organisational change perspective, these include the following:

- Change in the content of leadership in South Africa for change leaders:

- A study conducted by Human and Horwitz (1992) on change proved that South African businesses were inward looking and closed; however the status quo has been challenged according to Thomas (2004) who reports that if organisations are going to survive they will need to become more outward looking and open to involvement and co-operation with community and other related stakeholders.
- In addition, SA managers failed to rank or see the importance of issues such as globalization, strategic alliances and relationships with the state or community
- Hofmeyer, Rall and Temple (1997) and van Tonder (2005) revealed that managers were beginning to acknowledge the importance of change management and the management thereof within South Africa.

- Specific challenges for South Africa's change leaders

Booysen and Beaty (1997), Jackson (1999), van Tonder (2004a) and Booysen and Nkomo (2010) further identified two key transformation challenges facing change leaders in South Africa, namely:

(1) Changing workforce demographics
(2) Change leadership and cultural diversity in South Africa

Changing workforce demographics

The 11th Commission for Employment Equity reported statistics as at 31 March 2011 for Management level positions functioning at an Operational and Strategic level of the South African environment are shown in Table 2.6 below:

Table 2.6 - Total number of employees in management level by race and gender (source: Adapted from Department of Labour (2010:24)								
Occupational Levels	**Male**				**Female**			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Top Management	9.2%	3.2%	5.4%	60.8%	3.5%	1.4%	1.4%	12.3%
Senior Management	12.0%	4.5%	6.5%	45.9%	5.6%	2.4%	2.6%	18.2%
Professions and middle management	17.7%	5.6%	5.3%	29.9%	13.3%	4.7%	3.5%	17.8%

From the above statistics from the Department of Labour, it is apparent that significant changes are still to take place within the Top to Professional Management positions of many South African organisations; in improving levels or representation of gender and the different ethnic groups. This trigger for change will face many internal forces for resistance to change; specific change management approaches and frameworks will need to be identified for the purpose of being able to address the specific changes that will be required if the South African workforce demographics are to change (Bendix, 2010).

Human and Bowmaker-Falconer (1992) and Kemp (1994) state that a workforce that reflects cultural diversity needs to be managed by culturally diverse leaders for organisations to function effectively. This is further supported by Booysen and Nkomo (2010) who report that South Africa's present focus is on multiculturalism, which appreciates diversity and acknowledges the uniqueness of the individual.

The implementation of affirmative action and equal opportunity programmes would allow previously disadvantaged individuals to move into the workforce and take on leadership roles, this would however lead to changes wherein managers would be required treat their employees and co-workers differently, in comparison to past practices.

Change leadership and cultural diversity in South Africa

Madi (1995) argues that the current actions and behaviour of the South African organisational environment have reflected a cultural mixture between the culture of Europe and the USA, and not that of Africa.

Booysen and Nkomo (2010) acknowledge key diversity management practices that are currently emerging within South Africa based on experiences and lessons learned from organisations such as SA Miller Breweries, Shell SA and First National Bank.

This view is further supported by Khoza (1994) who stated that it would be wrong to think that a business culture could be imposed on people and that it would work effectively without taking cogniscience of the cultural archetypes of the people that are currently working within the organisational environment.

Avolio (1995) argues that South Africa appears to have both an individualistic and a communalistic orientation. This is further supported by Mbigi (1995) who points out that Africans share the principles of collective standardization and not the principles of individualism and or self-sufficiency.

Booysen and Beaty (1997) highlight the centrality of Ubuntu, wherein the community concept of management is applied; it is a form of humanistic philosophy that focuses on people and lays down guidelines for leadership styles and management within organisations.

In support of Khoza (1994), Avolio (1995), Mbigi (1995) and Booysen and Beaty (1997) it is important to acknowledge that Booysen (2007), Selby and Sutherland (2006), Jain et al. (2003), Human et al. (1999) and Thomas (2002) have proposed the following better practices for those organisations seeking success with their employment equity and diversity management programmes:

- management commitment and accountability from all levels of management within the organisation where there is proper consultation and two-way communication between management and employees
- employment practices that promote fair recruitment and selection procedures
- continuous development of individuals through career-pathing, job rotation and organisational culture
- management of individual white male fears thereby encouraging inclusion instead of exclusion
- implementing a culture of valuing diversity that moves beyond tokenism

Based on the review of the above literature it could be argued that changes to the South African demographics and cultural leadership styles are not only facilitating mergers and acquisitions but are also prompting a different approach to the management of organisational change; especially if the change is to be managed successfully within the South African environment.

In the next section the Researcher will review some of the fundamental change theories and mergers and acquisitions models for organisational change, with a special emphasis on the emergent approach to change as the preferred approach for organisational change within a mergers and acquisitions environment.

2.5   *Current Change Theories and Mergers and Acquisitions Models*

This section will provide an overview on the current change theories and approaches (complexity theories) to change, with special attention being paid to how either approach will influence the process of organisational change during a merger and acquisition. In addition to the above some of the current mergers and acquisitions models and the lessons learned from these models and theories will be examined.

Burnes (2004) argues with the support of Bechtold (1997), Black (2000), Boje (2000), Gilchrist (2000), Lewis (1994), Macbeth (2002), Stacey *et al.* (2002) and Tetenbaum (1998) that complexity theories are often regarded as a way of understanding organisations and promoting organisational change by most academics and practitioners.

Brown and Eisenhardt (1997), Lewis (1994), Stacey *et al.* (2002), Styhre (2002), and Tetenbaum (1998) argue further that when researchers of organisational change are applying complexity theories to organisations that it is important to remember the following two principles:

- complex systems in nature are dynamic non-linear systems, and the outcomes of their actions are unpredictable, and
- in the same manner turbulence in gases and liquids are governed by a set of simple order-generating rules.

It could therefore be argued that if organisations, which are natural systems are going to survive a merger and acquisition that they too would need to develop a set of rules that would allow them to operate on the "edge of chaos – under conditions of 'bounded instability' where systems are constantly poised between order and chaos" (Stacey *et al.*, 2002).

MacIntosh and MacLean (2001) support the above argument and report that if organisations are to stable that nothing will change and the system dies, but if it is to chaotic then the system will be overwhelmed by the change; it is therefore necessary that if the organisation is going to survive that a new set of order-generating rules are established.

For this reason the Researcher supports Burnes (2004) argument that whilst there are many different approaches to change that there are only two dominant approaches, which are widely accepted, namely: Planned and Emergent Change (Cummings and Worley, 2001; Dawson, 1994; Kanter, *et al.* 1992; Pettigrew, 2000; Stace and Dunphy, 2001 and Weick, 2000).

Cummings and Worley (2001) explain that the period between 1950 to 1980 was dominated by the planned approach; which originated with Lewin and later evolved through the organisational development movement. Burnes (2004a), French and Bell (1999) argue that planned change initiatives are aimed at improving the operation and

effectiveness of the human element within the organisation through a process of participative, group and team-based programmes. Burns (2004b), Dunphy and Stace (1993) and Kanter (1989) explain how the oil shocks of the 1970's, and the rise of corporate Japan with the severe economic downturn in the West forced many organisations to transform themselves rapidly. The group oriented, slow and consensual nature of the planned change approach attracted a great deal of criticism from the Culture excellence and post-modern school thought leaders; who argued that Western organisations were to bureaucratic, inflexible and slow to change (Peters and Waterman, 1982).

Kanter (1983) and Peters and Waterman (1982) argue that the Culture excellence Thought Leaders called for organisations to adopt flexible cultures, which would help to promote innovation and entrepreneurship by encouraging bottom-up, continuous and co-operative change. In a nutshell this type of approach would encourage top-down coercion and rapid transformation (Kanter, 1983 and Peters and Waterman, 1982).

Pfeffer (1981) however introduced an argument that claimed that the objectives and outcomes of change programmes were more likely to be determined by power struggles than by a process of consensus-building or rational decision-making.

Pettigrew and Whipp (1993) and Wilson (1992) argue that the processual approach to organisational change, which emerged in the 1980's regarded change as continuous, unpredictable and political in nature.

Weick (2000) argues that the main critics to planned change have grouped under the banner of Emergent change – an approach where ongoing accommodation, adaptations and alterations produce fundamental change without any prior intention of doing so. Hayes (2002) reports how emergent change comes about as a result of key decisions to match organisations resources with the opportunities, constraints and demands in the environment over a period of time.

Cyert an March (1963) and Quinn (1982) highlight how the incremental model of change – up to the late 1970's underpinned the Emergent approach largely where change was seen as a process where the individual parts of the organisation deal with one problem and or goal at time; incrementally by managers responding to pressures from the internal and external environments and in so doing the organisation is transformed.

Burnes (2004) reports that in the 1980's two new approaches to change began to emerge, namely: the punctuated equilibrium model and the continuous transformation model. Gould (1989) argues that the punctuated equilibrium model draws its inspiration from Darwin's gradualist model of evolution and the basic fact that whilst some organisations may appear to fit the incremental model to change that there will come a point where the organisation will eventually proceed through a period of rapid and fundamental change (Gersick, 1991).

Brown and Eisenhardt (1997) and Greenwald (1996) introduce the continuous transformation model of change, which rejects both the incremental and punctuated equilibrium models. It could be argued that if an organisation is going to survive it will have to develop the ability to change itself continuously and in a fundamental way as is the case in the fast moving sectors such as retail and computers (Brown and Eisenhardt, 1997 and Greenwald, 1996).

Stacey *et al.* (2002) and MacIntosh and MacLean (2001) contend that one of the most important findings of the Complexity thought leaders are that in even the most complex of systems that the emergence of order manifests itself through self-organisation; this take place through the implementation of a simple number of order generating rules; which permit limited chaos whilst providing relative order.

Three important implications for organisational change emerge from the Complexity theory Thought leaders approach to change, namely:

(1) Greater democracy and power equalization in all aspects of organizational life will be needed, instead of the limited and narrow employee participation in change (Bechtold 1997; Jenner, 1998).
(2) Small-scale incremental change and large-scale radical-transformational change should be rejected in favour of 'a third kind' of change, which lies between these two, and which is continuous and based on self-organization at the team/group level (Brodbeck 2002; Brown and Eisenhardt 1997).
(3) To achieve effective change, order-generating rules will have the potential to overcome the limitations of rational, linear, top-down, strategy-driven approaches to change (MacIntosh and MacLean 1999, 2001; Stacey 2003; Styhre 2002).

Furthermore it could be argued that the complexity approach seems similar to the recommendations advanced by leading writers such as Tom Peters (1989, 1993, 1997), Rosabeth Moss Kanter (1983, 1989, 1997) and Charles Handy (1989, 1994, 1997) over the last 20 years.

Veldsman (2005) argues that there are an impressive array of 'planned change' or 'change management' models that can be found in the available change literature. The most outstanding features of these models are a number of stages or steps (N steps) that follow or unfold in a sequential and seemingly linear manner.

Veldsman (2005) contends that the generic change model is partly anchored in empiricism, as several of the base models considered were derived from case studies and other empirical research. Practice generally follows this depiction of 'planned change.'

A recent comparative study by the Corporate Leadership Council that compared the change management practices of six companies averaging between 60 000 and 100 000 employees and representing insurance, financial services and information technology industries, echoes the character of the literature based change management model (van Tonder, 2005).

Veldsman (2005) indicates that company acquisitions (Mergers & Acquisitions), outsourcing, re-engineering of select systems, improving employment ratings in the market, integrating business units and de-mutualisation have constituted the majority of the respective planned change initiatives within the South African environment.

The change models that were deployed within the research study of the Corporate Leadership Council varied between five and seven step configurations. Veldsman (2005) explains the following:

- The five step model highlighted the assessment of the need for change, planning of the change initiative, mobilising employees, implementation, monitoring and sustaining the change; whereas;
- In the seven step model the process similarly commenced with the recognition and agreement on the need for change, formulating a vision of the future state and identifying leadership to guide the change initiative. Subsequent stages focused on data gathering, establishing change objectives, priorities and measurement indicators, developing guiding principles and detailed plans for implementation, action, communication, engagement, evaluation and assessment of the impact on key stakeholders as well as the modification of plans where indicated, implementation and monitoring and creating a plan to ensure that the change was institutionalised and maintained.

Veldsman (2005) states that most change models can be located between the parameters indicated by the five and seven step models. Change models with more (or fewer) steps clearly are not qualitatively different from one another, and instead the differences relate to the level of abstraction at which the model is designed and presented.

Veldsman (1995) identified five essential building blocks for the management of organisational change within the SA organisational environment:

1. The **"WHERE"** building block
   Since Organisations exist within time and space, this block represents those choices that the organisation has to make about where it will have to draw its space and time boundaries.

2. The **"WHY"** building block
   This block represents the context for change which helps to create the defined time and space location for the organisation with the rationale (reason / need) for the change.

3. The **"WHAT"** building block
   This block represents the choices that the organisation has at its disposal concerning the most appropriate way in which the entity could be changed.

4. The **"HOW"** building block

This block represents the most appropriate change action mode for the organisation and the approach that will be used to close the gap between the "what is" and "what must be" changed within the organisation.

5. The **"WHO"** building block
This block represents the contributions that the change will require from persons, parties and or institutions to satisfy the change needs that require execution for the organisation to change

These building blocks for organisational change reviewed above, provide familiar insight into the essential elements of a change framework and the related change processes needed for successful organisational change. It appears from the literature reviewed that the emergent approach to change is preferred as it involves all of the required recipients for change from a bottom up approach, and assumes that change is a continuous and not a once-off approach that occurs within a relatively stable environment.

Upon closer examination of current and historical change management models available within the literature; one specific model stands out and serves as the foundation for all change models and or frameworks that are in use or are being proposed as in the case of this research study; namely the Lewin three step change model.

Lewin's 3 Step Change Model

Bamford and Forrester (2003) confirm that the planned approach to change was initiated in 1946 by Lewin, who was a theorist, researcher and practitioner in interpersonal, group, inter-group, and community relationships. Lewin proposed that before change and new behaviour can be adopted successfully, the previous behaviour has to be discarded (Burnes, 2004).

According to Lewin a successful change project must, therefore, involve the three steps of unfreezing the present level, moving to the new level and refreezing this new level (Lewin, 1947). This model of change recognizes the need to discard old behaviour, structures, processes and culture before successfully adopting new approaches (Bamford and Forrester, 2003).

Even though this three-step model was adopted as a general framework for understanding the process of organisational change, it still remains too broad in its overall approach (Eldrod II and Tippet, 2002). Several authors have further developed Lewin's work in an attempt to make it more practical (Bamford and Forrester, 2003). By reviewing more than 30 models of planned change, Bullock and Batten (1985) developed a four-phase model of planned change that splits the process into exploration, planning, action and integration. According to Burnes (2004) this is a highly applicable model for most change situations; including mergers and acquisitions. The model looks at the processes of change, which describe the methods employed to move an organisation from one state to another, and the phases of change, which describe the stages an organisation must go through to achieve successful change implementation (Bullock and Batten, 1985).

Although the planned approach to change is long established and held to be highly effective (Bamford and Forrester, 2003; Burnes, 2004), it has come under increasing criticism since the early 1980s (Kanter, Stein and Jick, 1992; Burnes, 1996) with particular focus on the following:

- It suggests that the planned change approach's emphasis is on small-scale and incremental change, and it is, therefore, not applicable to situations that require rapid and transformational change (Burnes, 1996, 2004; Senior, 2002).
- The planned change approach is based on the assumptions that organisations operate under constant conditions, and that they can move in a pre-planned manner from one stable state to another (Bamford and Forrester, 2003). These assumptions are, however, questioned by several authors (Burnes, 1996, 2004; Wilson, 1992) who argue that the current fast-changing environment continues to weaken this theory. It is suggested that organisational change is more an open-ended and continuous process than a set of pre-identified set of discrete and self-contained events (Burnes, 1996, 2004).
- The planned change approach ignores situations where more direct approaches are required. This can be a situation of crisis, which requires major and rapid change, and does not allow scope for widespread consultation or involvement (Burnes, 1996, 2004; Kanter *et al.*, 1992). Finally, the critics argue that the planned approach to change presumes that all stakeholders in a change project are willing and interested in implementing it, and that a common agreement can be reached (Bamford and Forrester, 2003).

Burnes (2004) reports that the 3 Step Model for organisational change is Lewin's (1947) key contribution to organisational change. Burnes (2004) states that whilst Lewin was developing his 3-Step model that he was not primarily focusing on organisational issues.

Burnes (2004) proceeds to provide a more detailed analysis of Lewin's Model as shown in Figure 2.4 on the following page:

Figure 2.4 – Kurt Lewin's Model of Change

Kurt Lewin's 3 Step Model of Change (Cook, et al 1997)		
Current State	**Transitional State**	**New State**
Existing roles and responsibilities Comfortable, familiar and secure Controllable, certain and proven Creating a felt need for change Managing resistance to change	Letting go of old work Taking on new work Changing tasks, routines, demands and relationships Changing people, and groups, tasks, structure and technology	New roles and structures New work and routines Unfamiliar and risky Reinforcing outcomes Evaluating results Making constructive modifications
Unfreezing	**Moving**	**Refreezing**

A successful change project, Lewin (1947) argued, involved three steps:

- Step 1: Unfreezing. Lewin believed that the stability of human behaviour was based on a quasi-stationary equilibrium supported by a complex field of driving and restraining forces. He argued that the equilibrium needs to be destabilized (unfrozen) before old behaviour can be discarded (unlearnt) and new behaviour successfully adopted

- Step 2: Moving. As Schein (1996: 62) notes, unfreezing is not an end in itself; it '... creates motivation to learn but does not necessarily control or predict the direction'. This echoes Lewin's view that any attempt to predict or identify a specific outcome from Planned change is very difficult because of the complexity of the forces concerned

- Step 3: Refreezing. This is the final step in the 3-Step model. Refreezing seeks to stabilize the group at a new quasi-stationary equilibrium in order to ensure that the new behaviours are relatively safe from regression. The main point about refreezing is that new behaviour must be, to some degree, congruent with the rest of the behaviour, personality and environment of the learner or it will simply lead to a new round of disconfirmation (Schein, 1996).

Like other aspects of Lewin's work, his 3-Step model of change has become unfashionable in the last two decades (Dawson, 1994; Hatch, 1997; Kanter *et al.*, 1992).

In response to this criticism of the planned approach to organisational change, the emergent approach has gained considerable ground. Rather than seeing change to be a top down driven approach, the emergent approach tends to see change driven from the bottom up (Bamford and Forrester, 2003; Burnes, 1996, 2004). The approach suggests change to be so rapid that it is impossible for senior managers to effectively identify, plan and implement the necessary organisational responses (Kanter *et al.*, 1992). Therefore, the responsibility for organisational change has to become increasingly devolved (Wilson, 1992).

From a South African cultural perspective it is apparent that if organisational change is to succeed, it will require greater involvement of the change recipients or recipients of change; therefore the devolving of organisational change initiatives or events within an organisational context should not be underestimated.

The emergent approach to change emphasizes that change should not be perceived as a series of linear events within a given period of time, but as a continuous, open-ended process of adaptation to changing circumstances and conditions (Burnes, 1996, 2004; Dawson, 1994). The emergent approach stresses the unpredictable nature of change, and views it as a process that develops through the relationship of a multitude of variables within an organisation.

Apart from only being a method of changing organisational practices and structures, change is also perceived as a process of learning (Altman and Iles, 1998; Davidson and De Marco, 1999; Dunphy and Stace, 1993). This is a key concept in the process of creating organisational change awareness amongst recipients.

According to the advocates of the emergent approach to change it is the uncertainty of both the external and internal environment that makes this approach more pertinent than the planned approach (Bamford and Forrester, 2003).

To cope with the complexity and uncertainty of the environment it is suggested that organisations need to become open learning systems where strategy development and change emerges from the way a company as a whole acquires, interprets and processes information about the environment within which it operates (Dunphy and Stace, 1993).

The emergent approach to change stresses a promotion of 'extensive and in-depth understanding of strategy, structure, systems, people, style and culture, and how these can function either as sources of inertia that can block change, or alternatively act as levers to encourage an effective change process' (Burnes, 1996: 14). Furthermore, Burnes (1996: 13) argues, 'successful change is less dependent on detailed plans and projections than on reaching an understanding of the complexity of the issues concerned and identifying the range of available options.

It can, therefore, be suggested that the emergent approach to change is more concerned with change readiness and facilitating for change than to provide specific pre-planned steps for each change project and initiative.

Although Pettigrew and Whipp (1993) argue there are no universal rules when it comes to leading and managing change, several advocates of the emergent approach have suggested sequences of actions that organisations should comply with. However, many of these suggestions tend to be rather abstract in nature and difficult to apply (Burnes, 2004). Three authors, namely; Kanter (1983, 1989), Kanter *et al.* (1992), Kotter (1996) and Luecke (2003) offer more practical guidance to organisations and managers.

Kotter's (1995) eight step model for transforming organisations was developed after a study of nearly 100 organisations; each varying in size and type of industry. Kotter (1996) learned that a majority of major change efforts fail; and for this reason developed a model that would assist organisations to avoid the major errors in the change process. Kotter (1996) argues that there are two key lessons to be learned from his model; the change process goes through a series of phases with each phase lasting a considerable time, and that critical mistakes in any phase of the change process could have a disastrous impact on the overall change initiative. Jick (1991) developed a tactical level model to help guide organisations through the implementation of major organisational change. This model helps to provide organisations implementing organisational change with a blueprint, and means by which to evaluate the change process that is underway (Jick, 1991). Jick (1991) argued that the process of implementing change was a process of ongoing discovery during which the leader / manager would ask questions continually, and that the success of change depended on the nature of the change and how sensitive the manager or leader was to the voices of the organisation. Jick (1991) argued further that the change was a continuous process; it should therefore not be considered as a discrete process. Garvin (2000) presents us with a seven step change acceleration process that was implemented within the General Electric organisation, which adopted much of Lewin's (1994) model for change and addressed the importance of the leader or manager's role in creating the urgency, crafting and communicating the vision, leading and measuring the progress of the change process. Garvin (2001) remarks on how the seven steps act as a form of 'pilot's checklist'; which one could argue makes existing knowledge more visible and accessible thereby ensuring that all essential steps are followed.

Based on the above literature review the Researcher is of the opinion that these three change models provide the best frameworks with which to understand organisational change within a mergers and acquisitions environment. Major forms of change like mergers and acquisitions can involve multiple processes over a period of time, and the changes of which could continue long after the inception of the change event itself.

Mento, Jones and Dirndorfer (2002) examined the work of Kanter *et al.* (1992), Kotter (1996) and Luecke (2003) and provide what the Researcher considers to be an inclusive and extensive fundamental twelve step Change framework that integrates all other change models with which to manage organisational change. Mento *et al.* (2002) provides a brief analysis of the twelve recommended steps and or processes for the design and development of a Change Management Framework, which includes the following:

Step 1 (Process): The idea and its context
- Highlight the idea for what needs to be changed
- Senge (1990) notes that the creative tension evolves from being able to see where the organisation wants to be, its vision, and telling the truth about where the organisation is currently
- The extrinsic/intrinsic orientation can have a significant impact on the consequences of the change effort
- Extrinsic motivation for change produces adaptive learning, whereas change driven by creative tension gives rise to generative or new learning

Step 2 (Process): Define the change initiative
- Analyse the organisation and its need for change as proposed by Jick (1991)
- Define the roles of the key players in all change efforts –Strategists, Change implementers and Change Recipients (Jick, 1991)
- The creation of a vision assists in the formation of creative tension that gives rise to generative learning
- Change strategists are responsible for the initial work of defining the change initiative
- Change recipients represent the largest group of people who must adapt to the change

Step 3 (Process): Evaluate the climate for change
- Change strategists and implementers must implicitly understands how the organisation functions within its environment, how it operates, and what is strengths and weaknesses are
- This understanding aids the change practitioner in developing alternative scenarios that could be created by the proposed changes
- This helps to facilitate the crafting of an effective change implementation plan

Step 4 (Process): Develop a Change Plan
- At a minimum the plan should include specific goals and provide detailed and clear responsibilities for the change action roles
- A plan that does not solicit input on both the content of the change as well as the process of the change will prove to be unsuccessful

Step 5 (Process): Find and cultivate a sponsor
- The support of the powerful line executives who can help to create a critical mass of support for the change
- Identify target individuals or groups whose commitment to the change is needed – define the critical mass needed to ensure the effectiveness of the change
- Sponsorship is easier to win and maintain when the person believes their decision is not irreversible
- Sponsor needs to be informed frequently and regularly of progress in order to adapt their talk or walk to push the effort

Step 6 (Process): Prepare your target audience

- No other model of the change process deals with the process of preparing the target audience for the change
- Prepare the change recipients for the change
- Change is not possible unless the people (change recipients) are willing to change themselves

Step 7 (Process): Create the cultural fit – Making the change last
- During the evolution of the change initiative, the change must become rooted in the existing culture
- A strategic initiative that is congruent with the established organisational culture has a high probability of success

Step 8 (Process): Develop and choose a change leader team
- The leader inspires the employee to embrace the vision, and crafts an organisational structure that consistently rewards people for focusing their attention of the vision of the organisation
- A change leader team can better provide the necessary leadership role than can a single individual
- Billington (1997) provides three essential elements for an effective team:
  - Commitment, competence and common purpose

Step 9 (Process): Create small wins for motivation
- Creating short term wins is a way to motivate employees during a long change effort
- The Change leader should plan and create visible short-term performance wins
- The longer and more drastic the change, the more necessary it is for small victories to be celebrated
- The constant battle for resources and the continued need to update the sponsor will also drive the need for small victories

Step 10 (Process): Constantly and strategically communicate the change
- Constantly communicate the change throughout the organisation
- The process by which the change is introduced can set the tone among recipients with respect to acceptance or rejection
- The goals of the communication effort should be to:
  - To increase the organisations understanding and commitment to change
  - To reduce the confusion and resistance
    - To prepare employees for both the positive and negative effects of the change

Step 11 (Process): Measure the progress of the change effort
- Creating and installing metrics to assess programme success and to chart progress, using milestones and benchmarks
- Thompson (1992) cautions organisations to avoid the rain dance of change – that entails a concentration on activities as opposed to tangible, measurement results

- Change progress needs to be measured at all stages of the programme, and not only at the end

Step 12 (Process): Integrate lessons learned
- No other model of the change process deals with the process of generating a set of lessons learned through reflection
- At the root of the lessons learned is reflection – a personal cognitive activity that requires stepping back from an experience to think carefully and persistently about its meaning through the creation of inferences
- Reflection is a very powerful way to learn from experience
- The following set of trigger questions are used to facilitate the reflection process:
    o What did we set out to do?
    o What actually happened?
    o Why did it happen?
    o What are we going to do next time?
- Those who forget the past are condemned to repeat it

The following three change theories and models were reviewed during this research study based on the recommendations from Mento *et al.* (2002), wherein the author reports that the following three models have stood as exemplars in the field of change management literature. Furthermore the Researcher believes that the three change theories listed below provide the best basis for the integration of all known change models, simply because of their inclusivity and ability to extend to a set of common change processes, namely:

(1) **Jick's Tactical Ten Step Model (1991)**, according to Mento *et al.* (2002):
    a. Developed a tactical level model to guide the implementation of major organisational change.
    b. The model serves as a blueprint for those organisations embarking on the change process, and provides a useful method for evaluating the change effort that is already in progress.
    c. The theorist provides that change is an ongoing process of discovery with thought provoking questions being asked along the change journey.

(2) **Kotter's Eight Step Process for successful Organisational Transformation (1995, 1996, 2000)**, according to Mento *et al.* (2002):
    a. Kotter's model was developed after a study of 100 organisations varying in size and industry type.
    b. After learning why a majority of change efforts had failed, Kotter began to adapt his model into a new approach for avoiding major errors in the change process.
    c. It is best viewed as a vision for the change process.
    d. It calls attention to the key phases in the change process and provides today's change practitioners with two valuable lessons, namely:
        i. The change process goes through a series of phases – each lasting a considerable amount of time, and

      ii. That critical mistakes within any of the phases could have a devastating impact on the momentum of the change process.

(3) **General Electric Seven step Change Acceleration Process Model (2000)**, according to Mento *et al.* (2002):
    a. This model follows closely on Lewin's (1947) notion of unfreezing, movement and refreezing as the essential components of the change process,
    b. It focuses on the leader's role in creating urgency for the change, crafting and communicating the vision, leading the change, measuring the progress of change along several dimensions, and institutionalizing the change.

The Researcher has investigated the similarities across all three of these change models for the purpose of determining the appropriate change framework and change management processes; whilst keeping the earlier recommendations of Bullock and Batten (1985), Burnes (2004), Stacey *et al.* (2002), Styhre (2002) and MacIntosh and MacLean (2001) from the planned and emergent approaches to change where a four phased model with four distinct or core change processes of exploration, planning, action and integration are distinguished **[EPAI]** as depicted below**.**

<div align="center">

EPAI = (E) Exploration → (P) Planning → (A) Action → (I) Integration

</div>

For the purpose of comparing the various Change Theories and or Models, a tabular format (as shown in Table 2.7) has been used to highlight the key synergies that appear to be forming based on the literature reviewed wherein the presence of the Emergent approach to change is closely supported by the work of Kotter (1995, 1996, 2000) and Jick (1991), and a somewhat mixed approach for the GE Model (Garvin, 2000), which are closely aligned to Lewin's three step model of change and the Change Management Model of Mento *et al.* (2002).

Table 2.7 shown on the following page, combines the following change theories and or models to allow for the easy identification of similarities and differences between these common planned and emergent change models, and how they relate to the Change Management Process model of Mento *et al.* (2002):

- Kanter's (1992) Ten Commandments for Executing Change,
- Veldsman (1995) Five essential building blocks for the management of change,
- Kotter's (1995, 1996, 2000) Eight-Stage Process for Successful Organisational Transformation,
- Luecke's (2003) suggested Seven Steps for change,
- Jick's Tactical Ten Step Model (1991),
- General Electric Seven step Change Acceleration Process Model (2000), and
- Mento et al. (2002) twelve step Change Management Process Model

Table 2.7 – Comparison of Change Theories and Models based on the Planned and Emergent approaches to change

Kanter et al. Ten Commandments for Executing Change (1992)	Veldsman – Five essential building blocks for the management of change (1995)	Kotter's Eight Step Process for successful Organisational Transformation (1996)	Luecke's Seven Steps (2003)	Jick's Tactical Ten Step Model for implementing change (1991)	GE – Seven-step change acceleration process model (Garvin, 2000)	Mento et al. (2002) Twelve step Change management Process Model
1. Analyse the organisation and its need for change	The 'WHAT' building block		1. Mobilise energy and commitment through joint identification of business problems and their solutions	1. Analyse the organisation and its need for change	2. Creating a shared need	1. The idea and its context
2. Create a vision and a common direction	The 'WHERE' building block	3. Developing a vision and strategy	2. Develop a shared vision of how to organize and manage for competence	2. Create a shared vision and common direction	3. Shaping a vision	2. Define the change initiative
3. Separate from the past	The 'HOW' building block			3. Separate from the past		3. Evaluate the climate for change
4. Create a sense of urgency		1. Establish a sense of urgency		4. Create a sense of urgency		4. Develop a change plan
5. Support a strong leader role			3. Identify the leadership	5. Support a strong leader role	1. Leader behaviour	5. Find and cultivate a Sponsor
6. Line up political sponsorship	The 'WHO' building block	2. Create a guiding coalition		6. Line up political sponsorship		6. Prepare your target audience
7. Craft an implementation plan	The 'HOW' building block			7. Craft an implementation plan		
8. Develop capability structures	The 'HOW' building block	5. Empowering broad-based action		8. Develop enabling structures	7. Changing systems and structures	8. Develop and choose a change leader team
9. Communicate,	The 'WHO'	4. Communicate		9. Communicate,	4. Mobilizing	10. Constantly and

involve people and be honest	building block	the change vision		Involve people and be honest	commitment	strategically communicate the change
10. Reinforce and institutionalize change	The 'WHY' building block	8. Anchoring new approaches in the culture	6. Institutionalise success trough formal policies, systems and structures	10. Reinforce and Institutionalise the change	5. Making the change last	7. Create the cultural fit – make the change last
		6. Generate short term wins				9. Create small wins for motivation
		7. Consolidating gains and producing more change	4. Focus on results, not on activities			12. Integrate lessons learned
			5. Start change at the periphery, then let it spread to other units without pushing it from the top			
			7. Monitor and adjust strategies in response to problems in the change process		6. Monitoring progress	11. Measure the progress of the change effort

Source: Adapted from Mento *et al.* (2002)

As the emergent approach to change is relatively new compared to the planned approach, it can be argued that it still lacks the necessary coherence and a diversity of techniques with which to manage change (Bamford and Forrester, 2003; Stacey *et al.,* 2002, Styhre, 2002, Wilson, 1992).

Another criticism of the emergent approach is that it consists of a rather disparate group of models and approaches that tend to be more united in their skepticism to the planned approach to change than to an agreed alternative (Bamford and Forrester, 2003; Dawson, 1994). However, according to Burnes (1996) the general applicability and validity of the emergent approach to organisational change depends on whether or not one believes that all organisations operate in dynamic and unpredictable environments to which they constantly have to adapt. If this is the case then Burnes (1996: 14) argues 'the emergent model is suitable for all organisations, all situations and at all times'.

Cummings and Worley (2005) provide us with two fundamental differences that distinguish ordinary organisational change from the change that occurs as a result of mergers and acquisitions, as illustrated in Table 2.8 below:

Table 2.8 – Two fundamental differences between ordinary organisational change and change resulting from Mergers & Acquisitions (Cummings and Worley, 2005)	
Ordinary organisational change	**Change resulting from Mergers and Acquisitions**
(1) Change is either once-off or continuous dependent on the nature and type of change	(1) Change is once-off. Where the two organisations merge or another organisation is acquired, the other organisation ceases to exist. In some instances the change may appear to be continuous as the organisation moves into an operational phase, an issue such as the merging of organisational cultures needs to be addressed over a period of time, thereafter the change process may be deemed to be complete.
(2) Through a proper identification of the factors that lead to the resistance of change, and proper or sound engagement with all relevant stakeholders during an organisational change intervention, the stresses are more easily managed.	(2) Cummings *et al.* (2005) defines this type of change as, 'ultimate change management challenge'. The stressful dynamics of M&A change far exceed those stresses that may result from ordinary organisational change. This is supported by the research of Weston (2001) discussed earlier in the literature review.
Source: adapted from Cummings and Worley (2005)	

For the purpose of this Research study, the researcher will be focusing on the effects of mergers and acquisitions on organisational environments, as a major force for organisational change within the South African environment.

Muller (2006) provides an overview of the Merger Process and Cycle, and the types of change experiences that will impact employees during the Merger and Acquisition process:

The Merger and Acquisition process and cycle

Muller (2006) reports that Mergers are not an occasion; they are considered as processes, and it is important to understand how such change processes unfold and the stress factors that are brought about by the nature of such a change. Muller (2006) points out those mergers are also more complex in terms of change management.

Human emotional and behavioural issues, strategy and execution are three important elements needed for successful change (Muller, 2006). In a merger the sensitivity to these various elements required exceeds that of other change situations. Duck (2001) indicates that change management in merger situations is a quantum leap away from managing a new production project or changing systems within an organisation. Duck (2001) reports that it is thus important to understand that in mergers, scale and complexity are the dominant factors whilst time may not be a significant concern.

Clarke (1994), Jerome (1994), Strickland (1998), Devine and Hirsh (1998), Duck (2001), and Coffey *et al.* (2002) all report that change occurs in various phases, which can be plotted on a change continuum. There are certain dynamics which occur within each phase, and specific interventions may be needed to move employees on to the next stage or phase within the change process. When an organisation is in the midst of change, different departments and subgroups can encounter change in different phases at any given time. Individuals can also experience change differently from one another.

Furthermore, individuals and sub-groups do not always progress from one phase to the next in a logical sequence, and some individuals may even become stuck in a particular phase

Managers need to understand the various phases of change so as to allow them to prepare for what is typically expected in each phase of the merger and acquisition as well as the characteristic responses they may receive from their personnel.

The following four models of Mergers and Acquisitions will now be discussed and integrated, Devine and Hirsch (1998), Pritchett, Robinson and Clarkson, (1997), Duck, 2001 and Seo and Sharon, (2005).

Mergers and Acquisition stage models

Devine and Hirsch (1998) identify four stages in the merger and acquisition change process, namely:

Run-up ➔ Transitional Change ➔ Integration ➔ Closure

They list the key characteristics and responses by employees of each of these phases as follows:

- **Run-up:** intense pressure, uncertainty, strong anxiety/paranoia, loss of direction and focus in the build up towards the change.
- **Immediate transitional change:** work pressure, fear and anxiety regarding potential job losses, heightened responses from employees likely to be affected / impacted, and preoccupation with new appointments.
- **Integrative stage:** there is a strong sense of pressure, preoccupation with and working through differences with employees from the merged / acquired entity, cultural sensitivity and awareness is also reviewed and considered vitally important for the change to be considered successful.
- **Closure:** this involves some relief and achievement, letting go of the past. If there is no closure, the possibility exists for ongoing resentment, unwillingness to let go, introspection and uncertainty (Devine and Hirsch, 1998:17-19).

Pritchett, Robinson and Clarkson (1997) advocate five stages in a merger implementation, namely:

Envision ➔ Assess ➔ Deploy ➔ Manage ➔ Close

The business of each of these stages is identified as follows:

- **Envision:** this involves some pre-work in laying the groundwork for a successful integration.
- **Assess:** it is important to evaluate current operations and to recommend changes based on the inherent integration requirements.
- **Deploy:** it is crucial that the right or correct resources are deployed when needed, and where possible some improvising should be carried where needed.
- **Manage:** it is essential to account for progress and resource utilisation
- **Close:** once completed the new entity should be handed over to appropriate operating groups, and were necessary qualitative assessment conducted.

Duck (2001) also identifies five stages in a merger and acquisition change process, namely:

Stagnation ➔ Preparation ➔ Implementation ➔ Determination ➔ Fruition

Duck's (2001) exposition of each of these stages is particularly useful as a number of key activities and characteristics are illustrated during each phase of the change process, as follows:

- The **stagnation period** is often characterised by poor strategy, a lack of leadership, and too few resources, and/or outdated technology which acts as the trigger for the change.
- The **preparation stage** starts when an actual decision to change is made. At this stage there is a considerable amount of operational work to be done, and some of the key characteristics displayed by employees are those of heightened emotions: anxiousness, jitters, hopefulness, threatened, betrayed, excited, jockeying for positions and/or defending positions. If this preparation phase carries on for too long, it will start to unravel and could lead to a new form of stagnation and significant delay in the change process.
- The **implementation stage** is characterised by people hedging bets on the overall success of the change process, and by a sense of unreality. Implementation is all about defining and managing the implementation of new organisational structures, job definitions, and processes and interfaces that have / will be formed as a result of the change.
- The **determination phase** is a time for reinforcement, and is considered to be the phase wherein the overall fate of the change process is determined. The actual results of all the cumulative efforts should be become apparent in this phase; however Duck (2001) is quick to point out that fatigue could set in. Managers and employees find it tiring, to be continually rethinking their daily work routines as well as changing / finding better ways of operating. During this phase it is essential to define and work out how to make the new vision a reality.
- **Fruition** is the time to acknowledge that all the hard work has paid off, and to recognise important milestones and to share rewards with everyone involved in the change process. The two major opportunities to be grasped during this phase, according to Duck (2001) are the cementing of trust and unity; and the embedding of the capabilities and attitudes that have produced successes.

'It is important that celebration and reward are managed carefully, with the correct thought processes as there is an ever-present danger that celebration may turn into complacency' (Duck 2001 : 256). Furthermore, Duck (2001) suggests capturing the learning to help the workforce internalise their experiences so that what has been learned and achieved during change is not lost.

The Merger and Acquisition process model

Seo and Sharon Hill (2005) suggests that by combining the merger and acquisition process models of Buono and Bowditch (1998), Garpin and Herndon (2000), Ivancevich *et al.* (1987), Marks and Mirvis (1992) that four distinct merger and acquisitions stages can be identified as illustrated in Table 2.9:

Table 2.9 – Merger and Acquisition Stages (Seo and Sharon Hill, 2005)	
Stage	**Description**
Stage One	Premerger Stage
Stage Two	Initial Planning and formal combination stage
Stage Three	Operational combination stage
Stage Four	Stabilization stage

1. Premerger stage
2. Initial Planning and formal combination stage
3. Operational combination stage
4. Stabilization stage

Premerger stage

Seo and Sharon Hill (2005) indicate that this stage starts with the examination of a possible merger and ends with the official announcement of the merger.

This stage typically includes the following key activities:
- Planning and discussions among top managers and executives regarding a possible merger (Garpin and Herndon, 2000), and
- Emerging rumours about the possible merger among employees (Ivancevich *et al.*, 1987)
- The organisations involved in the merger are relatively stable during this phase (Buono and Bowditch, 1989)

Initial Planning and formal combination stage

Seo and Sharon Hill (2005) indicates that this stage starts after the merger and acquisition has been announced, and ends once the former organisations have been legally dissolved and a new organisation, often with a new name has been created.

This stage typically includes the following key activities (Seo and Sharon Hill, 2005):
- the creation of a new vision and new goals for the combined organisations, and
- the establishment of joint committees and teams to make decisions concerning management change, staffing plans and new organisational structure

Operational combination stage

Seo and Sharon Hill (2005) indicate that this stage involves the actual integration of organisational functions and operations. Interactions between employees of the combined organisations are now extended from the top management levels and joint committees down to the general work units and day to day operations (Garpin and Herndon, 2000).

This stage typically includes the following key activities:
- Budgets, space, work assignments and reporting responsibilities are realigned
- Employees are encouraged to learn new ways of work, meet new performance standards, and to adopt new value and belied systems (Marks and Mirvis, 1992)
- As this stage impacts virtually all aspects of the combined organisations – procedural, cultural, and role related activities, it usually takes much longer than the management team would expect, often periods in excess of years have been observed (Buono and Bowditch, 1989)

Stabilization stage

Seo and Sharon Hill (2005) indicate that the final stage is known as the consolidation process, and commence once the operational integration is completed.

This stage typically includes the following key activities (Seo and Sharon Hill, 2005):

- Changes and adjustments may still continue throughout this stage
- Organisational stability recurs, and
- Norms, roles and organisational routines are stabilized

From the above literature review on the emergent and planned approaches to change as well as the existing stages for mergers and acquisitions it is clear that there are some clear similarities emerging across the stages / phases as well as the core change processes for a merger and acquisition. These similarities are shown in Table 2.10 below:

Table 2.10 – Stages of Change during a Merger and Acquisition process (adapted)			
Devine and Hirsch (1998)	**Pritchett, Robinson and Clarkson (1997)**	**Duck (2001)**	**Seo and Sharon Hill (2005)**
Run-up	Envision	Stagnation	Premerger Stage
Transitional change	Assess	Preparation	Initial Planning and formal combination stage
Integration	Deploy	Implementation	Operational combination stage
Closure	Manage	Determination	Stabilization stage
	Close	Fruition	-

The researcher has examined each of the above phases of change as highlighted in Table 2.10 above; during the proposed case studies for the purpose of determining the overall nature of the organisational change caused by mergers and acquisitions. This has helped to provide insight into the nature of the change process and the type of change framework that is being proposed by the research questions.

In the envisioning or preparation stages, it is critical to prepare staff for the change, and to understand and accept the reason for the change.

Effective managers are those who have been prepared for the change process and who understand the effects that each phase can have on employees.

Clarke (1994) indicates that a typical reaction to significant change occurs in four stages, namely shock, then defensive treatment, followed by acknowledgement and then finally adaptation. Coffey *et al.* (2002) reveals that employees in mergers often pass through four distinct stages, namely disbelief and denial, anger, emotional bargaining ending in depression, and finally, acceptance. These are similar to the stages identified by Elizabeth Kubler-Ross in her bereavement curve analysis as shown in Figure 2.5 below.

Devine and Hirsh (1998) state that many organisations find the Kubler-Ross (1973) transition curve (as shown in Figure 2.5) a helpful aid to understanding how people and organisations work through any kind of difficult change.

The Transition Curve
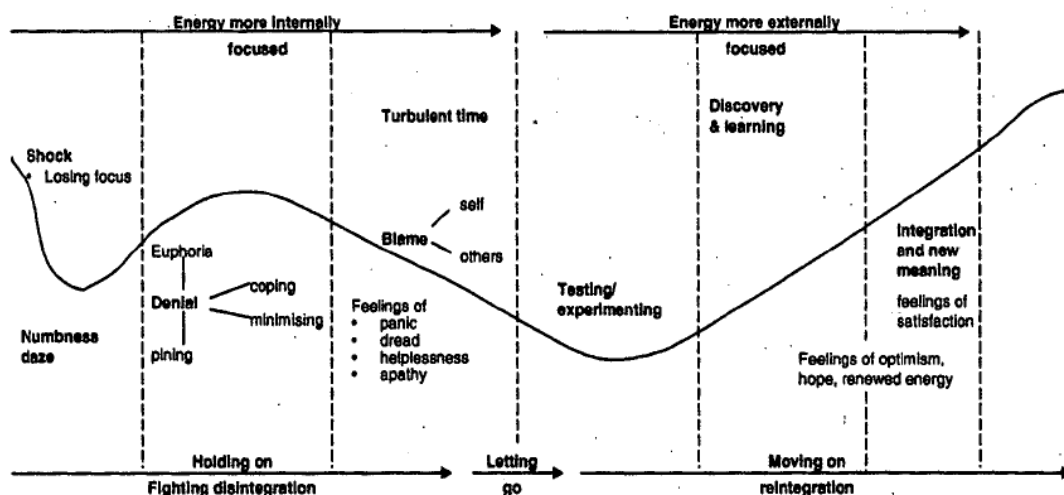
Based on the work of Elizabeth Kubler-Rosse

Figure 2.5 - Elizabeth Kubler-Ross (1973) bereavement curve analysis as translated into a Transition Curve

As an important lesson learned from past mergers and acquisitions, Coffey *et al.* (2002) specifically recommends a cultural due diligence prior to merger activity. Due diligence is the process of getting to know as much as possible about the new partner, and it usually covers aspects such as financial data, operational, technical, human resources, legal and insurance aspects as well as an environmental due diligence. In their research they found

that little attention, if any, is given to cultural issues. Coffey *et al.* (2002) suggests that the following issues should be investigated as part of the due diligence process:

• Management styles and compatibility,
• Hierarchical relationships and balance of power,
• Decision-making styles,
• Acceptance of accountability,
• How people are motivated,
• Working styles, e.g. teamwork, project oriented, directive,
• Role clarity and standards of performance,
• Customer service orientation,
• Employee views on management effectiveness,
• Investment in training and development and attitudes to learning and adaptability,
• Skills areas of weakness and strength and
• Flexibility and the willingness to change.

Duck's (2001) exposition of the various stages during a merger and acquisition can be closely aligned to the work of Seo and Sharon Hill (2005) whose clearly identified process model highlights the need for the development of a change management framework for the management of organisational change.

2.6   Chapter Summary

Following the review of the literature on the definition of organisational change, the triggers and forces for organisational change, the nature of the resistance to organisational change and the human side of mergers and acquisitions, the South African context for organisational change and context for mergers and acquisitions, and the current theories and models of organisational change and mergers and acquisitions; the Researcher has uncovered the following broad revelations:

- Specific triggers and forces for organisational change exist within the South African working environment;
- The Human side of mergers and acquisitions cannot and should be underestimated
- An eclectic approach to organisational change theories and mergers and acquisitions models are required in order to gain a deeper understanding into the nature of organisational change within a mergers and acquisition context for South African environment.

The Researcher will now explore in Chapter three the need to move towards the development of a Change Framework and Scorecard for the management and measurement of change for mergers and acquisitions within the South African environment.

3.0 Chapter Three: The move towards a South African Change Management Framework and Scorecard for the measurement of change in a Mergers and Acquisitions environment

In the previous chapter the Researcher focused on how mergers and acquisitions are regarded as the major force for change (Weston, 2001); whilst Seo and Sharon Hill (2005) explain at great lengths the importance of understanding the human side of mergers and acquisitions. The South African environment for change and context for mergers and acquisitions is further supported by Thayser (2007), Booysen (2007) and Booysen and Nkomo (2010) who substantiate the increase in merger and acquisition activities, and overall context for organisational change in South Africa where BEE is a major driver, respectively.

Veldsman (2005) and van Tonder (2005) provide us with a South African or local perspective of the key building blocks for a successful change management model based on the foundational work of Lewin (1947), and where Burnes (2004), Bamford and Forrester (2003), Stacey *et al.* (2002) and Styhre (2002) establish the basis of an argument between the planned and emergent approaches to organisational change. For organisational change to be successful it is clear that both a bottom up and top down approach will provide a platform which leads us to the formation of a change management framework and set of change processes as proposed by Mento *et al.* (2002).

In this chapter the Researcher will propose a move towards the creation of a Change management framework with generic change processes that can be used to measure the overall effectiveness of organisational change such as mergers and acquisitions within the South African environment. The proposed Change management framework and Scorecard will be based on the research identified by Lombard and Crafford's (2003) characteristics of successful change; Jackson's (1999), Veldsman (1996) and Kotter's (1995) success factors for change and the generic change processes proposed within the Mento's *et al.* (2002) change management process model, which is aligned to Seo and Sharon Hill's (2005) merger and acquisition stages as well as the balanced scorecard work of Kaplan and Norton (1996, 2005).

The chapter will culminate with the representation of a proposed model (as illustrated in Figure 3.5) that attempts to investigate the research propositions proposed within Chapter 1 of this research study.

3.1 The requirements for successful change – the move towards the critical success factors needed for change

Lombard and Crafford (2003) argue that it is necessary to identify characteristics of successful change efforts as these provide further guidelines in the successful management of resistance to change.

Successful change can be described as the flexibility that organisations show to be able to proactively respond to changes in the market or external environment (Appelbaum *et al.*, 1998).

Lombard and Crafford (2003) highlight that the following characteristics are regarded as crucial in successful change efforts:

- Overcoming managerial resistance to change
- Business case for change
- Focus on the customer
- Effective communication
- Leadership
- People development
- Structured implementation of change
- Effective monitoring and control
- Structure to support strategy achievement
- Mutually agreed performance goals

A closer examination of the above characteristics reveals a close alignment to the earlier literature reviewed by Seo and Sharon Hill (2005), Coetsee (1999) and George and Jones (2001) where distinct change processes and requirements for successful change can be summarized with special reference to a mergers and acquisitions environment.

Overcoming managerial resistance to change

Lombard and Crafford (2003) argue that a misconception exists that managers do not resist change, and that resistance only comes from operational employees. This is further supported by the fact that the resistance of middle and first-line managers is often identified as a major implementation barrier (Appelbaum *et al.*, 1998), and when you consider that managers are responsible for a large portion of the execution of a merger and acquisition; it becomes understandable why Leadership and management are considered to be important requirements for successful change.

These managers are afraid of losing their jobs and are threatened because of pressure applied by senior management to redefine their roles from primarily directing to coaching and counselling. This is further supported by Booysen (2007) who illustrates through recent statistics from the Department of Labour how the leadership of most South African organisations is still represented mostly by white males. It is however crucial that managers are willing, able, allowed and supported in dealing with change first before they attempt to facilitate change in the lower levels of the organisation.

First-line managers should have a comprehensive understanding of the envisaged change and not allow their own fears to influence the way they communicate change to their areas of responsibility. In doing so, they take personal responsibility for change in their areas of responsibility and influence, and help successfully manage the organisational change initiative.

Business case for change

Once the triggers for change have been identified, successful change is characterised by a strong business case for the proposed change (Lombard and Crafford, 2003).

In this instance it is important for managers to be able to see the bigger organisational picture and to be able determine which success criteria will be most important for their area of responsibility and influence. This too is supported by Booysen (2007) who argues that the recent introduction of BBBEE – Broad Based Black Economic empowerment has not adequately addressed the real issues of empowerment of the lower levels of the economic society, and in fact that inequality has increased. It could therefore be argued that legislation as a trigger for successful organisational change is vital; however it requires good leadership and execution from management to successfully lead the change.

Supporting the business case for change should be the strategic direction of the organisation in the form of a vision and mission (Clarke and Meldrum, 1999; Mabin *et al.*, 2001; Bechtel and Squires, 2001; Corporate Executive Board, 2001c).

Focus on the customer

Organisations that facilitate effective change manage to focus on customers and their needs (Lombard and Crafford, 2003). They invest in ways to improve sales, provide superior service to clients, and they do not forget that their customers and their needs underlie the organisation's existence (Appelbaum *et al.*, 1998).

Effective communication

A strong business case for change without an effective communication strategy will result in haphazard change efforts (Buckingham and Coffman, 2001; Mabin *et al.*, 2001; Bechtel and Squires, 2001; Corporate Executive Board, 2001b; Seely, 2000; Zeffane, 1996).

The communication strategy should include information on what will happen, when it will happen, and how it will happen. By describing step-by-step what will take place, management will be more apt to gain support from others and reduce resistance (Lombard and Crafford, 2003). Booysen (2007) and Booysen and Nkomo (2005) argue that both change and transformation in South Africa are perceived differently by differently social identity groups. Depending on which group you come from; one group may feel entitled and another may feel threatened (Booysen and Nkomo, 2005). Such contradictory perceptions around these areas can have a disastrous effect on the merger and acquisition; especially if communication is not adequately addressed.

Change is most effectively facilitated one person at a time (Corporate Executive Board, 2001b; Buckingham and Coffman, 2001; Zeffane, 1996) and communication should be

cascaded through the organisation to various levels and areas of responsibility during a merger and acquisition. The goal is to ensure that all people receive the communication and facilitate a process of change, one person at a time (Appelbaum *et al.*, 1998; Seely, 2000). Furthermore, managers need to listen to the views, protests and problems of subordinates who are likely to understand the implications of the proposed changes in their areas of influence and thereby facilitate the merger and acquisition process.

Leadership

In a study conducted by the Corporate Executive Board (2001a) it was evident that the leadership competencies of relevant people should be at higher than acceptable levels before any attempt to change is made. Though the leadership does not always initiate successful change, it should be owned and driven by them (Walker, 1999; Kotter and Cohen, 2002), especially an important change initiative such as a merger and acquisition.

Lombard and Crafford (2003) report that during times of change, Leaders requires courage and they may be required to display the following attributes:

- Stand alone
- Take tough decisions
- Say "no"
- Stand up against unnecessary bureaucracy
- Admit to making mistakes
- Admit that he of she is part of or the source of the problem
- Overcome fears of making mistakes
- Lead from the presumption of truth

The first-line manager should demonstrate an ability to lead their teams towards goal achievement through a process of effective communication, motivation and influence, as this would allow them to live their personal visions of the change and lead their teams successfully through a merger and acquisition (Lombard and Crafford, 2003).

People development

The next requirement, individual and team development is often neglected by organisations in attempting to implement successful change (Bechtel and Squires, 2001; Corporate Executive Board, 2001a; Kotter and Cohen, 2002; Seely, 2000).

Change efforts require from individuals new skills and competencies, which can only be developed if the necessary ability, motivation and self-esteem are present (Lombard and Crafford, 2003). Where the challenges posed by the proposed change appear to outweigh the capacity of individuals to develop, resistance to change is likely to occur, and it is for this reason that the first-line manager must be able to identify and facilitate the development of the requisite skills in the individuals in their team. Booysen (2007) argues that this is fundamental for successful organisational change; especially

considering that South Africa introduced the Skills Development Act to specifically target national skills shortages through planned national strategies and interventions.

Structured implementation of change

Lombard and Crafford (2003) report that another requirement for successful change is the application of structured approaches to change implementation, and depending on the nature of the merger and acquisition it would be unwise to adopt a "one size shoe fits all" approach.

The most effective methods typically integrate attention to human issues (commitment, resistance, follow-through, etc.) with attention to the technical issues usually incorporated into project management methods (Hoopes and Hale, 1999; Seely, 2000). This will require managers to have both excellent human relations and project management skills.

Effective monitoring and control

Hoopes and Hale (1999) identified the necessity for monitoring and evaluation as a key principle in successful change, to ensure a results-based focus.

Lombard and Crafford (2003) state that the aim is to determine the payoffs achieved from the initiative and to learn valuable lessons about implementation that can be used to strengthen future changes. It could be further argued that a strong focus on performance and measurement would help to encourage successful change during a merger and acquisition.

The goal of effective monitoring and control is to develop desirable behaviour and overcome those behaviours that may jeopardise change efforts (Lombard and Crafford, 2003).

Structure to support strategy achievement

Successful change in organisations requires structures that meet the needs of the organisational strategic direction. Appelbaum *et al*. (2000), and the Corporate Executive Board (2001a) found that the involvement of employees in determining appropriate structures to facilitate change leads to effective structures that work. Furthermore striking the right balance between the need for change and the infrastructure requirements (HR and Financial resources etc.) of the organisation is essential if a merger and acquisition is to succeed (George and Jones, 2001).

Lombard and Crafford (2003) highlight the requirements for first-line managers to design a team that will effectively facilitate change and allocate resources within their area of influence. First-line managers may also advise decision-makers regarding more appropriate organisational structures from their experience of successful change.

Mutually agreed performance goals

Managers in successful companies improve performance by achieving agreement or consensus with employees in setting mutually agreeable performance goals (Lombard and Crafford, 2003). This is especially important during mergers and acquisitions where specific or key objectives are set with set timelines for achievement, and employees are consulted or included in the change process (George and Jones, 2001).

Employee suggestions are actively sought and a positive work-group spirit, serves as a basis for enhanced motivation (Appelbaum, *et al.*, 1998; Seely, 2000). Such an approach can also secure ownership for performance goals as it comes from within and is not simply forced from the top.

The above requirements for successful change presented by Lombard and Crafford (2003) provide greater insight into what could be considered as the 'triggers' for successful organisational change in the South African environment. However further investigation by the Researcher has found that earlier work conducted by Jackson (1999), Veldsman (1996) and Kotter (1995) provides for further validation of what could be called the success factors for organisational change to be considered successful in the South African organisational environment.

Success Factors

Jackson (1999) and Veldsman (1996) provide us with some insight into an indicative list of success factors for organisational change within the South African working environment. It could be argued that these success factors may provide a competitive advantage during a merger and acquisition (Thayser, 2007).

Jackson (1999) and Veldsman (1996) claim that what organisations see as their key success factors will indicate their overall orientation and approach towards organisational change, and thereby influence their overall approach to the change initiative (Lombard and Crafford, 2003).

- At the **top of the list of indicative success factors** are:
  o Quality
  o Growth
  o Financial control
  o Productivity
  o Turnover
  o Stability

  Lombard and Crafford's (2003) characteristics for successful change can be aligned as follows to the above list of top success factors:
  - Effective monitoring and control
  - Focus on the customer
  - Business case for change

- Structured implementation for change
- Structure to support strategy

This is further supported by Veldsman's (1996:29) principles for successful organisational change:
- Sequencing – 'the right things in the right order at the right time in a mutually support fashion'.
- Translation – 'converting high level concepts into concrete, value adding organisational changes'.
- Intactness – 'ensuring that the roles are in place and are promptly executed'.
- Coherence – 'holding the organisation together whilst at the same time transforming it'.

- At the **bottom of the list of indicative success factors** are:
  o Job Satisfaction
  o Motivation of employees
  o Flexibility and Adaptability
  o Goal consensus
  o High employee morale

Lombard and Crafford's (2003) characteristics for successful change can be aligned as follows to the above list of bottom success factors:
- People development
- Leadership
- Mutually agreed performance goals
- Effective communication
- Overcoming managerial resistance to change

This is further supported by Veldsman's (1996) principles for successful organisational change:
- Commitment – 'creating genuine understanding and full acceptance'.
- Sustainability – 'perseverance until the conversion is fully institutionalised'.
- Translation – 'converting high level concepts into concrete, value adding organisational changes'.
- Flexibility – 'adapting in the view of the changing circumstances and lessons learnt'.

Lombard and Crafford's (2003) work on the characteristics required for successful change can be integrated with the work of Jackson (1999), Kotter (1995), Kotter and Schlesinger (2008) and Booysen (2007); each of whom provides a much broader revelation of the success factors that are needed for organisational change to be successful within the South African working environment. It could be argued that these characteristics highlighted by Lombard and Crafford (2003) help to promote the success factors. What is of particular interest to the Researcher is the manner in which Jackson (1999) delineates a list of top and bottom success factors that would be required for successful change.

Jackson (1999) and Lombard and Crafford (2003) explain the following about the above indicative list of success factors:

- A strong emphasis on business performance results – with special reference to goal consensus, flexibility, employee motivation and job satisfaction at the bottom of the list (Kotter *et al*., 2008).
- The overriding importance of quality – a strong influence from Western Companies.
- The essential requirement for developing and engaging employees (albeit through legislation) throughout the process (Booysen, 2007).
- The necessity for strong communication with all stakeholders throughout the change process (Coetsee, 1999), Booysen (2007) and Nkomo and Kriek (2011).
- The need for a structured framework and process with which to manage the change initiative (Senior, 2002) and (Kotter *et al.* 2008).
- Success in employment equity is often given a low priority and is not seen as a measure of success for most Western companies however the same may not be true of South African organisations as explained through the research of Booysen and Beaty (1997), Booysen (2007) and Nkomo and Kriek (2011); where the triggers for organisational change are driven largely through the political, economic and social cultural factors.

Following a review of the above literature on the requirements or characteristics for successful change and the success factors both high and low, it has become apparent that organisations should place sufficient emphasis on the critical success factors required for organisational change to become successful.

3.2 Change Management Framework and related Change processes in Mergers and Acquisitions – the move towards a South African Change Management Framework

This section will provide an overview on the requirements for a practical and valid Change Management Framework based on the integrated framework discussed in Table 2.7 of Chapter 2. The integrated framework, which predominantly draws on Mento *et al.* (2002) who examined several prominent and current change theories and models for organisational change can be closely aligned to the merger and acquisition stage processes of Seo and Sharon Hill (2005). The Researcher will also set out to provide an overview of the importance of adopting a process based view to change management based on the research of Smith (2007), Garvin (2000), Kotter (1995) and Jick (1991) who discusses the importance of strategy, and the effect it has on process and innovation; especially if you consider the principle of continuous improvement that is highlighted by Mento et al (2002) in Step 12 (Process): Integrate lessons learned.

The integrated change management model of Mento *et al.* (2002) with its twelve fundamental steps and or processes can be closely aligned with the four merger and acquisition process stages of Seo and Sharon Hill (2005); together these two process models provide us with the formation of a recommended change management framework (as shown in Table 3.1) for the successful implementation and management of a merger and acquisition or organisational change intervention based on the three change process models and merger and acquisition processes discussed earlier in the literature review.

Table 3.1 - Proposed Change Management Framework aligned with the Mergers and Acquisition Stage processes for the implementation and management of an organisational change intervention

Proposed Change Management Framework (Mento *et al.*, 2002)		Merger and Acquisition Stages (Seo and Sharon Hill, 2005)	
Steps / Processes	**Recommend change action**	**Stage**	**Description**
Step 1: (Process)	The idea and its context	**Stage One**	Premerger Stage
Step 2: (Process)	Define the Change Initiative		
Step 3: (Process)	Evaluate the climate for Change		
Step 4: (Process)	Develop a Change Plan	**Stage Two**	Initial Planning and formal combination stage
Step 5: (Process)	Find an cultivate a Sponsor		
Step 6: (Process)	Prepare your target audience		
Step 7: (Process)	Create the cultural fit – Making the change last	**Stage Three**	Operational combination stage
Step 8: (Process)	Develop and choose a change leader team		
Step 9: (Process)	Create small wins for motivation	**Stage Four**	Stabilization stage
Step 10: (Process)	Constantly and strategically communicate the change		
Step 11: (Process)	Measure the progress of the change effort		
Step 12: (Process)	Integrate lessons learned		

Source: Adapted from Mento *et al.* (2002) and Seo and Sharon Hill (2005)

It is important to distinguish between the terms process and step. The Oxford dictionary defines process as a series of actions for making or doing something; whilst a step is defined as a series of things within a process.

Mento *et al.* (2002) reminds us that all twelve steps and or processes of the recommended change framework are not to be regarded as a set of sequential steps only; instead they should be seen as an integrated and iterative process to help bring about change. Mento *et al.* (2002) remarks that business is about growing, changing, adjusting and improving the accepted norms and procedures today to make the future brighter.

Seo and Sharon Hill (2005) provide a unique consolidation of the twelve steps into four separate but identifiable processes, namely: the Premerger, the Initial Planning and Formal combination, Operational combination and the Stabilization stages; which exist in the context of a mergers and acquisitions environment.

When investigating the concept of processes with special reference to change management processes it becomes important to understand a brief overview of the importance of business process management and its overall effect on the performance of an organisation. This is closely supported with the integrative framework purported by Seo and Sharon Hill (2005) where Merger and Acquisition integration leaders are provided with a foundation for the successful integration of two organisational entities where the ultimate goal is the performance of two organisational entities as a collective whole.

Mento *et al.* (2002) stresses the importance of incorporating lessons learned from current and or past organisational change interventions for the formation of good theory and practice. Mento *et al.* (2002) highlights that at the heart of lessons learned is the concept of reflection; a concept that helps to connect learning from the job performance thereby producing more personal learning for the individual or the organisation during the change process. Garvin (2000) provides us with four relevant questions to ask during a time of reflection, namely:
    (1) What did we set out to do?
    (2) What actually happened?
    (3) Why did it happen?, and
    (4) What are we going to do next time?

When aligned with the research of Smith (2007), Garvin (2000), Kotter (1995) and Jick (1991) it provides us with an interesting discussion on the importance of process-oriented organisational design (the third wave of business process management); a concept where the organisational structure during a merger and acquisition should be set up in such a way that it helps to enhance a stronger focus on process. This type of future organisational design enables the key business processes within the organisation to operate at maximum efficiency thereby delivering total value to the internal organisational and customers (external) as a whole; an important element identified with the scorecard of Kaplan and Norton (1996, 2005).

Smith (2007) argues that when designing an organisational structure that it should be based on processes however it does become important not to loose focus on the functional benefits that form part of the structure; it is therefore important to balance process and functional benefits with one another before, during and after a merger and acquisition.

Smith (2007) highlights that more and more companies have begun to realise that process as a result of performance is a key factor in their higher-level decision-making. This implies that organisational decision makers should no longer just look at the financial reports or measures to determine how the organisation is performing; process thinking should be integrated into the overall management of decisions, up to and including the structure of the organisation (Smith, 2007). This is further supported by Muller (2006) who identified standards of performance as a key driver of organisational cultural integration during mergers and acquisitions.

Smith (2007) highlights the introduction of the fourth wave of business process management where process performance is integrated into the overall strategy of the organisation. This shift in business process management illustrates the importance of not only identifying the process weaknesses of a merger and acquisition that have the most strategic significance and then fixing them, but also understanding how the strengths of the process can be leveraged for better results or performance in the organisation (Smith, 2007). This is supported by Duck (2001) who states that one of the management team's prime activities during a merger and acquisition should be to ensure alignment around strategy and vision. Duck (2001:205) goes on to say, "A healthy dissatisfaction with the status quo and a genuine appetite for change must be generated within the workforce" if the merger and acquisition is going to succeed. Muller (2006) goes on to say that the human and emotional elements are but one of the three essential elements required for successful mergers and acquisitions; the other two elements are strategy and execution.

This concept is illustrated in Figure 3.1 on the following page where the traditional view of strategy was for leaders to develop a strategic plan that would include a number of improvement initiatives to be undertaken during the merger and acquisition. Some of these initiatives would be to include process improvement-type projects that would focus on continuous improvements within the organisation as a result of the merger and acquisition. The process-improvement team or champions would then analyse the overall situation and submit recommendations on how to develop new process innovations for the organisation to run more effectively; these innovations would then be incorporated back into the organisational processes during the merger and acquisition process.

Figure 3.1 – The Strategy-Process link (Smith, 2007)
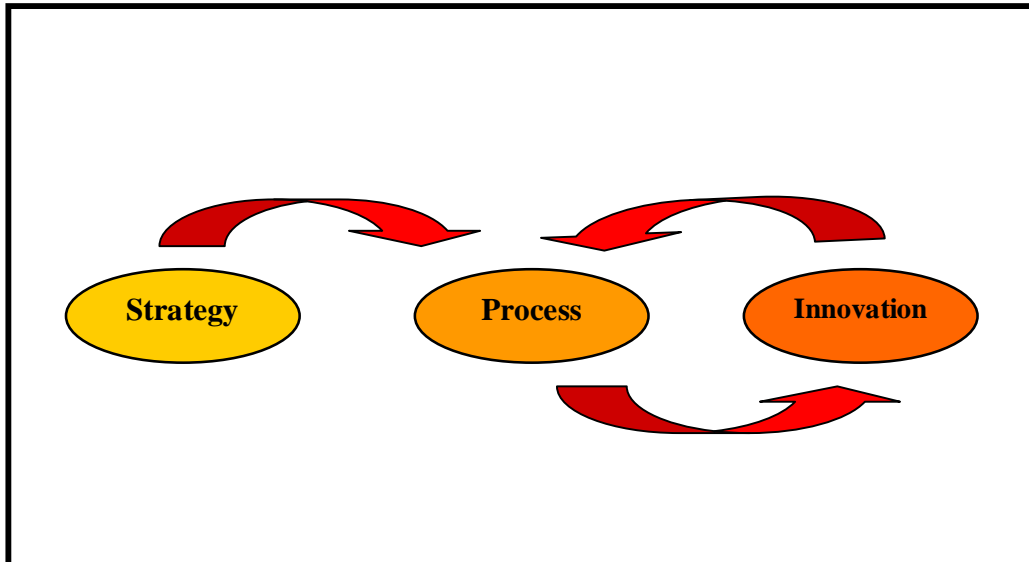
However the fourth wave of business process management picture provides a different perspective on the above concept as illustrated in Figure 3.2 below. The arrow indicated between process and strategy illustrates how process can be used to drive strategy during a merger and acquisition (Smith, 2007). Today it is becoming increasingly important for organisations to understand that outstanding process performance could help to drive the future of the organisation through the attraction of additional customers, the establishment of additional profit centres thereby allowing the organisation to provide a complete solution through its overall control of the additional links within the value chain albeit through a merger and acquisition.

Figure 3.2 – The Process-Strategy link (Smith, 2007)
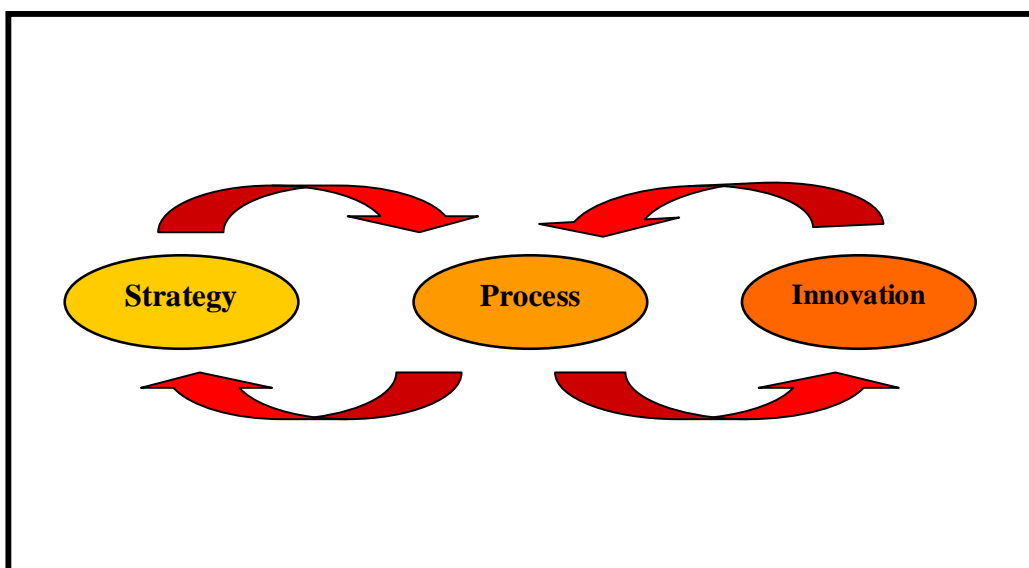
The process-strategy link is further supported by the underlying principles of TQM – Total Quality Management; a term that first became popular in the mid 1980's.

Smith (2007:13) provides the following definition of TQM:

TQM is a set of systematic activities carried out by the entire organisation to effectively and efficiently achieve company objectives so as to provide products and services with a level of quality that satisfies customers, at the appropriate time and price.

An important aspect of this definition is a systematic focus of TQM that applies the concept of continuous improvement throughout the merger and acquisition process. Smith (2007) confirms that the tools and techniques of TQM are both qualitative and quantitative; and the statistical methods for evaluating data (statistical process control) are a key component of the TQM system as well as the process mapping and analysis tools such as flowcharts and cause-and-effect diagram, which are all considered to be essential tools for the management of the merger and acquisition process. Each of the statistical tools and techniques are used within the context of the PDCA (Plan-Do-Check-Act) Cycle as illustrated in Figure 3.3 below:

Figure 3.3 – PDCA – Plan-Do-Check-Act Cycle
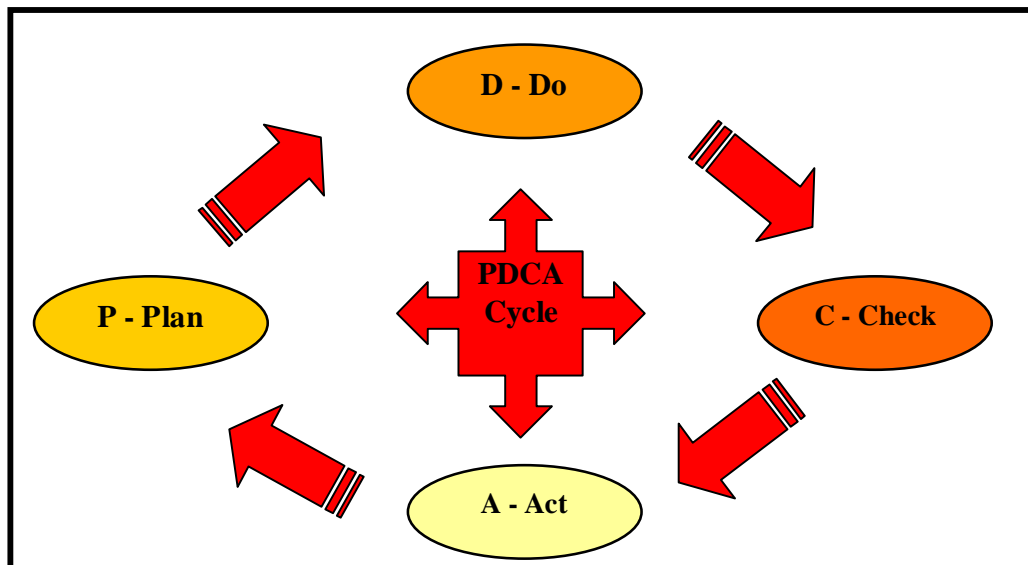
Smith (2007) highlights the following key elements of the PDCA Cycle; which if correctly applied could help to enhance the change management processes (Mento *et al.*, 2002) and merger and acquisition process stages (Seo and Sharon Hill, 2005) during a merger and acquisition:

- o P – Planning – this section of the methodology requires the analysis of certain processes to be performed where data is collected and the relevant theories

advanced concerning what needs to be changed to deliver an improved process performance.

- o Do – Do – this step within the methodology involves the actual implementation of the identified process change.
- o C – Check – also known as the S or Study component requires an actual evaluation of the process change implemented so as to determine whether or not it was successful and should be continued, modified or rejected.
- o A – Act – the respective Leadership team would them act based on the analysis provided from the above step.

Smith (2007) highlights that those organisations with a PDCA mindset would encourage more efficient and effective processes within their respective work teams where problems in merger and acquisition processes once discovered could be addressed within their respective functional areas thereby encouraging continuous improvement, improved decision making and better problem resolution for the organisation as a whole.

Undoubtedly the concept of PDCA will play an important role in the development of a change management framework for the purpose of identifying specific or uniquely identified change processes that could help to improve the implementation of specific organisational change initiatives such as a merger and acquisition within any organisation from an effectiveness and efficiency perspective.

3.3   *The Balanced Scorecard – the move towards a Change Management Scorecard*

Kaplan and Norton (1996) report that the Balanced Scorecard is more than a tactical or operational measurement for the workplace; the tool is regarded as a strategic management system that helps organizations to manage their strategy over the long term albeit that some mergers and acquisitions occur in the short, medium and long term.

Why should organizations use the balanced scorecard?

Kaplan and Norton (1996) provide us with a clear quote: "If you can't measure it – you can't manage it".

Kaplan and Norton (1996, 2005) explain that the information age for the both manufacturing and service organisations requires new capabilities for competitive success. The ability of the organisation to mobilize and exploit its intangible or invisible assets has become more decisive than investing and managing physical, tangible assets (Kaplan and Norton, 1996, 2004).

Kaplan and Norton (1996, 2004) point out that by utilizing intangible assets more effectively, and organisation will be able to:

- Develop customer relationships that retain loyalty of existing customers.
- Introduce innovative products and services desired by specific or target customers.
- Produce customized high quality products and services at lost cost and with short lead times.
- Mobilize employee skills and motivation for continuous improvements in the process capabilities, quality and response times.

Kaplan and Norton (1996) argue that the scorecard helps to retain financial measurement as a critical summary of the overall managerial and business performance (Lombard and Crafford, 2003; Jackson, 1999), but goes on to provide the business with an integrated set of measurements that help to link current customer, internal process, employee and system performance to the longer term financial success of the business. Muller (2006) highlights that during the merger and acquisition process the manager's job should be to demonstrate the values of the new organisational entity being formed by building commitment and understanding, minimizing political behaviour and translating organisational objectives into individual performance targets.

Some critics have criticized the extensive and or exclusive use of financial measurements in business as it is often found that an overemphasis on achieving and maintaining short term financial results can cause some companies to overinvest in short term solutions at the expense of under-investing in long term value creation (Kaplan and Norton, 1996); which can sometimes be considered as a downfall for many mergers and acquisitions.

Those organizations that make use of the balanced scorecard are using the measurement focus of the tool to achieve the following crucial management processes (Kaplan and Norton, 1996):

- To clarify and translate vision and strategy.
- To communicate and link strategic objectives and measures.
- To plan, set targets and align strategic initiatives.
- To enhance strategic feedback and learning.

Clarify and translate vision and strategy

Kaplan and Norton (1996, 2005) illustrate how the entire scorecard process starts with the senior management team working together to create and clarify a business unit strategy that can be divided into specific strategic objectives, which are agreed by all. This is undoubtedly an important step when commencing with a merger and acquisition process in any organisation.

Communicate and link strategic objectives and measures

Kaplan and Norton (1996, 2005) and Coetsee (1999) suggest that the scorecard provides a fundamental basis for communicating and gaining commitment to the business unit strategy between the leadership and the employees of the organisation. Muller (2006) points out that during a time of disruption such as a merger and acquisition that communication is more important as structures are no longer the same and the modes and mechanisms of communication may have changed as a result. In addition the scorecard helps the business to set goals and link specific rewards and incentives to performance measures within the organisation (Kaplan and Norton, 1996, 2005).

Plan, set targets and align strategic initiatives

Kaplan and Norton (1996, 2005) conclude that the scorecard aids the business unit in the setting of specific and clear strategic targets that are aligned to the strategic initiatives of the organisation. Duck (2001) highlights how some mergers and acquisitions can often stagnate as a result of poor strategy and a lack of solid leadership.

Following the alignment of specific strategic targets to initiatives, the organisation allocates resources and establishes milestones for the individuals and or teams to achieve. Kaplan and Norton (1996, 2005) highlight that the scorecard has its greatest impact when it is used to drive major organisational change; especially considering that mergers and acquisitions can be considered as a major form of change for an organisation (Weston, 2001).

Enhance strategic feedback and learning

Kaplan and Norton (1996), Lombard and Crafford (2003) and Kotter (1995) argue that once the shared vision of the organisation has been articulated, it becomes important for

the stakeholders (leaders and employees) to provide strategic feedback at various organisational platforms where there is constant review and learning.

Kaplan and Norton (1996, 2005) highlight how this final management process of the scorecard helps to re-enforce a framework for learning within the organisation; which closely supports one of the key change management processes identified by Mento *et al.* (2002).

The structure of the Balanced Scorecard

Kaplan and Norton (1996, 2005) illustrates in Figure 3.4 how the balanced scorecard helps to provide a framework that assists the business and its stakeholders in translating strategy into operational terms; a key objective for any merger and acquisition.

Figure 3.4 – Balanced scorecard (Kaplan and Norton, 1996, 2005)
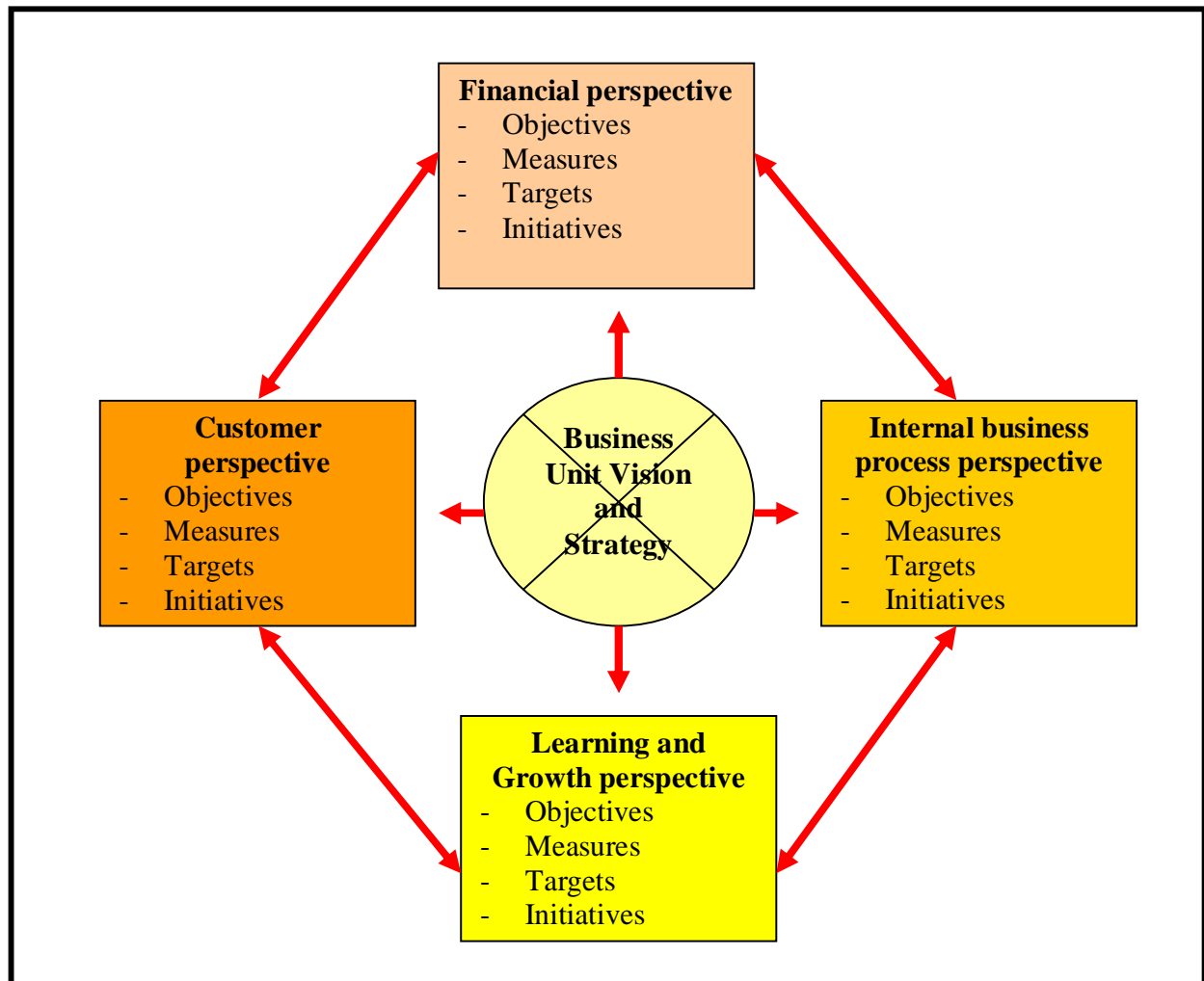
The Researcher believes that the balanced scorecard presents four useful perspectives or dimensions for measuring the strategic objectives of an organisation during a merger and acquisition, namely:
(1) Financial perspective
(2) Internal business process perspective
(3) Learning and growth perspective
(4) Customer perspective

Financial perspective

Kaplan and Norton (1996, 2005) argue that for many years the measurement system for business has been financial. Leaders identify those financial objectives that relate to the profitability of the organisation as a whole.

Financial performance measures provide evidence of whether or not an organisation's strategy is achieving the targets set through the effective implementation and execution of the business strategy (Kaplan and Norton, 1996, 2005).

The core outcome measures include level of operating income, return-on-capital employed or the most recent economic value added to the business through a specific strategic initiative. Kaplan and Norton (1996, 2005) highlight the key business processes that drive performance within this perspective centre around the general return on investment and the economic value added.

Muller (2006) cautions that financial measurement should not be used in isolation, but that the human element of a merger and acquisition should be fully understood before proceeding with the change initiative.

Customer perspective

Leaders identify those specific customers and market segments in which the organisation will need to compete and the measures against which it will perform (Kaplan and Norton, 1996, 2005).

The core outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability and market and account share within the targeted segments. Kaplan and Norton (1996, 2005) highlight the key business processes that drive performance within this perspective centres on market and account share as well as customer retention and satisfaction.

Muller (2006) highlights the importance of understanding the customer service orientation profile and approach of the organisation before embarking on a merger and acquisition.

Internal Business process perspective

Leaders identify the critical internal processes in which the organisation will need to excel for it to improve its overall performance (Kaplan and Norton, 1996, 2005).

The core outcome measures include a focus on those internal processes that will have the greatest impact on customer satisfaction and the attainment of the organisations financial objectives. Kaplan and Norton (1996, 2005) highlight the key business processes that drive performance within this perspective centres on quality, innovation, operations and service.

Muller (2006) reminds us that during a merger and acquisition that an employee can often feel stretched or overburdened; often resulting in severe consequences for the business operations. It is therefore important that all of the business processes are analysed before embarking on a merger or acquisition.

Learning and growth perspective

Leaders identify the required infrastructure that the organisation must build if it is to create long term growth and improvement (Kaplan and Norton, 1996, 2005).

Kaplan and Norton (1996, 2005) argue that the customer and internal business process perspectives help to identify the most critical factors needed for the current and long term success of the business (Lombard and Crafford, 2003; Jackson, 1999, Coetsee, 1999).

The core outcome measures include re-skilling and or developing employees, enhancing the information technology and systems and aligning the organisational procedures and routines to the strategic initiatives.

It is suggested by Kaplan and Norton (1996, 2004, 2005) and Wu (2007) that organisational learning and growth issues can best be derived from three main sources namely: people, systems and organisational procedures. Kaplan and Norton (1996, 2005) highlight the key business processes that drive performance within this perspective centre around the overall access to information on systems and employee satisfaction.

Muller (2006) states that it is important to understand the organisations overall approach to training and development before embarking on a merger or acquisition. Failure to do so could result in a lack of understanding around an employee's overall approach to learning and adaptability and thereby drastically influence the success of the organisational change.

Are the four scorecard perspectives sufficient to manage and measure performance in business today?

Kaplan and Norton (1996, 2005) argue that the four scorecard perspectives have been found to be robust across a wide variety of companies and industries, however the

perspectives should never be considered as a mere template that can be applied across each and every organisation embarking on a merger or acquisition with the same anticipated results. Kaplan and Norton (1996) point out that dependent on the industry circumstances and business unit's strategy, one or more additional scorecard perspectives could be added if necessary.

It is clear from the work of Kaplan and Norton (1996, 2005) that the measurement of organisational success should be assessed across diverse areas of performance (Lombard and Crafford, 2003; Jackson, 1999); and that financial performance should not be seen as the only measure of success. When reviewing organisational change such as a merger and acquisition it would be important to apply a systematic and holistic approach to the measurement of success that is as a direct result of an organisational change intervention or initiative that has been implemented.

3.4 The PROPOSED South African Change Management Framework and Scorecard in a Merger and Acquisitions environment

It is specifically recorded that failure rates of the order of between sixty-five and seventy-five percent are consistently recorded for most forms of major organisational change initiatives (Beer and Nohria, 2000; Grint, 1998; Mourier and Smith, 2001), including reorganisations (Ross, 1997), downsizings (Henkoff, 1990; Skilling, 1996), improvement programmes and initiatives (Pascale, Millemann and Gioya, 1997; Schaffer and Thompson, 1992), mergers and acquisitions (Balmer and Dinnie, 1999; Gilkey, 1991).

Van Tonder (2006) argues that the above situation is not remedied by the actions and behaviours of some managers and practitioners who tend to cling to the tried and trusted or established change management views and practices of the past. Instead this encourages the status quo instead of shifting the focus to embrace alternative and more relevant perspectives on change. Much of the research on change has therefore not assisted in persuading the manager and/or practitioner of today to shift their current focus and this has been criticised by Pettigrew *et al.* (2001) who highlights the remarkable lack of theory, and the absence of a process orientation approach and a wider contextualisation, which essentially indicates very myopic and largely unsubstantiated conceptual perspectives and approach towards the phenomenon of change. Collins (1998) has therefore remarked that it is not surprising that most organisations view change as something that is non-theoretical.

Kanter (2002) reports that organisations of the future will need to leverage relationships, both inside and outside of the organisation's current boundaries as a new version of the corporate enterprise as the extended family becomes more important to employees working within a knowledge economy. To do this the organisation will need to do the following:

- Connect its people and partners globally, using horizontal networks to take advantage of all of the resources in the entire extended enterprise
- Craft global strategies and standards, but encourage and learn from local customization and innovation
- Use collaborative methods – networks and cross-boundary teams
- Shape a shared culture of unity that appreciates and derives strength from diversity
- Develop common tools and measurements to put everyone "on the same page," while also encouraging everyone to "break the mold."

The Researcher agrees that a common set of tools and measurements are essential for the management of successful organisational change within a mergers and acquisitions environment in South Africa. For this purpose and based on the literature reviewed the Researcher is of the opinion that the proposed model illustrated within Figure 3.5 has emerged for the management and measurement of organisational change within South Africa.

Figure 3.5 – PROPOSED South African Change Management Framework and Scorecard in a Mergers and Acquisitions environment

SA Critical Success Factors

Lombard & Crafford's (2003) – characteristics for successful change

AND

Jackson's (1999): High and Low factors

SA Change Management Framework
Mento et al. (2002)

A 12 step **Change Management Framework** is proposed as follows:

Step 1: The idea and its context
Step 2: Define the change initiative
Step 3: Evaluate the climate for change
Step 4: Develop a Change Plan
Step 5: Find and cultivate a sponsor
Step 6: Prepare your target audience
Step 7: Create the cultural fit – Making the change last
Step 8: Develop and choose a change leader team
Step 9: Create small wins for motivation
Step 10: Constantly and strategically communicate the change
Step 11: Measure the progress of the change effort
Step 12: Integrate lessons learned

SA Change Scorecard
(Kaplan and Norton, 2005)

Change Financial (Measures)	Change Processes (Measures)
Change Internal & External Customers (Measures)	Change Learning & Growth (Measures)

Change Outputs (Tangible)

Change Outputs (Non-Tangible)

From the above proposed South African Change Management framework and Scorecard in a Mergers and Acquisitions environment illustrated in Figure 3.5 the Researcher set out to investigate the following research questions and research propositions put forward in Chapter 1:

- Research question one: What is the nature of organisational change management in South Africa?

The Researcher set out to investigate the following:

- With mergers and acquisitions as the major force for change both globally and nationally within South African environment,
- The nature of organisational change (What) and how organisations change within South African environment was explored.

The above investigation would help to provide the context for organisational change research across four distinct case studies where Mergers and Acquisitions are the major force for change.

- Research question two: What are the Critical Success Factors for Organisational Change Management to succeed in South Africa?
- Research proposition one: In the South African environment specific Critical Success Factors are needed in order for Organisational Change to succeed.

The Researcher set out to investigate the following:

- The requirements for successful organisational change within the South African environment, with special reference to the following:
  - High success factors for organisational change to succeed
  - Low success factors for organisational change to succeed
- To propose a set of High and Low success factors that are critical for organisational change to become successful.
- The relevance of these success factors to South African organisations undergoing major organisational change such as Mergers and Acquisitions.
- With special reference to the work of Jackson (1999) and Lombard and Crafford (2003).

The above investigation would help to contextualize the specific requirements and success factors needed for organisational change to become successful within a mergers and acquisitions environment. The presence of these success factors and their relative impact on the management of organisational change within a process framework would also be examined in the next research question and proposition.

- Research question three: What should the Organisational Change Management Framework for the management and measurement of Organisational change processes and initiatives look like in the South Africa environment?

- Research proposition two: In the South African environment the existence of a Change Management Framework is essential for the successful management and measurement of Organisational change.

The researcher set out to investigate the following

- To investigate and review the importance of a process framework for the management of organisational change within a Mergers and Acquisitions environment in South Africa based on current change theories, and
- To propose a South African Change Management Framework that would assist in the management of organisational change within a Mergers and Acquisitions environment.
- To assess and identify the relevance of specific organisational change processes within the Change Management Framework, and how they can facilitate organisational change as an iterative process.
- With special reference to the work of Mento *et al.* (2002)

The above investigation would help to design and develop a South Africa Change Management Framework with which to manage organisational change in a Mergers and Acquisitions environment. The importance of this framework in creating successful organisational change would then be measured against a set of change performance measures identified within the next research question and proposition.

- Research question four: What are the relevant recommendations for the development of an Organisational Change Management Scorecard?
- Research proposition three: In the South African environment the presence of specific or identifiable Success Factors, and a clearly defined Change Management Framework, which is supported by an articulated Change Management Scorecard with identifiable change outputs will facilitate the management of successful organisational change.

The researcher set out to investigate the following:

- The importance of an integrated system of critical success factors (High and Low) and how they affect,
- The management of organisational change within a process framework that is iterative in nature, and
- Facilitates the measurement of specific change outputs through a Change Management Scorecard that focuses on broad areas performance such Finance, Change Customers, Change processes and Change Learning and Development initiatives and measurements.
- With special reference to the work of Kaplan and Norton (1996, 2005).

The above investigation would prove the need for the existence of a Change Management Framework that understands the importance of critical success factors for organisational

change and sets out to measure the overall impact of the change within the organisation against a set of clearly defined change measures and outputs where Mergers and Acquisitions are taking place.

3.5   *Chapter Summary*

Following a close review of the need for a Change Management Framework and a Scorecard with which to manage and measure organisational change in South Africa, the Researcher has highlighted the following key revelations:

- The need to understand the nature of organisational change within a Mergers and Acquisitions environment in South Africa.
- Then need to understand the specific requirements and or success factors needed for successful organisational change in a Mergers and Acquisitions environment.
- The need for specific change processes to become part of a generic Change Management Framework.
- The requirements for a Change Management Framework
- The need to measure successful organisational change outputs across a broad platform of performance areas within the concept of a balanced scorecard thereby creating a South African Change Scorecard for the management and measurement of organisational change

4.0 Chapter Four: Research Design and Methodology

Hussey and Hussey (1997) provide a definition of research methodology that explains the fundamental concepts and building blocks of a detailed and comprehensive research design:

"Methodology refers to the overall approach of the research process, from the theoretical underpinning to the collection and analysis of the data…Methods on the other hand, refer only to the various means by which data can be collected and/or analysed" (Hussey and Hussey, 1997:111)

The theoretical underpinning of this research study was based on the qualitative Case Study research paradigm selected and the application of evidence (data) triangulation; with some quantitative measures being used to support the qualitative approach.

Research Design Strategy Statement

The research methodology that was used throughout the research study made predominant use of qualitative techniques (Multiple Case studies, Secondary data analysis, Focus Groups and Structured interviews) that were further supported through the use of some quantitative techniques (Survey questionnaires). The Research Study has taken the form of an Exploratory Study that incorporated an interrogation/communicative method of data collection. The research study took on the form of an exploratory study design where the Researcher through the process of exploration was able to improve the final research design. The purpose of the study was exploratory in nature, with a strong focus on determining the 'what, how and why' of specific organisational change constructs. The research study took on the form of a cross-sectional study that was carried out once with the purpose of providing a snapshot of a specific point in time.

The motivation for the above Research Design Strategy statement is as follows:

4.1 Research Design Strategy – Exploratory Study (Multiple Case Studies) with triangulation research design

This research study follows an exploratory study approach. Exploratory studies allow the researcher to develop concepts more clearly, establish priorities, develop operational definitions and thereby improve the final research design (Cooper and Schindler, 2001).

The objectives of exploratory studies can be accomplished with different techniques, thereby allowing both qualitative and quantitative techniques to be applied where relevant and necessary (Cooper and Schindler, 2001).

The scope of qualitative research includes several approaches and is adaptable for exploratory investigations of management questions, with special reference to the following (Cooper and Schindler, 2001):

- In-depth interviewing.
- Participant observation (to perceive first hand what participants in the setting experience).
- Case Studies (for an in-depth contextual analysis of a few events or conditions).
- Elite or expert interviewing (for information from influential or well-informed people in organisations or the community).
- Document analysis (to evaluate historical or contemporary confidential or public records, reports, Government documents and opinions).

When the above approaches are combined, four exploratory techniques emerge with wide applicability for the researcher (Cooper and Schindler, 2001):

1. **Secondary Data analysis** – the first step in an exploratory study which is the search of secondary literature.
2. **Experience surveys** – when interviewing research participants the Researcher should seek their ideas about important issues or aspects around the subject at hand for the purpose of discovering what is important across the subject's range of knowledge.
3. **Focus Groups (Participant Observation)** – a panel, led by a trained moderator for the purpose of gathering a list of ideas and behavioural observations, with recommendations from the Moderator.
4. **Two-stage design** – an approach, where exploration becomes a separate first stage with limited objectives, namely: To clearly define the research question /s and secondly to develop the research design.

For the purpose of this research study, the researcher has focused on the application of three of the above exploratory techniques, namely: secondary data analysis, experience surveys and focus groups.

Triangulation has been applied to the research design for the purpose of ensuring that different research approaches, methods and techniques were used within research study thereby overcoming the potential bias and sterility of a single method approach. This is further supported by Hussey and Hussey (1997:74) who defines triangulation as, "the combination of methodologies in the study of the same phenomenon'.

Hussey and Hussey (1997:74) further identify four types of triangulation, namely:

(i) Data triangulation
(ii) Investigator triangulation
(iii) Methodological triangulation
(iv) Triangulation theories

For the purpose of this research study, the following two types of triangulation were applied, namely: data and methodological triangulation.

The benefits of applying these two specific triangulation methods are as follows:

- Data triangulation – this is where the data is collected at different times or from different sources in the study of the phenomenon
- Methodological triangulation – this is where both qualitative and quantitative methods of data collection are used

4.2 Data Collection Design

The research study has made use of a combination of qualitative and quantitative methodologies for the purpose of collecting data.

4.2.1 Data Collection methodology

The empirical research has made use of the following data collection methodologies:

(1) Interview methodology
(2) Focus Group (Participant Observation) methodology
(3) Survey methodology
(4) Case Study Methodology

4.2.2 Categories of data to be collected

For this research study the following categories of data were collected:

Secondary Information

Literature review data was collected for the following purposes:

- To improve and demonstrate the knowledge and understanding of the researcher of the subject area.
- To gain insights and familiarity with the subject area for more rigorous investigation at a later stage.
- To identify sources of data, definitions, patterns, ideas, theories, best practice, approaches, trends, problems, changes, opinions, predictions, opportunities, phenomena, variables relationships, insight-stimulating examples, change management frameworks, processes, success factors and change measurements, change roles and responsibilities, recommendations, case studies and other related information and data that would enable the development of a literature specific to change frameworks and change scorecards specific to the South African working environment.

Primary information

Empirical data was collected for the development of the Change framework and Change Scorecard that is most applicable and suitable to the South African business organisations, through the following sources:

- Multiple Case Study analyses.
- Structured survey questionnaires (Note: located in *Appendix A*) – the questionnaire makes use of a five (5) point Liekert Scale as follows:
    - 1 = Unsuccessful
    - 2 = Moderately successful
    - 3 = Successful
    - 4 = Very successful
    - 5 = Extremely successful, beyond expectation
- Structured interviews were used for further clarification of concepts.
- Focus Groups / Participant observation were applied to allow the researcher further opportunity to understand current organisational responses and or behaviours.

4.3 Sources of information, Data Collection Methods and Techniques (Case Studies, Focus Groups, Interviews and Survey questionnaires)

For the purpose of conducting the research study, the following sources of information, data collection methods and techniques were administered by the Researcher.

4.3.1 Sources of Information

To ensure that the research study met the requirements of the selected research design, namely that of Exploratory Study, the researcher will now provide a brief overview of the research population and sample approach for the purpose of clarifying the sources of information that were used throughout the research study.

Population of Interest

From the above population, a sample group was selected consisting of the following units of study taken from each of the respective case studies upon which this research study was based, namely:

- **Case Study One:** Deloitte in the Professional Services Sector.
- **Case Study Two:** Nampak in the FMCG Sector.
- **Case Study Three:** Nestlé in the Manufacturing Sector.
- **Case Study Four:** SASOL in the Energy and Minerals Sector.

The researcher's motivation for the selection of the above four sectors within the South African economy is as follows:

1. All four sectors within the South African economy are experiencing radical change following the re-introduction of South Africa into the Global economy since 1994.
2. All four sectors within the South African economy are experiencing some form of organisational change, in the form of Mergers and or Acquisitions.
3. All four organisations have solid operational bases within the South African economy as well as links to international operations or subsidiaries throughout the

Globe; however to maintain a South African focus only research participants who are local to the country and or operations will form part of the research sample.

4. The researcher also has known points of contact or entry into the organisations for ease of access and participation purposes.

Sampling techniques (Focus Groups, Interviews and Survey questionnaires)

The Researcher has made use of a combination of Probability and Non-probability sampling methods; for the purpose of ensuring that the highest qualitative and quantitative results were achieved as an output to the research questions.

Each of the sampling techniques used will be discussed under the respective Data Collection methods and techniques.

A selection of data collection methods were administered by the Researcher within the respective case study organisations as illustrated in Figure 4.1 below:

Figure 4.1 – Summary overview of the Data Collection methods and techniques
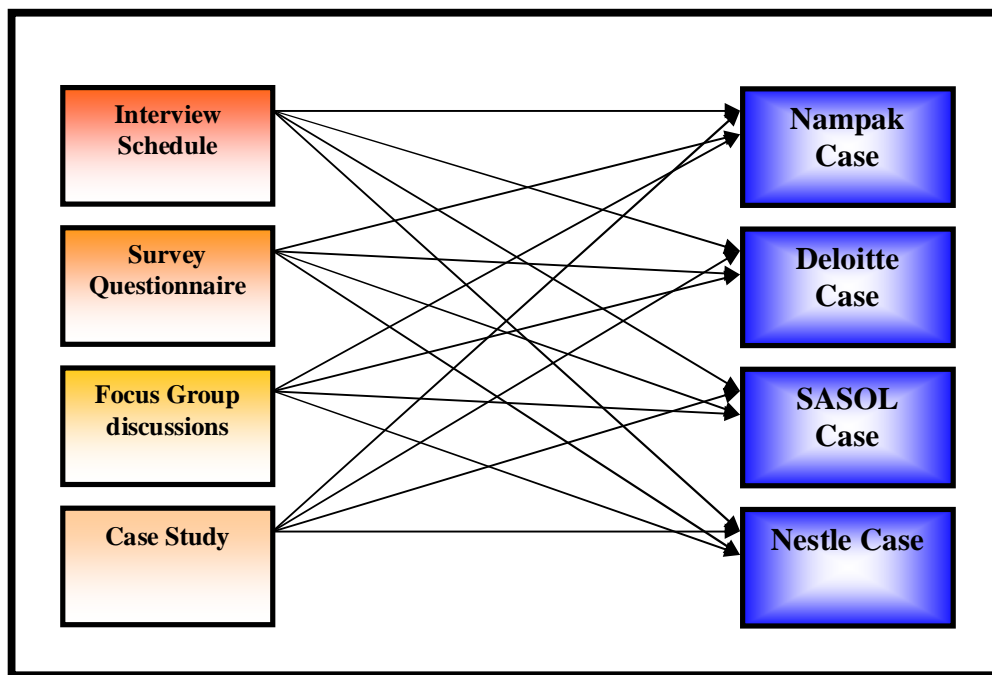
4.3.1 Closed-ended Survey Questionnaires

A sample size of 300 Survey Respondents across all the case studies.

The target group who assisted in determining the organisational change processes and framework elements were from the following designated positions (or equivalent thereof):

- Front line leaders – Superintendents / Departmental / Operations Managers.
- OD Managers / Specialists.
- Change Managers / Specialists / Champions / Agents.
- HR Managers / Practitioners / Specialists.
- Senior Managers – HoD's / Partners / Directors.

Sampling method: Probability – Stratified sample – with special reference to Gender and Ethnicity; for the purpose of minimizing the affects of bias.

The reasons for using the above sampling method as supported by Cooper and Schindler (2001) were as follows:
- Divides the population into sub-populations or strata and uses simple random sampling on each of the strata.
- The results may be weighted and combined.
- Advantages: Increased statistical efficiency and provides data to represent and analyse sub-groups.
- Disadvantages: Expensive and increased error will result if the sub-groups are selected at different rates.

According to Cooper and Schindler (2001) the advantages of collecting quantitative data through a closed-ended survey questionnaire are:
- To allow a larger proportion of the research participants, including Change practitioners, Leaders, managers and employees to provide input into the critical success factors, change process and measurement requirements needed for successful change implementation.
- To gain a deeper insight into the reasons why Change practitioners, Leaders, managers and employees respond to change initiatives, programmes and processes in a particular way, and how these responses impact the success of change initiatives within a broader change management framework.

Cooper and Schindler (2001) highlight the disadvantages of using a close-ended survey questionnaire are:
- It prevents the Researcher from gaining a deeper understanding into the reasons for the participants' responses.
- Survey questionnaires are often plagued with relatively poor response rates.

4.3.2 Semi-structured interviews

A sample size of 40 Interviewees across all the case studies

Sampling method: Non-probability – Snowball sample – with special reference to access to the respective organisational experts – Change practitioners, Change Leaders, senior managers etc.

The reasons for using the above sampling method were as follows:

- The initial group identified was used to locate others who possessed similar characteristics, and who in turn assisted in identifying other interviewees.

According to Cooper and Schindler (2001) the advantage of using semi-structured interviews allows the researcher the opportunity:
- To uncover a deeper understanding of how specific success factors impact the overall success of organisational change.
- To uncover a deeper knowledge of the required change processes that makes up the change framework.
- To uncover the reasons why change measurement is important to the overall success of the organisational change initiative thereby encouraging the formation and use of the change scorecard.

Cooper and Schindler (2001) highlight the disadvantage of using semi-structured interviews is that it prevents the researcher from:
- Contacting a larger target audience owing to time and cost constraints.

Development, Validity and Reliability of the Questionnaire and Interview Schedule

Malhotra (1999) provides a fundamental set of steps to guide the researcher in questionnaire design: [Note: a sample of the survey questionnaire can be found in *Appendix A*]
1. Specify information needs.
2. Determine type of interviewing method.
3. Determine individual question content.
4. Design questions to overcome respondents inability / unwillingness to answer.
5. Decide upon question structure.
6. Determine question wording.
7. Determine order of questions.
8. Decide on questionnaire layout and reproduce the questionnaire.
9. Pre-test, revision and final version of the questionnaire.

In addition to the recommendations provided by Malhotra (1999); Cooper and Schindler (2001) provides a flowchart for instrument design, as illustrated in Figure 4.2 on the following page.

Figure 4.2 – Flowchart for Instrument Design (Cooper and Schindler, 2001)
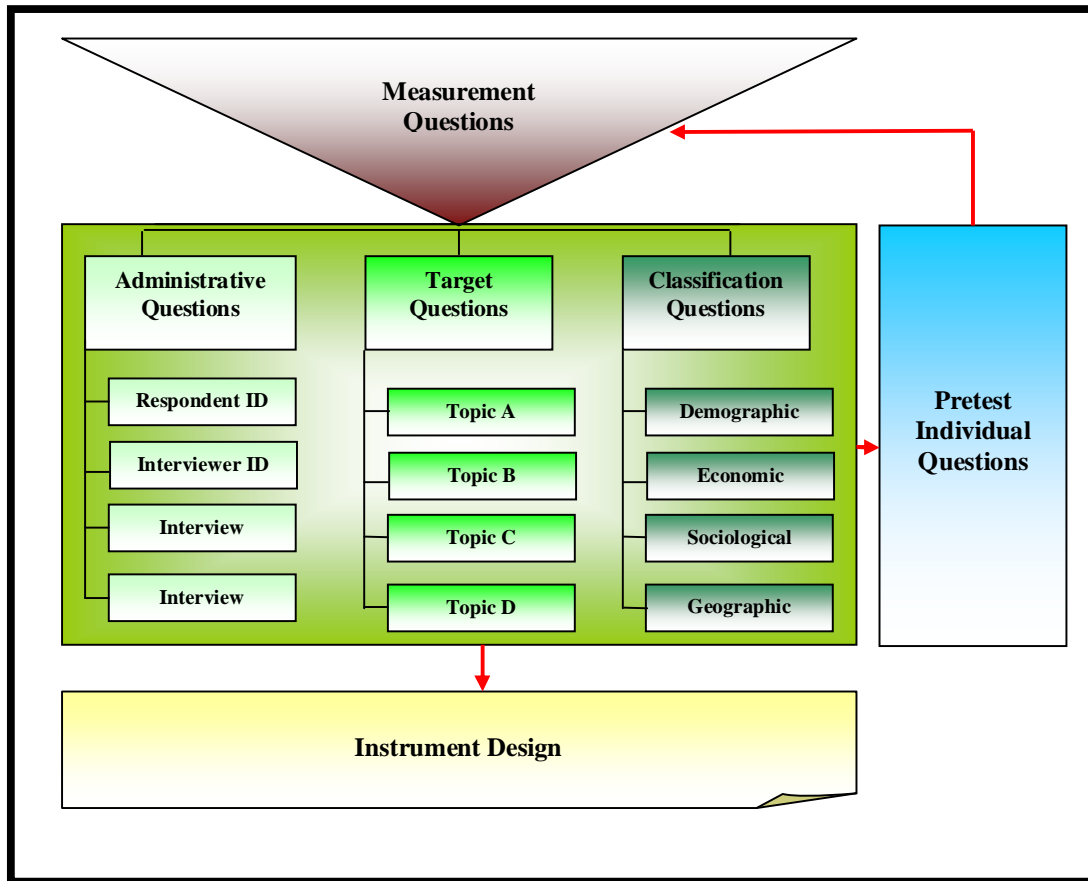
Throughout the design and development of the Survey Questionnaire, the Researcher applied the above flowchart for the purpose of creating the final questionnaire (*Appendix A*) that was distributed to the research participants for completion.

The Researcher would like to draw specific attention to the following key elements within the flowchart illustrated in Figure 4.2 above and Figure 4.2.1 (Pg. 99):

- **Administrative questions** – these questions were designed to gather essential administrative details surrounding the nature of the organisational change, the Occupational category of the respondent and the overall length of service of the respondent.

- **Target questions** – these questions were designed to gather specific information surrounding the numerous different research constructs that will be analysed further in the statistical analysis section of this research study. The following research constructs (which are further supported by the flowchart in Figure 4.2.1 on Pg. 99), and based on the literature review in Chapters 2 and 3, with special reference to Section 3.4, and Figure 3.5 - were included in this section of the survey questionnaire:

Construct One: CS - Top Success Factors
Construct Two: CS - Low Success Factor (precursor for change)
Construct Three: CF&P – Context for Change
Construct Four: CF&P – Change Initiative / Type
Construct Five: CF&P – Change Climate
Construct Six: CF&P – Change Plan
Construct Seven: CF&P – Change Sponsorship
Construct Eight: CF&P – Change audience
Construct Nine: CF&P – Change Culture / Sustained Change
Construct Ten: CF&P – Change Leadership / Team
Construct Eleven: CF&P – Change Wins – Celebrating Change
Construct Twelve: CF&P – Communicating Change
Construct Thirteen: CF&P – Measurement of Change
Construct Fourteen: CF&P - Lessons learned – Knowledge of Change
Construct Fifteen: CS – Delivering Value
Construct Sixteen: CS – Change / Operational Excellence
Construct Seventeen: CS - Change Partnership
Construct Eighteen: CS - Change / People Commitment
Construct Nineteen: CO - Change Outputs – Tangible
Construct Twenty: CO - Change Outputs – Non-tangible
Construct Twenty-One: Emerging Change recommendations for SA

- **Classification questions** – these questions were designed to gather specific sensitive data surrounding the following key variables of the research respondents, namely:

- o Respondent name and contact details for further follow up from the Researcher.
- o Respondent's preferred language as an indication of cultural preference.
- o Respondent's age within a pre-defined age category.

Pilot Study

The closed-ended survey questionnaire was piloted with a group of respondents across two of the case studies for the following reasons:

- To determine if there was a natural flow and logic to the survey questionnaire.
- To determine if the purpose of the survey questionnaire was understood.
- To determine if the survey questions were clear.
- To determine if there were any ambiguous questions.
- To determine if the questions were relevant.
- To determine if there were any sensitive questions.
- To determine the average length of time taken to complete the survey questionnaire.

Pilot study approach:

Five research participants (plus two SME's – Subject Matter Experts outside of the Cases) from two of the respective case studies were asked to complete the survey questionnaire. The respondents' results were then compared using the points highlighted above, and with special reference to the overall research questions / problems.

In addition, the respondents were also asked to explain how they interpreted the respective survey questions and the relevant constructs relating to the success factors, change processes and proposed change framework.

Changes were then applied to the survey questionnaires' instructions and to the relevant questions requiring further explanation, especially where the respondents raised specific points or suggestions for improvement as reflected in Table 4.1 below:

Table 4.1 – Feedback received from Survey Respondents during the Pilot Study of the Survey Questionnaire			
No	**Pilot Study testing principles**	**Pilot Study Comments**	**Changes applied to survey as a result of Pilot Study**
1	Natural flow and logic of survey questionnaire	All respondents said that there was a natural flow and logic to the overall survey questionnaire. Some respondents stated that they were forced to actively think about their responses to the questions before responding	Minor formats applied to sections of the survey questionnaire around appearance and variation
2	Purpose of the survey questionnaire is understood	All respondents said that overall purpose of the survey questionnaire was clearly understood	No changes applied to the survey questionnaire
3	Survey questions are clear	7 respondents stated that the questions were clear, however the remaining 5 respondents requested that the use of the word FUTURE be replaced by SIMILAR
1 respondent requested further clarity on the EEO Job Classification levels used	Removed the word FUTURE and replaced it with SIMILAR
Provided further clarity around EEO Job Classification
4	Survey questions are unambiguous	8 respondents requested further clarity on the	Replaced the words with an alternate word

		following terms: - Hum resources = Employees - Community = Local community	as suggested by the respondents
5	Survey questions are relevant	All respondents remarked that the questions were relevant	No changes applied to the survey questionnaire
6	Sensitive survey questions	Respondents remarked that there were no sensitive questions, and recommended the introduction of Language and Job tenure as two related questions that could impact the nature or perception of organisational change.	Introduced the Language and Length of service questions
7	Time taken to complete the survey questionnaire	On average 10 to 15 minutes to complete. Respondents remarked that the layout and ease of completion of the survey questionnaire allowed for a quick response time.	No change applied as the time taken was sufficient

The layout and design of the survey questionnaire was subsequently changed in accordance with the feedback received from the respondents on the Pilot Study, which helped to ensure that the tool was more user-friendly.

Figure 4.2.1 – Flowchart of Survey Questionnaire design and development: Research Problems linked to the Research Questions linked to the Research Propositions:

This flowchart proved useful as it helped to focus the Researchers attention on the creation of specific questions that were linked to the overall research questions and or constructs.

The following key **research sub-problems** shall be investigated in this research study:

1. To examine the nature of Organisational Change Management in South Africa environment.

2. To identify the Critical Success Factors needed for Organisational Change Management to succeed in South Africa.

3. To confirm the Organisational Change Management Framework for the management and measurement of Change processes and initiatives within the South African environment.

4. To understand the required recommendations for the development of an Organisational Change Management Scorecard that measures change outputs resulting from the change initiatives.

The following key **research questions** shall be investigated in this research study:

1. What is the nature of Organisational Change Management in South Africa?

2. What are the necessary Critical Success Factors needed for Organisational Change Management to succeed in South Africa?

3. What should the Organisational Change Management Framework for the management and measurement of Organisational Change processes and initiatives look like in the South African environment?

4. What are the required recommendations for the development of an Organisational Change Management Scorecard?

Based on the above Research Questions, the following **research propositions** have been formulated:

1. In the South African environment specific Critical Success Factors are needed in order for Organisational change to be successful.

2. In the South African environment the existence of a Change Management Framework is essential for the successful management and measurement of Organisational change.

3. In the South African environment the presence of specific Success Factors and a Change Management Framework will aid in the design and development of a Change Management Scorecard that can facilitate the measurement of successful change outputs.

Pre-test Methodology and Outcome from the Survey Questionnaire and Research Interview

Churchill (1991) stated that questionnaire pre-test serves the same role in questionnaire design as test marketing serves in product development. Simply put, 'It is a way of discovering the faults before it is to late, and ensuring that the questionnaire will gather the information that it is intended to gather (Churchill, 1991).

The following pre-test steps and principles were used during the Pilot phase of the survey questionnaire and or research interview:

- **Step one (*):** During the pre-testing of the survey questionnaire (*Appendix A*) and or interview schedule, a small sample of the intended respondent group was chosen (between 10 to 15 respondents) from across the four respective case studies.

- **Step two (*):** The pre-test was performed by means of debriefing session. A debriefing session is particularly useful, wherein the questionnaire is presented to the respondents in the exact same way as it would in the real study (Webb, 2000).

- **Step three (*):** Once the interview has been completed or questionnaire has been filled in, the respondents were examined on their thought processes whilst completing the questions, and whether or not the interview or questionnaire was comprehensible, and whether or not the instructions were clear for the respondents.

- **Step four:** Where necessary all changes or recommendations provided by the respondents were then applied to the interview schedule and or questionnaire before they were deployed as field instruments in the real study.

(*) Note: The researcher decided to first pre-test the Research Interview before testing the survey questionnaire for the following reasons:
- Feedback received from the research interview was found to be most useful in revising the design and development of the current or proposed survey questionnaire.
- Specific questions that were aimed to address specific research questions and or constructs could be finely tuned in accordance with the feedback received from the research interview.

(**) Note: The researcher did not conduct reliability and validity measures on the survey questionnaire during the pilot testing phase for the following reasons:
- the size of the pilot test sample was relatively small and the results would have been insignificant, and
- the purpose of the pilot test was to streamline the questionnaire and test overall understanding and ease of completion.

The researcher however conducted reliability and validity measures on the results achieved after the rollout of the survey questionnaire to determine the overall accuracy of

the instrument. The results of the validity and reliability measures are discussed in Section 5.2 – Pg 165.

Distribution and co-ordination of the Survey Questionnaire

Following the successful pre-testing of the survey questionnaire, the Researcher approached four senior individuals / employees within each of the respective case studies, and requested them to take on the role of a Research Custodian.

The role of the Research Custodian was as follows:
- To act as the key reference person for the distribution of communication and or correspondence to the research base / target audience.
- To act as the Custodian of the research data and research process within the respective case study.
- To act as the guide for the Researcher in establishing much needed key contacts and or relationships within the organisation.
- To act as the protector and or defender of the organisational culture, and to guide the Researcher throughout the organisational processes, networks and relationships.

Listed below in Table 4.2 is a brief overview of the role of each of the Research Custodians within their respective organisational case studies:

Table 4.2 – Research Custodian base for Research co-ordination			
Research Case	**Research Custodian**	**Research Statistician - Db Administrator**	**Researcher**
Nampak Case	Group HR Director – Fezekile Tshiqi	Dr Arien Strasheim – Metric Monkey	M Glensor
Deloitte Case	Head of Transformation – Diane Schneider	Dr Arien Strasheim – Metric Monkey	M Glensor
SASOL Case	General Manager of Mergers & Acquisitions – Carine van der Berg	Dr Arien Strasheim – Metric Monkey	M Glensor
Nestlé Case	Head of People and Performance Development – David Moloto	Dr Arien Strasheim – Metric Monkey	M Glensor

The Researcher explored a more efficient method of deploying the survey questionnaire as a WEB SURVEY, and requested the support and or advice of the research custodians on the matter. Three research custodians requested the use of the web-based survey, whilst the remaining research custodian elected to follow a combination of the electronic

or web-based survey and paper-based manual survey. It was later agreed amongst all of the research custodians that an eclectic approach would be used to support the rollout of the survey questionnaire.

The following critical rules and principles were strictly adhered to during the rollout of the web-based survey:
- The Researcher agreed that the Research Statistician would act as the sole administrator of the Research database for the purpose of distributing four email letters (*Appendix B*) to survey respondents with the following subjects:

    (i)   Email letter one: You have been NOMINATED!
    - The purpose of this email was to announce the pending survey questionnaire and provide the respondent with some background around the nature of the research study as a means of preparing the participant.
    (ii)   Email letter two: Here is the SURVEY Link!
    - The purpose of this email was to introduce the research participant to the actual electronic version of the survey questionnaire, and to provide them with access to commence with the survey.
    (iii)   Email letter three: REMINDER to complete YOUR SURVEY!
    - The purpose of this email was to remind each research participant of the pending closing date for the survey questionnaire, and the important need for them to complete the survey on time.
    (iv)   Email letter four: Letter to the Research Custodians.
    - The purpose of this email letter was to introduce the Research Custodian to the survey results, immediately following the close off of the survey questionnaire at the respective Case Study site. All sensitive information pertaining to research participants' names and email addresses was removed from the results page.

Note: A small incentive (cash competition) was offered to the research participants for the successful completion of the survey questionnaire as it was found from prior research that incentives encouraged or improved the overall response rate in survey questionnaires.

4.3.3   Focus Groups

A sample size of 4 Focus Groups (1 per Case Study) consisting of no more than 7 to 10 participants each.

Participants from the Focus Groups were made up of representatives from the research cases who had participated in either Research interview and or Survey questionnaire. The reasons for using the above sampling method were as follows:
- Includes relevant members of the same population from the required sub-populations or strata who are familiar with the organisational change initiative or activities of the case study.

Cooper and Schindler (2001) report that the most common application of focus group research today lies within the consumer arena, where many organisations use the results for diverse exploratory applications.

The advantage for the use of Focus Groups is to allow the researcher the opportunity:
- To observe reactions to the research questions in an open-ended group setting.
- To enable the exploration of surprise information and new ideas.

However, the disadvantage of using Focus Groups is that:
- as a qualitative device, they have limited sampling accuracy, therefore results for focus should not be considered as a replacement for quantitative analyses.

4.3.4 Case Studies

The rationale for the use of Case Studies is to allow the researcher the opportunity to collect and document evidence about the research objectives and questions, whilst adhering to the following ten (10) characteristics of a good case study as provided by Remenyi, Money, Price and Bannister (2003) in Table 4.3 discussed below:

Table 4.3 – Ten characteristics of good Case Studies (Remenyi *et al.*, 2003)	
No.	**Characteristics**
1	A case study is a story – simply because the story itself becomes a more powerful way of presenting the knowledge that is to be learned
2	A case study draws on multiple sources of evidence
3	A case study's evidence needs to be based on triangulation of these sources of evidence
4	A case study seeks to provide meaning in context
5	A case study shows both an in-depth understanding of the central issue(s) being explored and a broad understanding of related issues and context
6	A case study has a clear-cut focus on either an organisation, a situation or a context
7	A case study must be reasonably bounded. It should not stretch over too wide a canvas, either temporal or spatial
8	A case study should not require the researcher to become too immersed in the object of the research
9	A case study may draw on either quantitative or qualitative tools or both for either evidence collection and/or analysis, but it will not be exclusively quantitative
10	A case study needs to have a clearly articulated protocol

Remenyi *et al.* (2003) comments that the above checklist implies that a case study should describe a complex business or management phenomenon in a holistic way, thereby allowing:

(1) A more meaningful exploration of the phenomenon in its context than either a cross-sectional or a simple longitudinal study would.
(2) A multi-dimensional perspective that may be used to create a shared view of the situation being studied.

Yin (1993) points out that in terms of a research perspective, a case study can be best described as an empirical inquiry that investigates a contemporary phenomenon within its real life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used (Yin, 1981, 1989, 1993).

Yin (2003) provides the Researcher with a fundamental principle to assist with the maintenance of a Chain of Evidence. This principle helps to increase the reliability of the information gathered within a case study. Yin (2003) points out that the Chain of Evidence permits the external observer or the reader of the case study the ability to:

- To follow the derivation of any evidence gathered during the case study, ranging from the initial research questions to the case study conclusions.
- To trace the steps of the Researcher in either direction (from the conclusions to the initial research questions and from the questions to the conclusions).
- Yin (2003) remarks that if these objectives are met, the case will have addressed the methodological problem of determining construct validity, thereby improving the overall quality of the case as a whole.

Throughout this Research Study, the Researcher has applied the principles of Yin's (2003) Chain of Evidence as illustrated in the Figure 4.3 on the following page:

Figure 4.3 - Case Study Chain of Evidence (Yin, 2003)

Case Study Report
Case Study Database
Citations to Specific Evidentiary Sources in the Case Study Database
Case Study Protocol (linking questions to protocol)
Case Study Questions
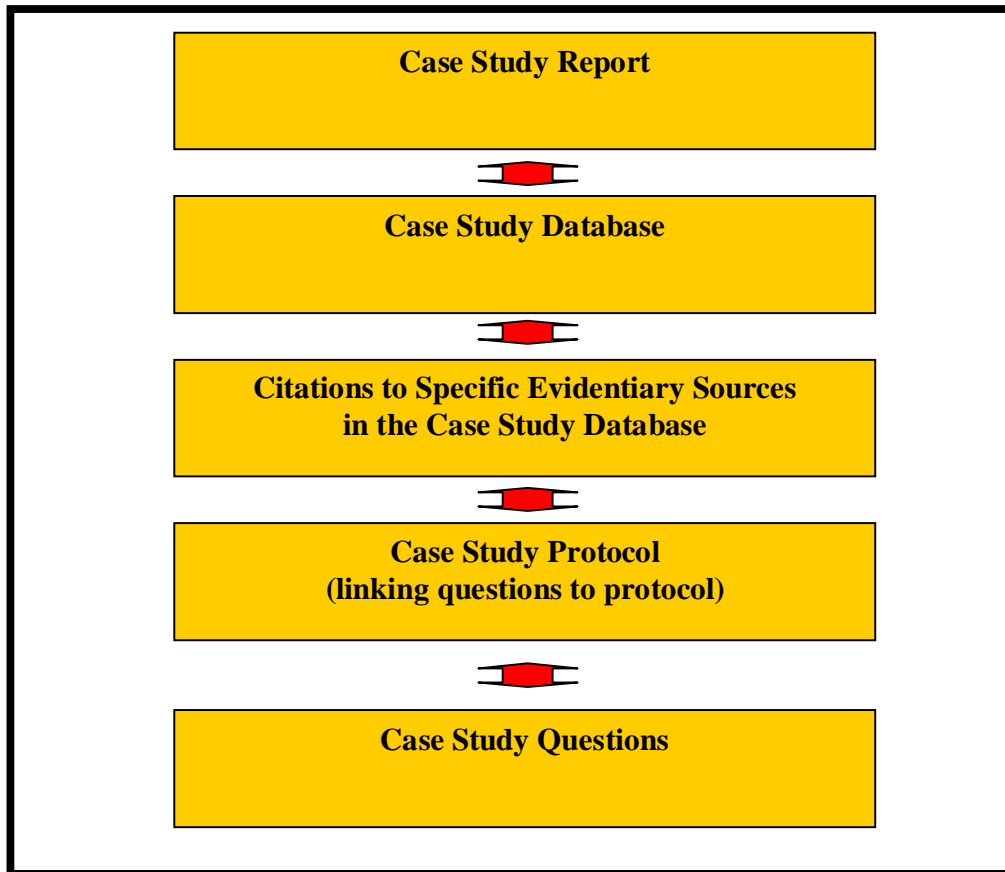
In compiling the Case Study Report, the Researcher has provided the following essential chain of evidence as shown in Table 4.4 below:

Table 4.4 – Chain of Evidence for Case Study development (Yin, 2003)		
Chain of Evidence principles	**Evidence**	**Actions from Researcher**
Case Study report	Individual Case reports containing data analysis, results, recommendations and conclusions	Researcher has catalogued all of the required evidence for future reference
Case Study database	Names of Interviewees, place and date of interview Names of Focus group participants Names and email addresses of Survey	Researcher has catalogued all of the required evidence for future reference

	participants	
Citations to specific evidentiary sources in the Case study database	Company archival records – Annual Reports Focus group discussions records Research interview records Company documents – presentations, codes of ethics etc.	Researcher has referenced key citations within the body of the Case Study Report that support / challenge the Research questions
Case Study protocol (linking questions to protocol)	Research introduction email / Letters Email meeting appointments Survey email letters Research Custodian progress updates	Researcher has catalogued all of the required evidence for future reference
Case Study questions	Research interview schedule Survey questionnaire Focus group discussion interview	Researcher has catalogued all of the required evidence for future reference

The formation of Good theory – Parsimonious, testable and logically coherent

Pfeffer (1982) suggested that good theory is parsimonious, testable, and logically coherent – and it appears that these characteristics apply to Case Studies.

Verschuren (2003) argues that some authors are aware of the fact that the use of a single case has limitations, regarding both analytical power and pervasiveness on the one hand, and generalization of the results on the other hand. It is for this reason that most authors and researchers prefer a comparative approach as it provides important opportunities for the Researcher, especially if contrasting or extreme cases are used (Verschuren, 2003).

Eisenhardt (1989) provides the case researcher with the following process for the purpose of building theory from Case Study Research:

- **Step One: Getting started** – Definition of Research Question .
- **Step Two: Selecting Cases** – Neither theory nor hypotheses and specification of population.
- **Step Three: Crafting instruments and Protocols** – Multiple data collection methods, Qualitative ad quantitative data combined and Multiple investigators.
- **Step Four: Entering the field** – Overlap data collection methods and flexible and opportunistic data collection methods.

- **Step Five: Analysing data** – Within case analysis and Cross-case pattern such using divergent techniques.
- **Step Six: Shaping Hypotheses** – Iterative tabulation of evidence for each construct, Replication, not sampling logic across cases and searching for the "why" evidence behind relationships.
- **Step Seven: Enfolding literature** – Comparison with conflicting and similar literature.
- **Step Eight: Reaching closure** – Theoretical saturation when possible.

The Researcher has made use of Eisenhardt's (1989) eight step process for the purpose of building theory from Case Study Research as shown in Table 4.5 on the following page:

Table 4.5 – Eisenhardt's process of building theory from Case Study Research (Eisenhardt, 1989)

Step	Activity	Reason	Researcher activities
Getting started	Defining the Research questions Possibility of prior constructs	Improves focus on efforts Creates better grounding of construct measures	Researcher formulated the research problem, research questions and research propositions with the support of the Literature review
Selecting the cases	Neither theory or hypothesis based Specified population Theoretical and not random sampling	Retains theoretical flexibility Helps to constrain extraneous variation and sharpens external validity Focuses efforts on cases that are theoretically useful	Researcher selected four case studies from four sectors of the South African industry where large scale transformation has taken place, wherein Mergers and Acquisitions was the most noticeable change to have taken place
Crafting instruments and protocols	Multiple data collection methods	Strengthens the grounding of theory by the triangulation of evidence Provides a synergistic view of evidence Helps to foster divergent perspectives and strengthens grounding	Researcher compiled the following research instruments: - Research interview - Survey questionnaire - Focus Group discussion interview Each of the above instruments were subjected to a form of Pilot Test group for the purpose of refinement, and the removal of any anomalies, discrepancies or gaps
Entering the field	Overlap data collection and analysis, including field notes Use flexible and opportunistic data collection methods	Speeds analyses and reveals helpful adjustments to data collection Allows the investigator to take advantage of emergent themes and unique case features	Researcher enter the field over a 3 – 4 month period for the purpose of conducting the research

Analysing the data	Within case analysis Cross case pattern search using divergent techniques	Gains familiarity with data and preliminary theory generation Forces the investigator to look beyond initial impressions and see the evidence through multiple lenses	Researcher analysed the research data collected for each case individually Researcher then conducted a cross-case analysis across the four cases for the purpose of identifying converging and diverging themes that emerged from the research case data
Shaping hypothesis	Iterative tabulation of evidence for each construct Replication, not sampling, logic across cases Searching evidence for 'why' behind the relationships	Helps to sharpen construct definition, validity and measurability Confirms, extends and sharpens theory Builds internal validity	Researcher tabulated all of the evidence for each of the relevant case constructs Researcher then made use of triangulation to compare the data collected from the interviews, survey questionnaires and focus group discussions – this allowed the researcher to gather and support evidence for the 'why' behind the relationships
Enfolding literature	Comparison with conflicting literature Comparison with similar literature	Builds internal validity, raises theoretical levels and sharpens construct definitions Sharpens generalisability, improves construct definition and raises theoretical levels	Researcher enfolded both conflicting and supporting literature with research data collected from the research interviews, survey questionnaires and focus group discussions for the purpose of answering the research questions and propositions
Reaching Closure	Theoretical saturation when possible	Process ends when marginal improvement becomes small	Researcher reached saturation following the conclusion of the above step

Eisenhardt (1989) highlights the following strengths of building theory from Cases:

- The ability to generate novel theory - The process has the potential to generate theory with less researcher bias than theory built from incremental studies.
- Emergent theory is likely to be testable with constructs that can be readily measured and hypotheses that can be proven false.
- Resultant theory is likely to be empirically valid.

In addition to the above strengths, Eisenhardt (1989) highlights the following weaknesses of building theory from Cases:

- The intensive use of empirical evidence can yield theory which is overly complex
- Building theory from cases may result in narrow and idiosyncratic theory – case study theory building is a bottom up approach such that the specifics of data produce the generalizations of theory.

4.5   Analysis and Interpretation of Data

The qualitative data were analysed and interpreted by coding and categorizing the data with the related patterns and themes identified as the main constructs within the research questions.

Gall, Borg and Gall (1996) identified three approaches to analyse case study data:

- **Interpretational analysis** – the categories were examined for explicit themes and constructs to explain and describe the data.
- **Structural analysis** – after the explicit themes and constructs were identified and explained, the researcher made use of Mindell's (1985) notion of primary and secondary level processes for the purpose of determining the implicit patterns where specific meaning is deemed to be tacit.
- **Reflective analysis** – The main concepts within the conceptual and theoretical framework were used to interpret the findings and observations of the respondent's behaviour exhibited so as to connect the relevant themes and or patterns identified.

The quantitative data is arranged in order of perceived importance, based on the respondents ranking of the importance of specific success factors, change processes within the proposed framework, and their respective scorecard measurements.

4.6   Ethical Issues

To ensure complete compliance with the highest ethical considerations, and to ensure the interest and co-operation of all of the respondents involved in the research study, the following ethical issues were adhered to throughout the research study, by the Researcher:

- The names and details of the respondents were not disclosed are confidential.
- Data leading to their identification was changed to avoid possible ethical dilemmas.

- The study did not attempt to view the Change fraternity in a static framework of change, instead as a dynamic framework for Change Management that would be aspired to for the purpose of developing the field of organisational change management within South Africa.
- Permission was obtained to use the names of the respective Case organisations

4.7 Limitations of the Study

To overcome all possible limitations within the research study, the researcher paid particular attention to the following key areas:

- The correct sample approach and size for the proposed research topic, research questions and objectives was used so as to prevent bias from strata within the sample.
- Strict application of the Pilot test (Pre-test) on the survey questionnaire was applied to ensure that the respondents did not misinterpret the specific questions being asked.
- Access to information of the companies by other companies or third parties was protected through the use of certified database; co-ordinated by a single Research Statistician.
- An incentive was introduced to encourage an overall good survey response rate so that the results of the survey could be legitimized.
- Errors in responses to survey questions and or interview questions were investigated further, and if necessary removed from the overall data analysis process.
- Preconceived notions or exclusions were addressed through focus groups and detailed interviews with people within the field of Organisational Change Management.
- Since accessibility of the respondents after the completion of the Research study was a noticeable problem (i.e. Change Practitioners often leave their place of employment), the Researcher appointed Research Custodians for each respective case study for the purpose of maintaining contact with individuals who leave their respective organisations.

No further additional limitations were found at the end of the proposed research period.

4.8 Research Schedule and Timetable

A copy of the research schedule depicting the timeframes for the various phases of the Research Study may be found in *Appendix C*.

The Researcher will now provide a detailed review of the Statistical (quantitative) data that was collected through the distribution of the survey questionnaire during the fieldwork stage of the research project.

5.0   Chapter Five: Interpretation of Statistical Data

Descriptive statistics are useful as they provide a flexible way in which to examine data without any preconceptions and draw inferences from the data in an informal manner. To this extent, there is a strong reliance on the use of graphical displays to illustrate the nature and outcome of the results.

Principal Component Exploratory Factor Analysis was used for the purposes of dimension reduction. The method is applied when "the researcher is interested in discovering which variables in the set form coherent subsets that are relatively independent of one another." (Tabachnick and Fidell, 2007: 607). One of the primary purposes of factor analysis is to "*define the underlying structure among variables in the analysis*" Hair, Black, Babin, Anderson and Tatham (2006: 104).

5.1   *Statistical Analysis of the Demographic variables and Perceived success of the Organisational Change initiative for all Cases combined*

This section of the statistical analysis of the research study will include a review of the Demographic variables and the Perceived success of the Organisational Change initiative data for all four of the case studies combined. The statistical analysis will make use of detailed graphical representations of each item and the actual statistical data will be provided in tabular form for further discussion.

5.1.1   *Demographic variables*

Within this section, either a graphical illustration or the statistical results are shown in tabular format so as to provide an overview of the composition of the survey participants.

5.1.1.1 Total number or persons that completed the survey

The demographic data on the total number of survey participants who responded and completed the survey questionnaire was high with 40.1 % overall response rate on an electronic or web-based survey.

On initial consultation with each of the respective case studies a sample of 75 survey participants each was requested, thereby resulting in a total sample of 300 participants.

A combination of web-based and paper-based surveys were used as some of the case study organisations were unable to guarantee that all participants would have access to a dedicated computer with internet access. An additional concern was raised over

infrastructure requirements for connectivity purposes, however on average it took a participant about 10 to 15 minutes to complete the survey questionnaire.

Overall, there was a higher degree of preference from the majority of the survey participants for the web-based survey.

Two of the respective case studies provided an overwhelming response to the survey questionnaire with a response rate of 58.7 % and 49.1%, respectively – in comparison to the benchmark or expected response rate of around 10 %.

Listed below in Table 5.1 is an overview of the total number of persons that completed the survey questionnaire:

Table 5.1 - Number of persons that completed the survey					
	Case				**Total**
Percentage of survey submitted	**Deloitte**	**Nampak**	**SASOL**	**Nestlé**	
Less than 5%	3	7	0	0	10
5-25% completed	2	1	0	0	3
26-50% completed	0	1	1	2	4
51-95% completed	1	2	0	1	4
96-100% completed	15	44	11	27	97
Total	**21**	**55**	**12**	**30**	**118**
Number of e-mails sent out	56	75	56	55	242
Response rate based on 95+% completed responses	**26.8%**	**58.7%**	**19.6%**	**49.1%**	**40.1%**

5.1.1.2 Total percentage of respondents that completed parts of the web-based survey

The total percentage of respondents who completed the survey revealed that 82.2 % of the participants that had started with the web-based survey completed all the important sections of the actual questionnaire as shown in Figure 5.1 below.

The Researcher found that those respondents in the 18.8% above who did not complete all parts of the survey mostly did not complete the Demographic details section of the questionnaire. Reason: These respondents did not wish to disclose their demographic details as it was deemed sensitive.

Figure 5.1 – Percentage by case study with sections completed on the web-based survey
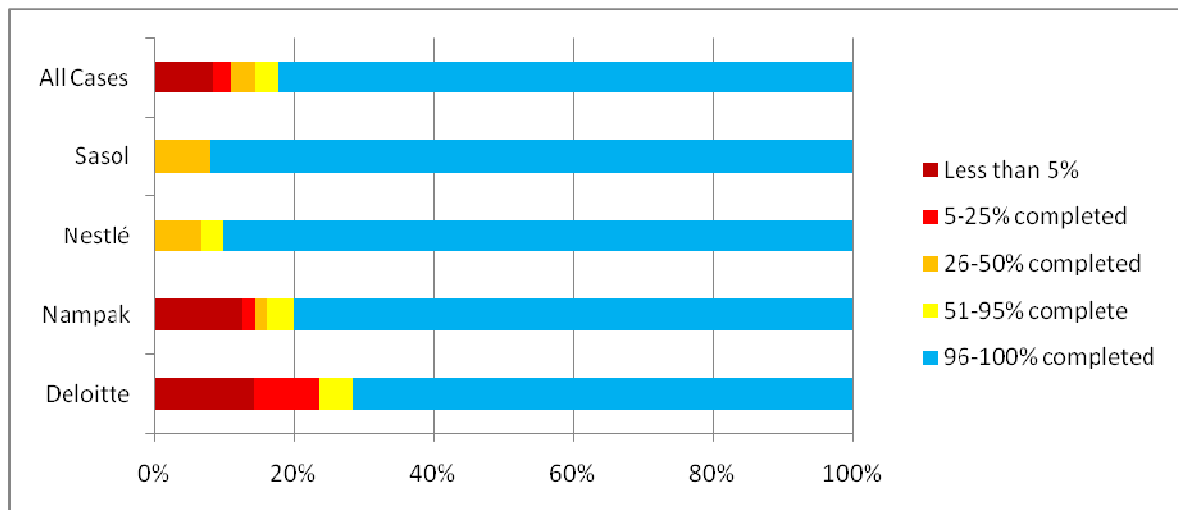
5.1.1.3 Occupational level of all Survey Participants

The demographic data on occupational levels revealed that the majority of the survey participants who participated in the survey were Senior Managers, Middle Management and or Specialists.

It was worth noting that an overall 16.5 % of the responses were received from Top Management within the respective organisations, and that more than 63% of the responses included top and senior managers as shown in Figure 5.2 below.

Figure 5.2 – Occupational level of respondents within each case
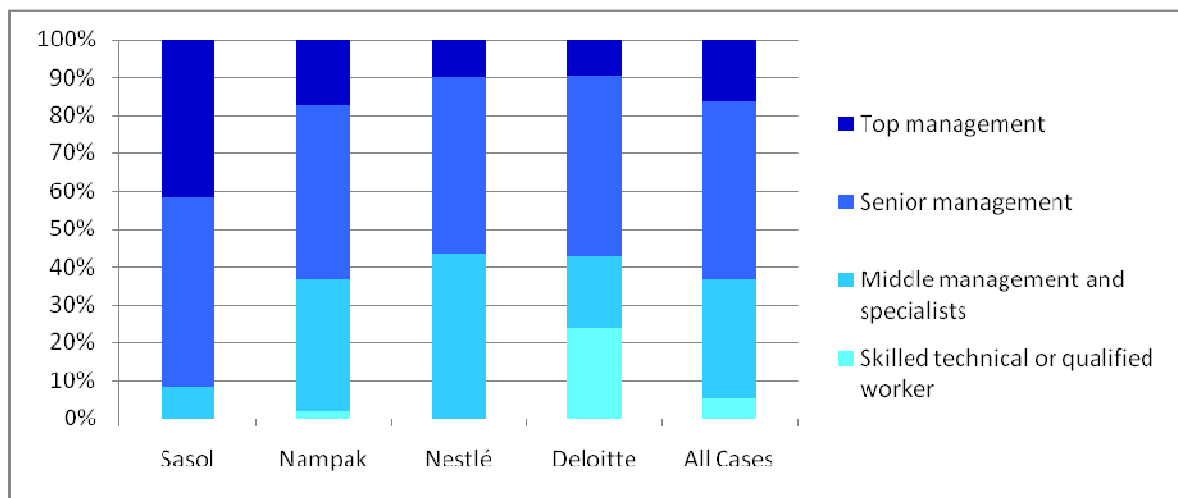
5.1.1.4 The Length of Service for all Survey Participants

The demographic data on Length of Service revealed that more than half of the survey participants who participated in the survey had ten or more years of service with their respective organisations as shown in Figure 5.3 below.

Figure 5.3 – Length of service of respondents
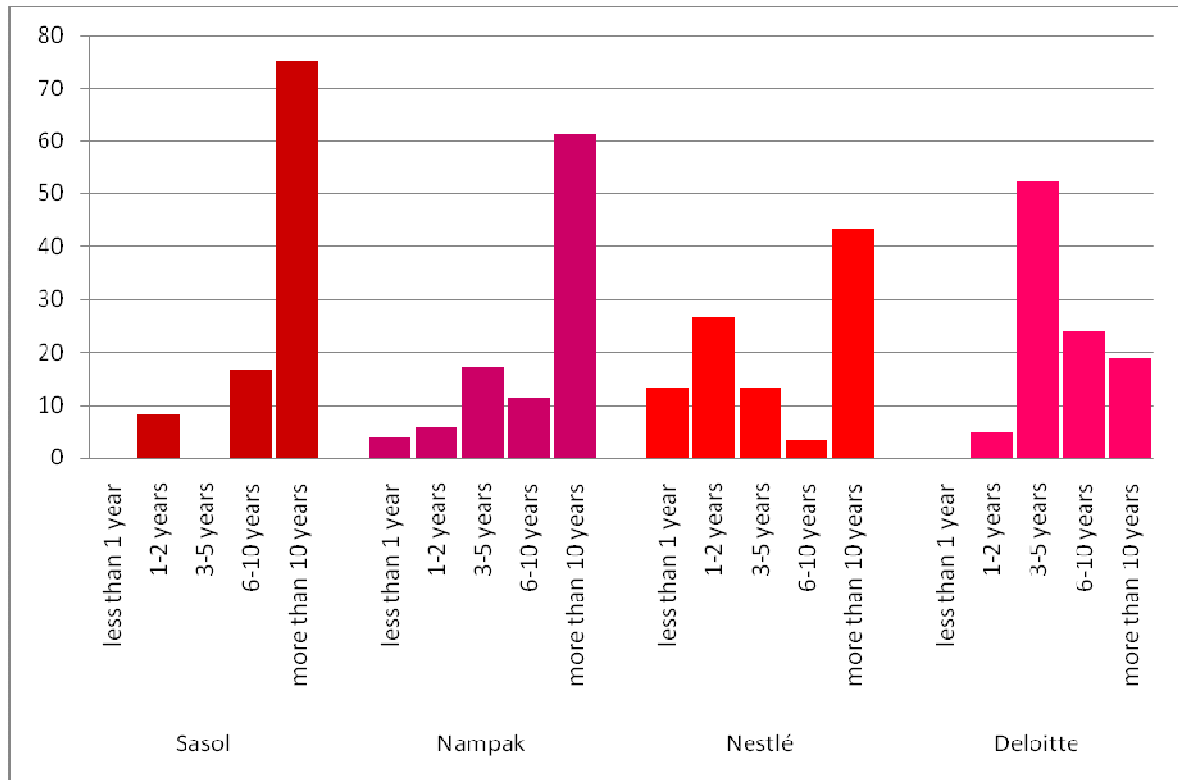
5.1.1.5 The Age in Years for all Survey Participants

The age distributions across the cases were dissimilar. The respondents from SASOL were generally older, and those from Nestlé were generally younger as shown in Figure 5.4 below.

Figure 5.4 – Age in years of survey respondents
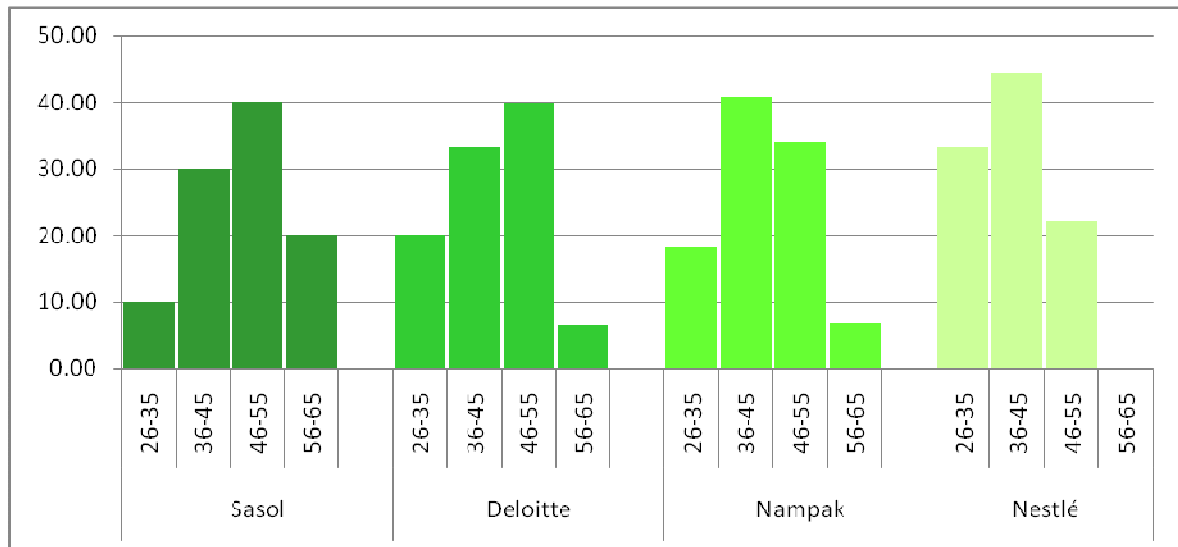
5.1.1.6 The Gender distribution for all Survey Participants

The demographic data on Gender revealed that a higher percentage of male survey respondents completed the survey. This is despite the fact that the researcher applied specific attention to the selection of equal representations of both male and female during the selection of the survey respondents that is reflective of the gender distribution within the case organisations as shown in Table 5.3 below.

Table 5.3 – Gender distribution of survey respondents						
		Case				**Total**
		Deloitte	**Nampak**	**SASOL**	**Nestlé**	
Gender	Male	53.3%	63.6%	100.0%	70.4%	67.7%
	Female	46.7%	36.4%		29.6%	32.3%
Total		**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

5.1.1.7 The Home Language for all Survey Participants

The demographic data on Home Language revealed that a larger percentage of the survey participants spoke English, with second most frequently spoken home language being isiZulu followed by Afrikaans as shown in Table 5.4 and Figure 5.5 below.

Table 5.4 - Home Language distribution for survey respondents					
	Case				Total
Home Language	**Deloitte**	**Nampak**	**SASOL**	**Nestlé**	
English	73.3%	61.4%	60.0%	63.0%	63.5%
Afrikaans	13.3%	2.3%	30.0%	7.4%	8.3%
isiXhosa		6.8%			3.1%
isiZulu	6.7%	13.6%	10.0%	14.8%	12.5%
Setswana		9.1%			4.2%
SiSwati		2.3%		3.7%	2.1%
Xitsonga		2.3%			1.0%
Sesotho		2.3%		7.4%	3.1%
Northern Sotho	6.7%			3.7%	2.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Figure 5.5 - Home Language distribution for survey respondents
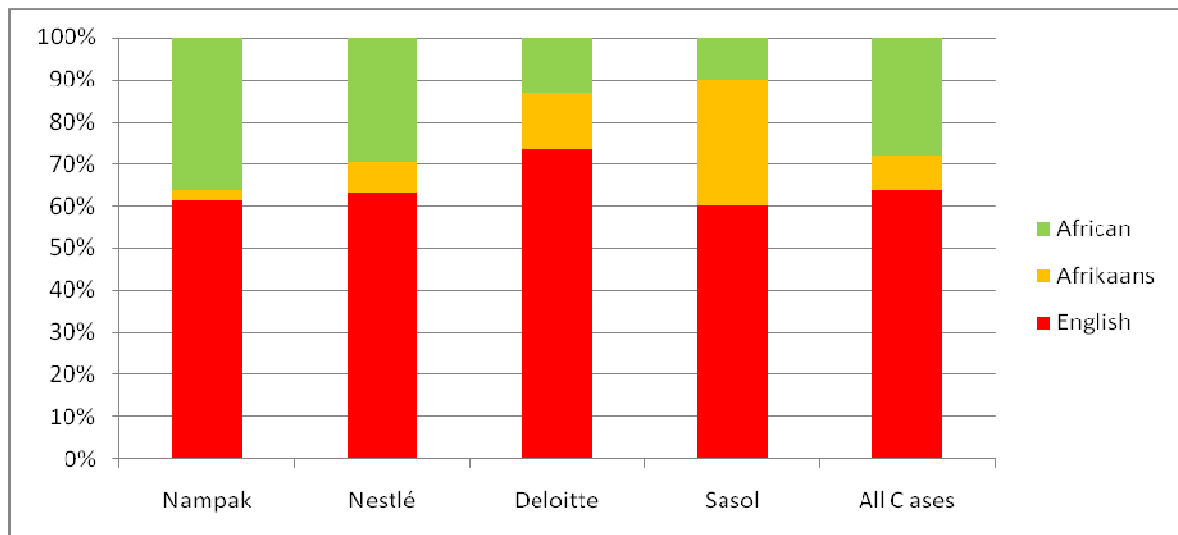
5.1.1.8 Total interest in Survey Competition for all Research Participants

For the purpose of encouraging participation within the survey questionnaire, the Researcher offered a small incentive (cash competition) to each survey participant who successfully completed the survey, and who requested the opportunity to enter the competition as shown in Table 5.5 below.

Note: One of the participating case study organisations opted not to participate in the survey competition as it was against their company policy to do so. The web-based survey questionnaire was amended to accommodate this specific request.

Table 5.5 - Interest in competition						
		Case				Total
		Deloitte	Nampak	SASOL	Nestlé	
	Yes	60.0%	59.1%	36.4%	-	39.0%
	No	40.0%	40.9%	63.6%	-	31.0%
	Not applicable				100.0%	30.0%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

For the purpose of allowing the survey participants the opportunity to communicate further with the Researcher, provision was made in the survey questionnaire for participants to request communication or a follow up session as shown in Table 5.6 below. Upon follow up with the survey participants, the Researcher found that the majority of the requests for communication were from an interest for further discussion and or a copy of the research findings.

Table 5.6 – Interest in communication from researcher						
		Case				Total
		Deloitte	Nampak	SASOL	Nestlé	
	Yes	27.3%	35.9%		23.1%	26.7%
	No	72.7%	64.1%	100.0%	76.9%	73.3%
Total		100.0%	100.0%	100.0%	100.0%	100.0%

5.1.2 *Perceived success of managing the organisational change initiative for all cases combined*

The following section contains a review of the success factors (low and high impact), organisational change processes and organisational change measures and measurements for organisational change initiatives.

5.1.2.1 The mean scores for the High Impact Success Factors

Listed below are the mean scores for the high impact success factors as shown in Table 5.7 below.

Table 5.7 – Mean scores of perceived success to manage change of high impact success factors					
High Impact Success Factors	**Means**				
	Nampak	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
B38: Overall success of change process	2.20	2.42	2.77	2.81	2.55
B20: Improve safety of members as a result of the change	2.52	3.42	3.17	2.83	2.98
B17: Improve overall profitability	2.40	3.00	3.07	2.89	2.84
B19: Improve quality of products/services	2.54	3.00	2.93	2.72	2.80
B23: Reduce costs and improve financial control	2.67	2.75	2.87	2.83	2.78
B21: Improve productivity	2.48	2.67	2.90	2.67	2.68
B24: Develop employee skills, knowledge and abilities	2.31	2.58	2.87	2.94	2.68
B22: Growth of overall market share	2.35	2.58	2.90	2.72	2.64
B16: Improving employee understanding	2.02	2.50	3.20	2.78	2.62
B12: Respect individual perspectives	2.15	2.75	2.67	2.72	2.57
B25: Encourage employees to provide feedback	1.87	2.50	2.70	2.81	2.47
B14: Developing management expertise	2.04	2.33	2.83	2.39	2.40
B18: Reduce employee turnover	2.04	2.58	2.13	2.67	2.36
B27: Avoid change during periods of high uncertainty	2.06	1.67	2.37	2.56	2.16

It is apparent from the quantitative data gathered on the high impact success factors that the following five factors were deemed significant:

- o **To improve safety of all members as a result of the change.**
- o **To improve overall profitability.**
- o **To improve quality of products / services.**
- o **To reduce costs and improve financial control.**
- o **To develop employee skills, knowledge and abilities.**

The selection of the above high impact success factors is further supported by the Spearman's rank correlations between the mean scores of each of the cases studied as shown in Table 5.8 below.

Table 5.8 – Spearman's rank correlation between mean scores of high impact success factors						
N=13	**Spearman's rho**	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
Nampak	Correlation Coefficient	1.000	0.750(*)	0.407	0.289	0.808(**)
	Sig. (2-tailed)	.	0.003	0.168	0.338	0.001
SASOL	Correlation Coefficient	0.750(*)	1.000	0.429	0.473	0.838(**)
	Sig. (2-tailed)	0.003	.	0.144	0.103	0.000
Nestlé	Correlation Coefficient	0.407	0.429	1.000	0.512	0.769(**)
	Sig. (2-tailed)	0.168	0.144	.	0.073	0.002
Deloitte	Correlation Coefficient	0.289	0.473	0.512	1.000	0.653(*)
	Sig. (2-tailed)	0.338	0.103	0.073	.	0.016
All Cases	Correlation Coefficient	0.808(**)	0.838(**)	0.769(**)	0.653(*)	1.000
	Sig. (2-tailed)	0.001	0.000	0.002	0.016	.

** Correlation is significant at the 0.01 level (2-tailed).

A significant correlation means that the companies responded on average similarly across all the points covered in the section. On the high impact success factors, there was a significant correspondence between the scores of Nampak and SASOL, implying that the survey scoring given by the two organisations corresponded most closely between these two organisations. It is expected that each company will have a significant correlation with the mean scores on all cases, since they are each included in the calculation of that score, which artificially inflates the correlation coefficient.

Figure 5.6 on the following page illustrates the perceived performance on the high impact success factors.

Figure 5.6 – Perceived performance on high impact success factors

All Cases

Item	
B38: Overall success of change process	
B20: Improve safety of members as a result of the change	
B17: Improve overall profitability	
B19: Improve quality of products/services	
B23: Reduce costs and improve financial control	
B21: Improve productivity	
B24: Develop employee skills, knowledge and abilities	
B22: Growth of overall market share	
B16: Improving employee understanding	
B12: Respect individual perspectives	
B25: Encourage employees to provide feedback	
B14: Developing management expertise	
B18: Reduce employee turnover	
B27: Avoid change during periods of high uncertainty	

Low 1   2   3   4   5 High

The mean scores on the high impact success factors were relatively low across all cases. The scale on this section of the questionnaire ranged between 1=unsuccessful, 2=moderately successful, 3=successful, 4= very successful and 5=extremely successful, beyond expectation. On average, most issues were scored between moderately successful and successful. The highest score was achieved on item B20: "Improve safety of members as a result of the change", and the lowest on B27: "Avoid change during periods of high uncertainty."

Listed below are the mean scores for the low impact success factors as shown in Table 5.9 below.

Table 5.9 – Mean scores of perceived success to manage change of low impact success factors					
Low Impact Success Factors	**Means**				
	Nampak	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
B38: Overall success of change process	2.20	2.42	2.77	2.81	2.55
B7: Moving organisation towards common goal	2.42	3.08	3.37	2.94	2.95
B15: Aligning teams with the goals of the organisation	2.27	3.00	3.47	2.89	2.91
B1: Communicating about change to employees	2.60	2.58	3.27	2.83	2.82
B2: Value employees as humans during the change	2.42	2.92	2.97	2.78	2.77
B4: Encouraging acceptance of change	2.23	2.92	3.07	2.50	2.68
B8: Encouraging flexibility and adaptability	2.31	2.75	2.93	2.67	2.67
B3: Encouraging employee participation in the change	2.19	3.00	3.23	2.22	2.66
B5: Stronger collaboration amongst team members with no prior conflict	2.25	2.83	2.77	2.39	2.56
B30: Understanding social relationships with external stakeholders	2.06	2.58	2.67	2.63	2.48
B26: Valuing the importance of trust between managers, employees and related stakeholders	2.13	2.58	2.57	2.63	2.48
B11: Encouraging teams to be agile	2.13	2.50	2.63	2.50	2.44
B6: Maintaining employee motivation throughout	2.19	2.58	2.67	2.28	2.43
B29: Understanding team dynamics on the change process	1.98	2.50	2.67	2.56	2.43
B10: Managing and reviewing employee diversity	1.85	2.67	2.70	2.39	2.40
B28: Encouraging innovation and creativity	2.00	2.42	2.77	2.38	2.39
B13: Promoting improved collaboration amongst team members who previously had high conflict	2.04	2.17	2.50	2.28	2.25
B9: Monitoring job satisfaction before, during and after	1.56	2.25	2.73	2.28	2.21

It is apparent from the quantitative data gathered on the low impact success factors that the following five factors were deemed significant:

- o **Moving the organisation towards a common goal.**
- o **Aligning teams with the goals of the organisation.**
- o **Communicating about change to employees.**
- o **Valuing employees as human beings during the change process.**
- o **Encouraging acceptance of the change early on in the process.**

The selection of the above low impact success factors is further supported by the Spearman's rank correlations between the mean scores of each of the cases studied as shown in Table 5.10 below.

Table 5.10 – Spearman's rank correlation between mean scores of low impact success factors						
N=17	**Spearman's rho**	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
Nampak	Correlation Coefficient	1.000	.643(**)	0.647(**)	0.617(**)	0.906(**)
	Sig. (2-tailed)	.	0.005	0.005	0.008	0.000
SASOL	Correlation Coefficient	0.643(**)	1.000	0.716(**)	0.407	0.815(**)
	Sig. (2-tailed)	0.005	.	0.001	0.105	0.000
Nestlé	Correlation Coefficient	0.647(**)	0.716(**)	1.000	0.446	0.762(**)
	Sig. (2-tailed)	0.005	0.001	.	0.073	0.000
Deloitte	Correlation Coefficient	0.617(**)	0.407	0.446	1.000	0.735(**)
	Sig. (2-tailed)	0.008	0.105	0.073	.	0.001
All Cases	Correlation Coefficient	0.906(**)	0.815(**)	0.762(**)	0.735(**)	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.001	.

** Correlation is significant at the 0.01 level (2-tailed).

On the low impact success factors, the greatest dissimilarity was between Deloitte and SASOL and Deloitte and Nestlé. There was a good correspondence in the order of importance for Nampak, SASOL and Nestlé.

Figure 5.7 on the following page illustrates the perceived performance on the low impact success factors.

Figure 5.7 – Perceived performance on low impact success factors

The mean scores on the low impact success factors were relatively low. The scale on this section of the questionnaire ranged between 1=unsuccessful, 2=moderately successful, 3=successful, 4=very successful and 5=extremely successful, beyond expectation. The highest score was obtained on item B7: "Moving the organisation towards a common goal", and the lowest on item B9: "Monitoring job satisfaction before, during and after the change". Overall, the mean scores were low and ranged between moderately successful (2) and successful.

5.1.2.3 The mean scores for the Management of Change Stakeholders

Listed below are the mean scores of the perceived success to manage change stakeholders as shown in Table 5.11 below.

Table 5.11 – Mean scores of perceived success to manage stakeholders					
	Means				
Stakeholder Management	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
B31: Consulting internal and external customers on changes	2.15	2.33	2.57	2.75	2.45
B32: Negotiations with shareholders on the changes	2.40	2.92	2.80	2.88	2.75
B33: Consultation with Government on legislative requirements	2.62	3.33	3.07	2.88	2.97
B34: Supplier liaisons over impacts of change	2.40	2.58	2.57	2.81	2.59
B35: Active consultation with employees on nature and timing	2.32	2.50	2.73	2.50	2.51
B36: Involvement of local community in all organisational changes	1.62	1.67	2.17	1.94	1.85
B37: Delegating authority to managers to implement change	2.45	2.50	2.70	2.50	2.54
B38: Overall success of change process	2.20	2.42	2.77	2.81	2.55

It is apparent from the quantitative data gathered on the management of change stakeholders that the following five stakeholders were deemed to be significant:

- **Consultation with government on legislative requirements.**
- **Negotiations with shareholders on the proposed changes.**
- **Liaising with suppliers over the impact of the change.**
- **Delegating authority to managers to implement change.**
- **Active consultation with employees over the planned nature and timing of the change.**

The selection of the above management of change stakeholders is further supported by the Spearman's rank correlations between each of the cases studied as shown in Table 5.11.1 on the following page:

N=7	Spearman's rho	Nampak	SASOL	Nestlé	Deloitte	All Cases
Table 5.11.1 – Spearman's rank correlation between mean scores of manage stakeholders						
Nampak	Correlation Coefficient	1.000	0.883(**)	0.685	0.595	0.883(**)
	Sig. (2-tailed)	.	0.008	0.090	0.159	0.008
SASOL	Correlation Coefficient	0.883(**)	1.000	0.750	0.857(*)	1.000(**)
	Sig. (2-tailed)	0.008	.	0.052	0.014	0.000
Nestlé	Correlation Coefficient	0.685	0.750	1.000	0.679	0.750
	Sig. (2-tailed)	0.090	0.052	.	0.094	0.052
Deloitte	Correlation Coefficient	0.595	0.857(*)	0.679	1.000	0.857(*)
	Sig. (2-tailed)	0.159	0.014	0.094	.	0.014
All Cases	Correlation Coefficient	0.883(**)	1.000(**)	0.750	0.857(*)	1.000
	Sig. (2-tailed)	0.008	0.000	0.052	0.014	.

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

On the manage stakeholders, there was a significant correspondence between the scores of Nampak and SASOL, implying that the survey scoring given by the two organisations corresponded most closely between these two organisations. The greatest dissimilarity was between Nestlé and Nampak and Nestlé and SASOL. There was good correspondence in the order of importance between Nampak and SASOL.

These differences could probably be ascribed to the mature Eurocentric culture of Nestlé versus the emerging South African culture of Sasol and Nampak; with a stronger focus on government relations and community relations for Nestlé and SASOL as a whole.

Figure 5.8 below illustrates the perceived performance to manage change stakeholders.

Figure 5.8 – Perceived performance to manage stakeholders
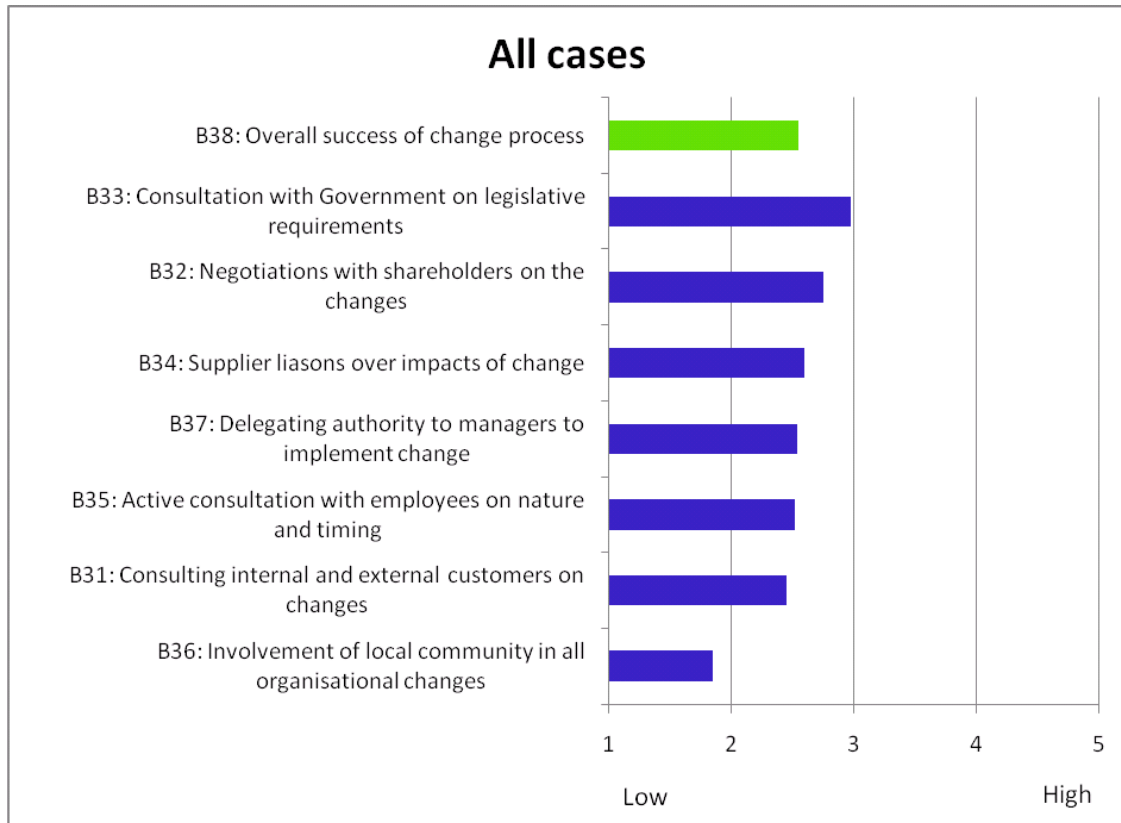
The scale on this section of the questionnaire ranged between 1=unsuccessful, 2=moderately successful, 3=successful, 4=very successful and 5=extremely successful, beyond expectation. The mean scores indicate that respondents across all cases perceived most of the issues relating to the management of stakeholders to be handled moderately successful to successful. They perceived their organizations to be best on B33: Consultation with Government on legislative requirements, and poorest on B36: Involvement with local community in all organizational changes.

Listed below are the mean scores of the perceived success of the improvements in organisational activities as a result of the change initiative as shown in Table 5.12 and Figure 5.9 below.

Table 5.12 – Means scores of the perceived success of improvements in activities					
Activity based improvements	Nampak	SASOL	Nestlé	Deloitte	All Cases
D10: Improved organisational integration across business processes	2.62	2.36	3.00	2.94	2.73
D11: Improved knowledge sharing across business processes	2.39	2.09	2.81	3.19	2.62
D12: Increased new business process creation and adoption	2.36	2.27	2.85	3.19	2.67

It is apparent from the quantitative data gathered above on the activity based improvements of change initiatives executed that the following benefits were deemed to be significant for all cases:

  o **Improved organisational integration across all business processes.**
  o **Increased adoption of business processes and new business.**

Figure 5.9 – Perceived success of improvements in activities
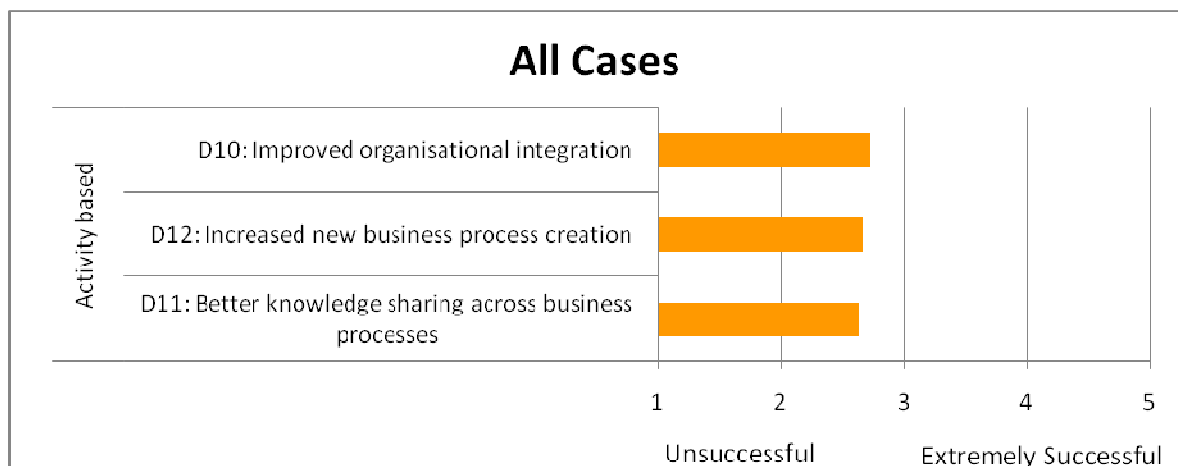
The scale ranged between 1=unsuccessful, 2=moderately successful, 3=successful, 4=very successful and 5=extremely successful, beyond expectation. The averages on the items were very similar on D10, D11 and D12, and were between moderately successful and successful.

5.1.2.4 The perceived importance of the Organisational Change Framework Change Processes

Listed below are the mean scores of the perceived importance of future change processes as shown in Table 5.13, Table 5.14 and Table 5.15 below, with special reference to the following:

- **Preparing for the change.**
- **The importance of change metrics and structures.**
- **The importance of involving all / key stakeholders**.

Table 5.13 – Mean scores of the perceived importance of future change processes					
Preparing for Change	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
C17: Understand the need and reason for change before commencing with initiative	4.63	4.55	4.79	4.44	4.60
C14: Create shared vision and common direction	4.57	4.55	4.61	4.50	4.55
C2: Create 'the Case for Change'	4.48	4.64	4.64	4.31	4.52
C4: Cultivate a climate for change	4.63	4.55	4.75	4.06	4.50
C5: Develop a change plan	4.59	4.27	4.68	4.31	4.46
C3: Understand the type of change	4.52	4.64	4.57	4.06	4.45
C7: Prepare the target audience before implementation	4.50	4.27	4.54	4.44	4.44
C8: Create the correct cultural fit with stakeholders	4.39	4.00	4.43	4.06	4.22

It is apparent from the quantitative data gathered on the change processes involved in preparing for change that the following five processes were deemed to be significant:

- o **Understanding the need and reason for change.**
- o **Creating a share vision and common direction for change.**
- o **Creating the case for change.**
- o **Cultivating a climate for change.**
- o **Developing a change plan.**

Table 5.14 – Mean scores of the perceived importance of future change processes					
Change metrics and structure	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
C11: Constantly communicate the nature of the change	4.67	4.55	4.64	4.44	4.57
C12: Measure the progress of the change before, during and after	4.50	4.45	4.75	4.31	4.50
C10: Create small wins to improve motivation	4.41	4.27	4.61	4.00	4.32
C21: Develop long-term plans to ensure that the effects of change persist	4.26	4.45	4.46	4.00	4.29
C24: Implement structure to support change roles and reporting relationships	4.33	4.09	4.43	4.13	4.24
C22: Install change metrics to chart the progress of change	4.07	3.91	4.32	3.69	4.00
C18: Appoint external consultants to assist with the management of change	3.17	3.00	3.71	2.75	3.16
C19: Recognise only significant wins throughout the process	3.17	2.82	3.32	2.94	3.06

It is apparent from the quantitative data gathered on the change processes involved in managing the type of change and the measurement thereof that the following five processes were deemed to be significant:

- **Constantly communicate the nature of the change.**
- **Measuring the progress of the change before, during and after the change initiative.**
- **Creating small wins to improve the overall motivation for change.**
- **Developing long terms plans to ensure that the effects of the change are sustainable.**
- **The need to implement structure to support the change roles and reporting relationships during the change implementation.**

Table 5.15 – Mean scores of the perceived importance of future change processes					
Stakeholders involved	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
C6: Identify and coach a change sponsor	4.35	4.36	4.71	4.31	4.43
C9: Identify and develop a change leadership team	4.39	4.18	4.64	4.19	4.35
C23: Understand the interests of diverse	4.35	4.45	4.46	4.13	4.35

stakeholders					
C13: Encourage feedback from stakeholders to improve the lessons learned	4.30	4.09	4.68	4.13	4.30
C1: To involve all stakeholders in the change process	4.22	3.82	4.46	3.88	4.09
C16: Build coalitions of supporters	3.98	4.27	4.21	3.81	4.07
C15: Secure political sponsorship	3.33	4.09	3.64	3.69	3.69
C20: Involve only select stakeholders of the local community	3.17	2.91	3.18	2.44	2.92

It is apparent from the quantitative data gathered on the change processes involved in managing the change stakeholders for change that the following five processes were deemed to be significant:

- **Identifying and coaching a change sponsor.**
- **Identifying and developing a change leadership team.**
- **Understanding the interests of diverse stakeholders.**
- **Encouraging feedback from stakeholders to improve the lessons learned from change.**
- **To involve all stakeholders in the change process.**

The scale used in section C was 1=Irrelevant, 2= Unimportant, 3= Neutral, 4=Important, 5=Very important. The mean scores for most items was higher than 4, except for C18: Appointing external consultants to assist with the management of change, C19: Recognise only significant wins throughout the process, C1: To involve all stakeholders in the change process and C20: Involve only select stakeholders of the community. The mean of C16: Building coalitions of supporters was just below 4.

The selection of the above future change processes is further supported by the Spearman's rank correlations between the mean scores of the cases studied as shown in Table 5.16 below

| Table 5.16 – Spearman's rank correlation between mean scores of the importance of future change processes						
N=24	Spearman's rho	Nampak	SASOL	Nestlé	Deloitte	All Cases
Nampak	Correlation Coefficient	1.000	0.796(**)	0.813(**)	0.822(**)	0.944(**)
	Sig. (2-tailed)	.	0.000	0.000	0.000	0.000
SASOL	Correlation Coefficient	0.796(**)	1.000	0.682(**)	0.675(**)	0.878(**)
	Sig. (2-tailed)	0.000	.	0.000	0.000	0.000
Nestlé	Correlation Coefficient	0.813(**)	0.682(**)	1.000	0.763(**)	0.866(**)
	Sig. (2-tailed)	0.000	0.000	.	0.000	0.000
Deloitte	Correlation Coefficient	0.822(**)	0.675(**)	0.763(**)	1.000	0.894(**)
	Sig. (2-tailed)	0.000	0.000	0.000	.	0.000
All Cases	Correlation Coefficient	0.944(**)	0.878(**)	0.866(**)	0.894(**)	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	.

** Correlation is significant at the 0.01 level (2-tailed).

All the Spearman's rank correlations were very highly significant, indicating that the respondents from the four companies had a high level of correspondence in the how they viewed the relative importance of the change processes deemed to be important for the Change Management Framework in Section C.

Figure 5.10 on the following page illustrates the perceived importance of future change processes.

Figure 5.10 - Perceived importance of future change processes

All Cases

Preparing for Change
- C17: Understand the need and reason for change…
- C14: Create shared vision and common direction
- C2: Create 'the Case for Change'
- C4: Cultivate a climate for change
- C5: Develop a change plan
- C3: Understand the type of change
- C7: Prepare the target audience before…
- C8: Create the correct cultural fit with stakeholders

Change metrics and structure
- C11: Constantly communicate the nature of the…
- C12: Measure the progress of the change before…
- C10: Create small wins to improve motivation
- C21: Develop long-term plans to ensure that the…
- C24: Implement structure to support change roles…
- C22: Install change metrics to chart the progress…
- C18: Appoint external consultants to assist with…
- C19: Recognise only significant wins throughout…

Stakeholders involved
- C6: Identify and coach a change sponsor
- C9: Identify and develop a change leadership team
- C23: Understand the interests of diverse…
- C13: Encourage feedback from stakeholders to…
- C1: To involve all stakeholders in the change…
- C16: Build coalitions of supporters
- C15: Secure political sponsorship
- C20: Involve only select stakeholders of the local…

1   2   3   4   5

Irrelevant   Very important

5.1.2.5 The perceived importance of the Organisational Change Scorecard, Change Measures and Performance Measurements

Listed below (in a series of separate tables) are the mean scores of the perceived importance of change performance measures in similar future change initiatives, with special reference to the following:

- **The importance of change performance measures.**
- **The importance of change inputs.**
- **The importance of change efficiencies.**
- **The importance of change outputs.**
- **The importance of change outcomes.**

Table 5.17 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change Measure	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D1: Change participants should be prepared	4.38	4.55	4.61	4.50	4.51
D6: The organisation should focus on inputs and outputs	4.56	4.45	4.64	4.19	4.46
D4: Learning from past change initiatives should be used in future change	4.56	4.45	4.43	4.38	4.45
D2: Stakeholders should be correctly aligned	4.36	4.45	4.43	4.00	4.31
D5: Managers actively look for changes in behaviour	4.24	4.55	4.50	3.88	4.29
D3: Reactions assessed before, during and after change	4.22	4.18	4.54	4.13	4.27

It is apparent from the quantitative data gathered in Table 5.17 above on the change scorecard requirements needed for the performance measurement of change that the following five performance criteria were deemed to be significant:

- o **The preparation of change participants.**
- o **The organisations focus should be on inputs and outputs.**
- o **Lessons learned from past change initiatives should be incorporated in future change initiatives.**
- o **Stakeholders should be correctly aligned throughout the change initiative.**
- o **Managers should actively seek out changes in behaviour that are as a result of the change initiative.**

Table 5.18 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change input	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D9: Rand value of human resources allocated to change	4.33	4.45	4.33	3.94	4.26
D7: Total financial resources allocated to change	4.16	3.82	4.22	3.88	4.02
D8: Rand value of infrastructure allocated to change	4.13	3.82	4.19	3.81	3.99

It is apparent from the quantitative data gathered in Table 5.18 above on the change scorecard requirements needed for the determining the required inputs for change to be successful that the following inputs were deemed to be significant:

> o **The total Rand value of human resources allocated to the change initiative.**
> o **The total financial resources allocated to the change initiative.**
> o **The total Rand value of the infrastructure allocated to the change initiative**.

Table 5.19 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change efficiencies	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D16: Stated change business case objectives achieved	4.29	4.64	4.33	4.38	4.41
D13: Progress against the original change scope	4.13	4.09	4.22	4.06	4.13
D17: Reduced time taken for major business decisions	4.31	3.91	4.04	3.94	4.05
D15: Progress against planned change timelines	4.16	4.00	4.00	3.88	4.01
D14: Progress against the planned budget	4.07	3.55	3.89	3.75	3.81

It is apparent from the quantitative data gathered in Table 5.19 above on the change scorecard requirements needed for the improvement of change efficiencies both before, during and after a change initiative that the following efficiencies were deemed to be significant:

- The achievement of the stated business case for change objectives.
- The monitoring of the overall progress made against the original scope for change.
- The total reduced time taken for major business decisions as a result of the change initiative.
- The overall progress of the change initiative against the planned timelines initially agreed to by all stakeholders.

Table 5.20 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change outputs	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D20: Improved employee participation	4.40	4.64	4.52	4.06	4.40
D19: Improved employee satisfaction	4.33	4.64	4.44	4.19	4.40
D21: Employee suggestions for improvement	4.29	4.18	4.41	4.00	4.22
D18: Reduced communication delays to stakeholders	4.29	4.36	4.22	3.94	4.20

It is apparent from the quantitative data gathered in Table 5.20 above on the change scorecard requirements needed for the change outputs to be considered as acceptable that the following outputs were deemed to be significant:

- Employee participation improves as a result of the change initiative.
- Employee satisfaction improves as a result of the change initiative.
- Increase in the overall employee suggestions in support of the change initiative.
- Improved communication with all relevant stakeholders as a result of the change implemented.

Table 5.21 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change outcomes	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D23: Increased retention of key talent	4.82	4.80	4.56	4.56	4.68
D22: Reduced employee turnover ratio	4.09	4.10	4.15	4.06	4.10
D24: Total number of new members joining	3.79	3.80	4.00	3.69	3.82
D25: Total number of dismissals	3.70	3.30	3.85	3.00	3.46

It is apparent from the quantitative data gathered in Table 5.21 above on the change scorecard requirements needed for the change initiative to be considered as successful that the following outcomes were deemed to be significant:

- o **Overall increase in the retention of key talent for the organisation.**
- o **Reduced employee turnover as a result of the organisational change being implemented within the organisation.**

Table 5.22 – Mean scores of the perceived importance of change performance measures in similar future change initiatives					
Change scorecard perspectives	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
D29: Process perspective for operational excellence	4.57	4.64	4.26	4.06	4.38
D28: Customer perspective to develop partnerships	4.39	4.45	4.33	4.19	4.34
D27: Financial perspective to deliver value	4.36	4.09	4.26	3.88	4.15
D30: Learning and growth perspective to improve commitment	4.30	4.09	4.30	3.81	4.12

It is apparent from the quantitative data gathered in Table 5.22 above on the change scorecard requirements needed for the development of a change scorecard that the following four change scorecard perspectives were deemed to be significant:

- o **Process perspective** – Operational excellence for change.
- o **Customer perspective** – Change partnerships.
- o **Financial perspective** – Delivering value through change.
- o **Learning and growth perspective** – Improving commitment to change.

The scale used in section D was 1=Irrelevant, 2= Unimportant, 3= Neutral, 4=Important, 5=Very important. The mean scores for most items were higher than 4, except for D14: Progress against the planned budget and D25: Total number of dismissals.

The selection of the above change performance measures is further supported by the Spearman's rank correlations between the mean scores of the cases studied as shown in Table 5.23 on the following page.

N=29	Spearman's rho	Nampak	SASOL	Nestlé	Deloitte	All Cases
Table 5.23 – Spearman's rank correlation between mean scores of the importance of change measures for similar future change initiatives						
Nampak	Correlation Coefficient	1.000	0.828(**)	0.792(**)	0.738(**)	0.885(**)
	Sig. (2-tailed)	.	0.000	0.000	0.000	0.000
SASOL	Correlation Coefficient	0.828(**)	1.000	0.851(**)	0.845(**)	0.950(**)
	Sig. (2-tailed)	0.000	.	0.000	0.000	0.000
Nestlé	Correlation Coefficient	0.792(**)	0.851(**)	1.000	0.798(**)	0.928(**)
	Sig. (2-tailed)	0.000	0.000	.	0.000	0.000
Deloitte	Correlation Coefficient	0.738(**)	0.845(**)	0.798(**)	1.000	0.903(**)
	Sig. (2-tailed)	0.000	0.000	0.000	.	0.000
All Cases	Correlation Coefficient	0.885(**)	0.950(**)	0.928(**)	0.903(**)	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	.

** Correlation is significant at the 0.01 level (2-tailed).

A significant correlation means that the companies responded on average similarly across all the points covered in the section. On the importance of change measures, there was a significant correspondence between the scores of Nampak, SASOL, Nestlé and Deloitte, implying that the survey scoring given by the four organisations corresponded most closely between all four organisations. There was good correspondence in the order of importance between Nampak, SASOL, Nestlé and Deloitte.

Figure 5.11 on the following page illustrates the perceived importance of change performance measures in similar future change initiatives.

Figure 5.11 - Perceived importance of change performance measures in similar future change initiatives
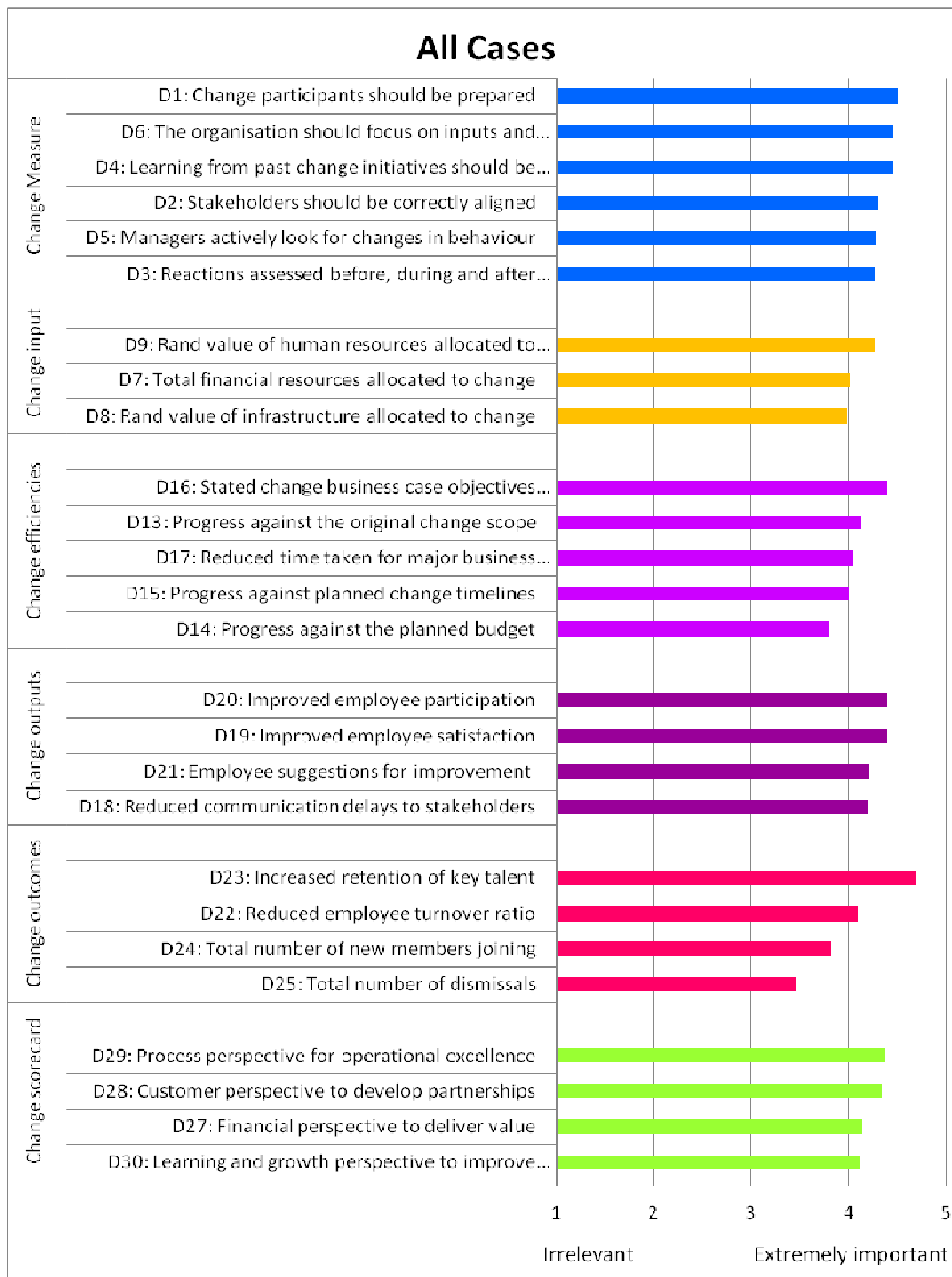
5.1.2.6 The perceived Tangible and Non-Tangible Change Outputs

Listed below are the mean scores (in a series of separate tables) for the perceived tangible and intangible benefits of a recent change initiative with special reference to the following:

- **Tangible benefits of a recent change initiative.**
- **Intangible benefits of a recent change initiative.**

Table 5.24 – Mean scores for the perceived tangible benefits of a recent change initiative					
Tangible benefits of a recent change initiative	Nampak	SASOL	Nestlé	Deloitte	All Cases
E2: Improved management commitment	2.48	2.82	3.07	3.07	2.86
E21: Improved growth opportunities into new markets	2.34	2.73	2.37	3.27	2.68
E6: Improved customer satisfaction	2.45	2.45	2.59	3.20	2.68
E13: Improved service delivery within time frames	2.25	2.55	2.89	2.93	2.65
E9: Improved business performance against budget	2.32	2.73	2.67	2.80	2.63
E1: Improved employee commitment	2.20	2.45	2.74	2.87	2.57
E25: Improved utilisation of organisational resources	2.36	2.27	2.78	2.80	2.55
E20: Improved management of the supply and demand	2.36	2.27	2.74	2.80	2.54
E19: Improved allocation of resources	2.39	2.27	2.70	2.67	2.51
E10: Improved cost reduction against planned budget	2.34	2.45	2.56	2.53	2.47
E3: Improved employee satisfaction	2.07	2.27	2.70	2.67	2.43
E15: Reduced customer complaints	2.07	2.27	2.44	2.73	2.38
E14: Reduced errors or need for re-work	2.14	2.18	2.33	2.67	2.33

It is apparent from the quantitative data gathered in Table 5.24 above on the tangible change outputs that would be needed for the change initiative to be considered as successful that the following five outputs were deemed to be significant:
  - o **Improved management commitment towards the change initiative.**
  - o **Improved growth opportunities into new markets as a direct result of the change implemented.**
  - o **Improved customer satisfaction.**
  - o **Improved service delivery within specified timeframes.**
  - o **Overall improved business performance against a specified budget.**

Table 5.25 – Mean scores for the perceived intangible benefits of a recent change initiative					
Intangible benefits of a recent change initiative	**Nampak**	**SASOL**	**Nestlé**	**Deloitte**	**All Cases**
E24: Alignment of organisational and employee values	2.25	2.82	2.96	2.93	2.74
E11: Improved intra-organisational communication	2.14	2.55	3.11	2.80	2.65
E17: Improved stability and alignment with objectives	2.23	2.27	2.89	3.20	2.65
E23: Improved agility to respond to change	2.18	2.55	2.59	2.93	2.56
E12: Improved communication with external subsidiaries, product groups, regions etc.	2.02	2.36	3.19	2.67	2.56
E5: Improved knowledge, skills and abilities	2.11	2.36	2.81	2.87	2.54
E18: Employee willingness to accept change	2.11	2.55	2.67	2.73	2.51
E22: Improved trust relationships for stakeholders	2.07	2.73	2.52	2.73	2.51
E16: Increased innovation/creativity of employees	2.16	2.27	2.63	2.93	2.50
E4: Reduced absenteeism	1.84	2.00	2.56	2.80	2.30
E7: Reduced employee disciplinary actions	1.80	2.18	2.30	2.87	2.29
E8: Reduced employee grievances	1.93	1.91	2.30	2.87	2.25

It is apparent from the quantitative data gathered in Table 5.25 above on the intangible change outputs that would be needed for the change initiative to be considered as successful that the following five outputs were deemed to be significant:

- o **Improved alignment between organisational and employee values.**
- o **Improved intra-organisational communication.**
- o **Improved stability and alignment of the organisation against its agreed objectives.**
- o **Improved agility to respond to change.**
- o **Improved communications with external subsidiaries as a result of the change initiative.**

The selection of the above perceived tangible and intangible benefits of a recent change initiative is further supported by the Spearman's rank correlations between the mean scores of the cases studied as shown in Table 5.26 below.

Table 5.26 – Spearman's rank correlation between mean scores for the perceived tangible and intangible benefits a recent change initiative						
N=25	Spearman's rho	Nampak	SASOL	Nestlé	Deloitte	All Cases
Nampak	Correlation Coefficient	1.000	0.423(*)	0.328	0.337	0.646(**)
	Sig. (2-tailed)	.	0.035	0.110	0.099	0.000
SASOL	Correlation Coefficient	0.423(*)	1.000	0.387	0.380	0.803(**)
	Sig. (2-tailed)	0.035	.	0.056	0.061	0.000
Nestlé	Correlation Coefficient	0.328	0.387	1.000	0.132	0.635(**)
	Sig. (2-tailed)	0.110	0.056	.	0.530	0.001
Deloitte	Correlation Coefficient	0.337	0.380	0.132	1.000	0.611(**)
	Sig. (2-tailed)	0.099	0.061	0.530	.	0.001
All Cases	Correlation Coefficient	0.646(**)	0.803(**)	.635(**)	0.611(**)	1.000
	Sig. (2-tailed)	0.000	0.000	0.001	0.001	.

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

The scale ranged between 1=unsuccessful, 2=moderately successful, 3=successful, 4=very successful and 5=extremely successful, beyond expectation. Based on the mean scores, the participants across all four cases do not seem to have perceived the benefits of the change to be very successful. The mean scores ranged between 2.25 and 2.86, which is between moderately successful and successful. The Spearman's rank correlations are also not significant between the cases, indicating that the order of the different benefits was perceived differently within each organization. There was a moderate agreement between SASOL and Nampak on the benefits achieved by the change initiative.

Figure 5.12 on the following page illustrates the perceived tangible and intangible benefits of a recent change initiative.

Figure 5.12 - Perceived tangible and intangible benefits of a recent change initiative

All Cases

Tangible

- E2: Improved management commitment
- E21: Improved growth opportunities into new...
- E6: Improved customer satisfaction
- E13: Improved service delivery within time frames
- E9: Improved business performance against budget
- E1: Improved employee commitment
- E25: Improved utilisation of organisational...
- E20: Improved management of the supply and...
- E19: Improved allocation of resources
- E10: Improved cost reduction against planned...
- E3: Improved employee satisfaction
- E15: Reduced customer complaints
- E14: Reduced errors or need for re-work

Non-tangible

- E24: Alignment of organisational and employee...
- E11: Improved intra-organisational communication
- E17: Improved stability and alignment with...
- E23: Improved agility to respond to change
- E12: Improved communication with external...
- E5: Improved knowledge, skills and abilities
- E18: Employee willingness to accept change
- E22: Improved trust relationships for stakeholders
- E16: Increased innovation/creativity of employees
- E4: Reduced absenteeism
- E7: Reduced employee disciplinary actions
- E8: Reduced employee grievances

1   2   3   4   5

Unsuccessful   Extremely successful

5.1.3   Exploratory Factor Analysis – extrapolation of Section C and Section D of the Survey questionnaire

This section contains the Exploratory Factor Analysis results that were extrapolated for Section C and Section D of the Survey Questionnaire, with special reference to the following:
- **Section C**: Importance of change processes and activities in future change initiatives
- **Section D**: Importance of change measures for future change initiatives

5.1.3.1   Exploratory Factor Analysis – Section C: Importance of change processes and activities in future change initiatives

In pursuit of parsimony, patterns of correlations among the questions used to measure the importance of organisational change measures and types of performance measures were examined by subjecting the set of items in Section C, items C1 to C24 to Principle Axis Factoring (PAF) using SPSS15.

The research variables of interest included 24 questions relating to the importance of processes and activities in future change initiatives. Prior to performing PAF the suitability of the data for factor analysis was assessed. Inspection of the correlation matrix (see Table 5.27) revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.833, exceeding the recommended minimum value of 0.6 and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, $p<.001$, supporting the factorability of the correlation matrix. In the first analysis, the communality estimate of C1 (involvement of all stakeholders in the change process) was 0.3, and it was therefore excluded in further analysis. The communality estimates with items C2 to C24 in the analysis (see Table 5.28) were close to or above 0.5, indicating that all items (except C1) could be used in the initial analysis.

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Table 5.27 - Correlations between items of Section C:

	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24
C1	1.00	0.26	0.29	0.23	0.34	0.31	0.36	0.36	0.32	0.28	0.33	0.23	0.40	0.30	0.35	0.34	0.32	0.25	0.16	0.12	0.34	0.27	0.37	0.35
C2	0.26	1.00	0.45	0.34	0.40	0.21	0.28	0.10	0.20	0.34	0.36	0.33	0.28	0.52	0.31	0.34	0.21	0.08	-0.04	0.01	0.29	0.32	0.31	0.24
C3	0.29	0.45	1.00	0.49	0.51	0.21	0.45	0.44	0.35	0.48	0.39	0.50	0.41	0.43	0.26	0.40	0.51	0.20	-0.03	0.10	0.27	0.32	0.43	0.36
C4	0.23	0.34	0.49	1.00	0.49	0.18	0.45	0.40	0.34	0.34	0.44	0.52	0.56	0.44	0.17	0.16	0.42	0.39	0.11	0.09	0.31	0.45	0.43	0.42
C5	0.34	0.40	0.51	0.49	1.00	0.30	0.46	0.38	0.34	0.22	0.41	0.46	0.42	0.36	0.21	0.21	0.41	0.32	0.14	0.16	0.33	0.37	0.26	0.35
C6	0.31	0.21	0.21	0.18	0.30	1.00	0.21	0.21	0.53	0.25	0.24	0.18	0.14	0.17	0.47	0.33	0.12	0.45	0.26	0.16	0.23	0.21	0.25	0.21
C7	0.36	0.28	0.45	0.45	0.46	0.21	1.00	0.55	0.28	0.49	0.56	0.41	0.47	0.43	0.27	0.39	0.65	0.21	0.01	-0.14	0.15	0.29	0.38	0.46
C8	0.36	0.10	0.44	0.40	0.38	0.21	0.55	1.00	0.47	0.51	0.45	0.38	0.49	0.35	0.28	0.41	0.38	0.33	0.20	0.07	0.24	0.39	0.36	0.44
C9	0.32	0.20	0.35	0.34	0.34	0.53	0.28	0.47	1.00	0.38	0.35	0.34	0.40	0.28	0.34	0.40	0.41	0.41	0.21	0.11	0.28	0.40	0.34	0.30
C10	0.28	0.34	0.48	0.34	0.22	0.25	0.49	0.51	0.38	1.00	0.48	0.31	0.30	0.42	0.34	0.50	0.53	0.27	-0.06	0.06	0.31	0.36	0.33	0.50
C11	0.33	0.36	0.39	0.44	0.41	0.24	0.56	0.45	0.35	0.48	1.00	0.55	0.40	0.57	0.28	0.45	0.46	0.30	-0.02	0.02	0.15	0.38	0.29	0.46
C12	0.23	0.33	0.50	0.52	0.46	0.18	0.41	0.38	0.34	0.31	0.55	1.00	0.58	0.33	0.20	0.40	0.45	0.37	0.09	0.08	0.34	0.62	0.46	0.52
C13	0.40	0.28	0.41	0.56	0.42	0.14	0.47	0.49	0.40	0.30	0.40	0.58	1.00	0.38	0.20	0.32	0.42	0.34	0.11	0.04	0.28	0.46	0.49	0.37
C14	0.30	0.52	0.43	0.44	0.36	0.17	0.43	0.35	0.28	0.42	0.57	0.33	0.38	1.00	0.40	0.30	0.46	0.13	-0.03	0.04	0.21	0.38	0.23	0.31
C15	0.35	0.31	0.26	0.17	0.21	0.47	0.27	0.28	0.34	0.34	0.28	0.20	0.20	0.40	1.00	0.54	0.30	0.34	0.15	0.19	0.27	0.28	0.35	0.30
C16	0.34	0.34	0.40	0.16	0.21	0.33	0.39	0.41	0.40	0.50	0.45	0.40	0.32	0.30	0.54	1.00	0.44	0.35	0.17	0.13	0.40	0.43	0.50	0.41
C17	0.32	0.21	0.51	0.42	0.41	0.12	0.65	0.38	0.41	0.53	0.46	0.45	0.42	0.46	0.30	0.44	1.00	0.26	0.07	0.00	0.30	0.37	0.38	0.42
C18	0.25	0.08	0.20	0.39	0.32	0.45	0.21	0.33	0.41	0.27	0.30	0.37	0.34	0.13	0.34	0.35	0.26	1.00	0.30	0.30	0.34	0.44	0.30	0.39
C19	0.16	-0.04	-0.03	0.11	0.14	0.26	0.01	0.20	0.21	-0.06	-0.02	0.09	0.11	-0.03	0.15	0.17	0.07	0.30	1.00	0.55	0.18	0.17	0.13	0.07
C20	0.12	0.01	0.10	0.09	0.16	0.16	-0.14	0.07	0.11	0.06	0.02	0.08	0.04	0.04	0.19	0.13	0.00	0.30	0.55	1.00	0.24	0.24	0.10	0.15
C21	0.34	0.29	0.27	0.31	0.33	0.23	0.15	0.24	0.28	0.31	0.15	0.34	0.28	0.21	0.27	0.40	0.30	0.34	0.18	0.24	1.00	0.53	0.30	0.36
C22	0.27	0.32	0.32	0.45	0.37	0.21	0.29	0.39	0.40	0.36	0.38	0.62	0.46	0.38	0.28	0.43	0.37	0.44	0.17	0.24	0.53	1.00	0.38	0.56
C23	0.37	0.31	0.43	0.43	0.26	0.25	0.38	0.36	0.34	0.33	0.29	0.46	0.49	0.23	0.35	0.50	0.38	0.30	0.13	0.10	0.30	0.38	1.00	0.51
C24	0.35	0.24	0.36	0.42	0.35	0.21	0.46	0.44	0.30	0.50	0.46	0.52	0.37	0.31	0.30	0.41	0.42	0.39	0.07	0.15	0.36	0.56	0.51	1.00

Table 5.28 - Communality estimates after extraction of principal components	
	Extraction
C2: Create 'the Case for Change'	0.78
C3: Understand the type of change	0.55
C4: Cultivate a climate for change	0.66
C5: Develop a change plan	0.67
C6: Identify and coach a change sponsor	0.68
C7: Prepare the target audience before implementation	0.71
C8: Create the correct cultural fit with stakeholders	0.63
C9: Identify and develop a change leadership team	0.57
C10: Create small wins to improve motivation	0.62
C11: Constantly communicate the nature of the change	0.57
C12: Measure the progress of the change before, during and after	0.66
C13: Encourage feedback from stakeholders to improve the lessons learned	0.59
C14: Create shared vision and common direction	0.63
C15: Secure political sponsorship	0.66
C16: Build coalitions of supporters	0.72
C17: Understand the need and reason for change before commencing with initiative	0.56
C18: Appoint external consultants to assist with the management of change	0.56
C19: Recognise only significant wins throughout the process	0.61
C20: Involve only select stakeholders of the local community	0.57
C21: Develop long-term plans to ensure that the effects of change persist	0.57
C22: Install change metrics to chart the progress of change	0.68
C23: Understand the interests of diverse stakeholders	0.48
C24: Implement structure to support change roles and reporting relationships	0.62

It is apparent from the quantitative data gathered in Table 5.28 above on the communality estimates after the extraction of the principal components that the following change processes emerged as the most significant:

- **Process: Context for change.**
- **Process: Change initiative / type.**
- **Process: Change climate.**
- **Process: Change plan.**
- **Process: Change sponsorship.**
- **Process: Change audience.**
- **Process: Change culture / sustained change.**
- **Process: Change leadership / team.**
- **Process: Change wins – celebrating change.**

- **Process: Communicating change.**
- **Process: Measurement of change.**
- **Process: Lessons learned – knowledge of change.**

Furthermore PAF revealed the presence of five components with eigenvalues exceeding 1 (see Table 5.29), cumulatively explaining 62.4% of the variance in the data. To aid in the interpretation and utility of these five components, Varimax rotation was performed. The rotated solution revealed the presence of a simple structure (Thurstone, 1947), with four of the five components showing a number of strong loadings in a way that could be easily interpreted (see Table 5.30).

o **Factor 1:** Preparation for the change initiative.

o **Factor 2:** Structures required to support the change as well as the required change metrics to measure change.

o **Factor 3:** Building support for the change initiative.

o **Factor 4:** Creation of a vision and direction for the change initiative.

o **Factor 5:** The utilization of external stakeholders in the change process, either for the management of change or the consultation of change.

Factor 1 has items C4, C7, C8, C9, C11, C13 and C17 loading on it. The first rotated factor accounts for 19.86% (Table 5.1.3.3) of the variance, and can be considered to measure an underlying factor that has to do with the preparation for the change initiative. Factor 2 has items C12, C21, C22, C23 and C24 loading onto them, and accounts for 12.23% of the variance (see Table 5.1.3.3). This factor includes items that relate to structure in support of the change as well as change metrics. Factor 3 includes items C6, C10, C15 and C16, and covers issues about building support for the change initiative, and accounts for 10.38% of the variance. Factor 4 has items C2, C3, C5 and C14 loading onto it, accounts for 10.13% of the variance, and relates to the creation of vision and direction for the change initiative. Factor 5 accounts for 9.82% of the variance, but cannot be clearly interpreted. This factor will be excluded in subsequent analyses

Table 5.29 - Eigenvalues of extraction and rotation sums of squared loadings						
Factor	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.40	36.52	36.52	4.57	19.86	19.86
2	2.15	9.34	45.86	2.81	12.23	32.09
3	1.45	6.29	52.15	2.39	10.38	42.47
4	1.23	5.35	57.51	2.33	10.13	52.60
5	1.13	4.92	62.43	2.26	9.82	62.43

Table 5.30 - Varimax rotated factor pattern					
	1	**2**	**3**	**4**	**5**
C7: Prepare the target audience before implementation	0.78				
C8: Create the correct cultural fit with stakeholders	0.72				
C13: Encourage feedback from stakeholders to improve the lessons learned	0.63				
C17: Understand the need and reason for change before commencing with initiative	0.63				
C11: Constantly communicate the nature of the change	0.60				
C4: Cultivate a climate for change	0.59			0.41	
C9: Identify and develop a change leadership team	0.48		0.42		
C22: Install change metrics to chart the progress of change		0.70			
C21: Develop long-term plans to ensure that the effects of change persist		0.65			
C24: Implement structure to support change roles and reporting relationships	0.45	0.61			
C12: Measure the progress of the change before, during and after	0.52	0.54			
C23: Understand the interests of diverse stakeholders		0.53			
C15: Secure political sponsorship			0.73		
C16: Build coalitions of supporters		0.47	0.66		
C6: Identify and coach a change sponsor			0.58		0.52
C10: Create small wins to improve motivation	0.46		0.53		
C2: Create 'the Case for Change'				0.82	
C14: Create shared vision and common direction				0.64	
C5: Develop a change plan	0.49			0.55	
C3: Understand the type of change	0.47			0.49	
C19: Recognise only significant wins throughout the process					0.77
C20: Involve only select stakeholders of the local community					0.67
C18: Appoint external consultants to assist with the management of change					0.57

Cooper and Schindler (2001) explain that Cronbach's Alpha has the most utility for multi-item scales at the interval level of measurement. The Researcher has applied this statistical method for the purpose of determining which of the key factors would be considered as integral components to the South African Change Management framework.

After grouping the relevant question items into their related factors as highlighted in Table 5.29, the Researcher calculated the Cronbach Alpha and the related Cronbach Alpha if one item were to be deleted. The results are illustrated in Table 5.31 below.

Table 5.31 - Cronbach's Alpha and Cronbach's Alpha if item is deleted for five factors	
Factor 1: Preparing for change	**Cronbach's Alpha if Item Deleted**
C4: Cultivate a climate for change	0.824
C7: Prepare the target audience before implementation	0.814
C8: Create the correct cultural fit with stakeholders	0.818
C9: Identify and develop a change leadership team	0.840
C11: Constantly communicate the nature of the change	0.823
C13: Encourage feedback from stakeholders to improve the lessons learned	0.818
C17: Understand the need and reason for change before commencing with initiative	0.821
Cronbach's Alpha	**0.844**

Factor 2: Implementing structure and change metrics	Cronbach's Alpha if Item Deleted
C12: Measure the progress of the change before, during and after	0.759
C21: Develop long-term plans to ensure that the effects of change persist	0.804
C22: Install change metrics to chart the progress of change	0.737
C23: Understand the interests of diverse stakeholders	0.794
C24: Implement structure to support change roles and reporting relationships	0.760
Cronbach's Alpha	**0.809**

Factor 3: Building support for change	Cronbach's Alpha if Item Deleted
C6: Identify and coach a change sponsor	0.705
C10: Create small wins to improve motivation	0.707
C15: Secure political sponsorship	0.625
C16: Build coalitions of supporters	0.621
Cronbach's Alpha	**0.729**

Factor 4: Creating vision and direction	Cronbach's Alpha if Item Deleted
C2: Create 'the Case for Change'	0.697
C3: Understand the type of change	0.690
C5: Develop a change plan	0.722
C14: Create shared vision and common direction	0.713
Cronbach's Alpha	**0.762**

Factor 5: (Utilization of external stakeholders to manage / consult on change - not used, meaning not clear)	Cronbach's Alpha if Item Deleted
C18: Appoint external consultants to assist with the management of change	0.706
C19: Recognise only significant wins throughout the process	0.462
C20: Involve only select stakeholders of the local community	0.460
Cronbach's Alpha	**0.649**

The Cronbach Alpha's for the first four factors of Section C of the Survey Questionnaire scored higher that 0.70 the suggested norm by Peterson (1994) thereby allowing the Researcher to accept them as being internally consistent (reliable) or indicative of the underlying constructs for the proposed South African Change Framework.

The Researcher would like to highlight the percentage variances that were calculated for each of the related factors of Section C of the Survey Questionnaire as show in Table 5.32 and Table 5.33 below.

Factor 1 – Preparing for the change [the What component of change] accounted for the highest percentage of the overall variance at 19.86 %, whilst Factor 2 – Implementing structure and change metrics [the How component of change] accounted for the second highest variance at 12.23 %, Both Factors 3 and 4 [the Why and Where components of change] accounted for an almost similar percentage variance at 10.38 % and 10.13 % respectively.

Table 5.32 - Cronbach's Alpha and percentage of variance explained, indicating relative importance of factor			
Factors	**Cronbach's Alpha**	**Percentage variance explained**	**Cumulative Percentage variance explained**
Factor 1: Preparing for change [What?]	0.844	19.86	19.86
Factor 2: Implementing structure and change metrics [How?]	0.809	12.23	32.09
Factor 3: Building support for change [Why?]	0.729	10.38	42.47
Factor 4: Creating vision and direction [Where?]	0.762	10.13	52.60

Table 5.33 - Descriptive Statistics of composite factor scores					
Factors	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
Factor 1: Preparing for change [What?]	101	2.29	5.00	4.48	0.48
Factor 2: Implementing structure and change metrics [How?]	101	2.40	5.00	4.31	0.52
Factor 3: Building support for change [Why?]	101	2.75	5.00	4.11	0.62
Factor 4: Creating vision and direction [Where?]	101	2.75	5.00	4.52	0.45

5.1.3.2   Exploratory Factor Analysis – Section D: Importance of change measures for future change initiatives

In pursuit of parsimony, patterns of correlations among the questions used to measure the importance of organisational change measures and types of performance measures were examined by subjecting the set of items in Section D, items D1 to D9, and D13 to D30 to Principle Axis Factoring (PAF) using SPSS15.

The research variables of interest included 27 questions relating to the importance of measures in future change initiatives. Prior to performing PAF the suitability of the data for factor analysis was assessed. Inspection of the correlation matrix (see Table 5.34) revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.877, exceeding the recommended minimum value of .6 (Kaiser, 1970, 1974), and the Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, $p<.001$, supporting the factorability of the correlation matrix. The communality estimates (see Table 5.35) were all above 0.5, which favours the inclusion of all items in the analysis.

Table 5.34 - Pearson Correlations between items

	D1	D2	D3	D4	D5	D6	D7	D8	D9	D13	D14	D15	D16	D17	D18	D19	D20	D21	D22	D23	D24	D25	D27	D28	D29	D30
D1	1	0.47	0.46	0.25	0.29	0.34	0.27	0.22	0.25	0.30	0.21	0.18	0.22	0.13	0.30	0.21	0.23	0.17	0.16	0.08	0.26	0.26	0.28	0.20	0.17	0.31
D2	0.47	1	0.54	0.41	0.50	0.46	0.22	0.14	0.17	0.34	0.10	0.33	0.30	0.40	0.37	0.34	0.31	0.27	0.07	0.45	0.36	0.33	0.44	0.18	0.27	0.31
D3	0.46	0.54	1	0.45	0.63	0.62	0.24	0.20	0.13	0.37	0.22	0.33	0.25	0.35	0.46	0.36	0.18	0.39	0.13	0.29	0.48	0.23	0.40	0.21	0.28	0.32
D4	0.25	0.41	0.45	1	0.42	0.58	0.22	0.14	0.20	0.32	0.19	0.33	0.33	0.30	0.32	0.29	0.32	0.43	0.08	0.43	0.39	0.35	0.37	0.14	0.31	0.16
D5	0.29	0.50	0.63	0.42	1	0.59	0.16	0.16	0.18	0.34	0.12	0.30	0.21	0.28	0.35	0.37	0.39	0.44	0.11	0.32	0.32	0.21	0.27	0.18	0.28	0.33
D6	0.34	0.46	0.62	0.58	0.59	1	0.39	0.35	0.33	0.33	0.29	0.29	0.24	0.30	0.32	0.28	0.29	0.39	0.08	0.38	0.40	0.32	0.42	0.34	0.43	0.35
D7	0.27	0.22	0.24	0.22	0.16	0.39	1	0.85	0.64	0.17	0.33	0.23	0.10	0.05	0.11	0.22	0.08	0.11	0.14	0.21	0.15	0.27	0.38	0.29	0.35	0.23
D8	0.22	0.14	0.20	0.14	0.16	0.35	0.85	1	0.70	0.07	0.38	0.18	0.04	0.04	0.06	0.15	0.07	0.15	0.05	0.07	0.11	0.18	0.24	0.23	0.23	0.25
D9	0.25	0.17	0.13	0.20	0.18	0.33	0.64	0.70	1	0.14	0.37	0.23	0.09	0.08	0.13	0.18	0.20	0.14	0.07	0.08	0.25	0.22	0.32	0.38	0.32	0.36
D13	0.30	0.34	0.37	0.32	0.34	0.33	0.17	0.07	0.14	1	0.42	0.56	0.55	0.27	0.37	0.31	0.37	0.22	0.18	0.31	0.25	0.21	0.44	0.43	0.31	0.34
D14	0.21	0.10	0.22	0.19	0.12	0.29	0.33	0.38	0.37	0.42	1	0.50	0.33	0.41	0.27	0.15	0.19	0.15	0.14	0.18	0.15	0.27	0.42	0.33	0.35	0.29
D15	0.18	0.33	0.33	0.33	0.30	0.29	0.23	0.18	0.23	0.56	0.50	1	0.55	0.33	0.37	0.45	0.31	0.38	0.19	0.39	0.24	0.29	0.56	0.37	0.42	0.39
D16	0.22	0.30	0.25	0.33	0.21	0.24	0.10	0.04	0.09	0.55	0.33	0.55	1	0.41	0.44	0.32	0.43	0.28	0.22	0.47	0.29	0.27	0.34	0.23	0.29	0.13
D17	0.13	0.40	0.35	0.30	0.28	0.30	0.05	0.04	0.08	0.27	0.41	0.33	0.41	1	0.57	0.28	0.31	0.36	0.08	0.42	0.16	0.14	0.28	0.17	0.18	0.20
D18	0.30	0.37	0.46	0.32	0.35	0.32	0.11	0.06	0.13	0.37	0.27	0.37	0.44	0.57	1	0.46	0.44	0.47	0.24	0.39	0.30	0.33	0.24	0.29	0.29	0.30
D19	0.21	0.34	0.36	0.29	0.37	0.28	0.22	0.15	0.18	0.31	0.15	0.45	0.32	0.28	0.46	1	0.46	0.47	0.37	0.51	0.32	0.38	0.36	0.34	0.31	0.27
D20	0.23	0.31	0.18	0.32	0.39	0.29	0.08	0.07	0.20	0.37	0.19	0.31	0.43	0.31	0.44	0.46	1	0.61	0.26	0.35	0.28	0.37	0.30	0.33	0.43	0.33
D21	0.17	0.27	0.39	0.43	0.44	0.39	0.11	0.15	0.14	0.22	0.15	0.38	0.28	0.36	0.47	0.47	0.61	1	0.21	0.32	0.35	0.41	0.25	0.20	0.31	0.37
D22	0.16	0.07	0.13	0.08	0.11	0.08	0.14	0.05	0.07	0.18	0.14	0.19	0.22	0.08	0.24	0.37	0.26	0.21	1	0.20	0.26	0.23	0.01	0.12	0.08	0.07
D23	0.08	0.45	0.29	0.43	0.32	0.38	0.21	0.07	0.08	0.31	0.18	0.39	0.47	0.42	0.39	0.51	0.35	0.32	0.20	1	0.42	0.38	0.34	0.26	0.34	0.23
D24	0.26	0.36	0.48	0.39	0.32	0.40	0.15	0.11	0.25	0.25	0.15	0.24	0.29	0.16	0.30	0.32	0.28	0.35	0.26	0.42	1	0.49	0.27	0.34	0.13	0.35
D25	0.26	0.33	0.23	0.35	0.21	0.32	0.27	0.18	0.22	0.21	0.27	0.29	0.27	0.14	0.33	0.38	0.37	0.41	0.23	0.38	0.49	1	0.27	0.22	0.25	0.31
D27	0.28	0.44	0.40	0.37	0.27	0.42	0.38	0.24	0.32	0.44	0.42	0.56	0.34	0.28	0.24	0.36	0.30	0.25	0.01	0.34	0.27	0.27	1	0.49	0.59	0.42
D28	0.20	0.18	0.21	0.14	0.18	0.34	0.29	0.23	0.38	0.43	0.33	0.37	0.23	0.17	0.29	0.34	0.33	0.20	0.12	0.26	0.34	0.22	0.49	1	0.57	0.59
D29	0.17	0.27	0.28	0.31	0.28	0.43	0.35	0.23	0.32	0.31	0.35	0.42	0.29	0.18	0.29	0.31	0.43	0.31	0.08	0.34	0.13	0.25	0.59	0.57	1	0.43
D30	0.31	0.31	0.32	0.16	0.33	0.35	0.23	0.25	0.36	0.34	0.29	0.39	0.13	0.20	0.30	0.27	0.33	0.37	0.07	0.23	0.35	0.31	0.42	0.59	0.43	1

Table 5.35 - Communality estimates after extraction of principal components	
Items	**Communalities**
D1: Change participants should be prepared	0.68
D2: Stakeholders should be correctly aligned	0.61
D3: Reactions assessed before, during and after change	0.79
D4: Learning from past change initiatives should be used in future change	0.63
D5: Managers actively look for changes in behaviour	0.66
D6: The organisation should focus on inputs and outputs	0.71
D7: Total financial resources allocated to change	0.85
D8: Rand value of infrastructure allocated to change	0.89
D9: Rand value of human resources allocated to change	0.71
D13: Progress against the original change scope	0.68
D14: Progress against the planned budget	0.60
D15: Progress against planned change timelines	0.65
D16: Stated change business case objectives achieved	0.72
D17: Reduced time taken for major business decisions	0.66
D18: Reduced communication delays to stakeholders	0.67
D19: Improved employee satisfaction	0.56
D20: Improved employee participation	0.65
D21: Employee suggestions for improvement	0.71
D22: Reduced employee turnover ratio	0.61
D23: Increased retention of key talent	0.68
D24: Total number of new members joining	0.66
D25: Total number of dismissals	0.58
D27: Financial perspective to deliver value	0.71
D28: Customer perspective to develop partnerships	0.73
D29: Process perspective for operational excellence	0.68
D30: Learning and growth perspective to improve commitment	0.71

It is apparent from the quantitative data gathered in Table 5.35 above on the communality estimates after the extraction of the principal components that the following change measures emerged as the most significant:

- o **Measure:** Change input measures – these typically include:
    - ▪ the total Rand value of human resources assigned to a change initiative
- o **Measure:** Change efficiencies measures – these typically include:

- The achievement of specific change business case objectives
- Reduced time taken for major business decisions
- Progress of the change initiative against the original scope of work

o **Measure:** Change-based activity and output measures – these typically include:
- Better knowledge sharing across business processes within the organisation
- Increased business process creation
- Improved organisational integration
- Improved employee participation
- Improved employee satisfaction

o **Measure:** Change outcomes measures – these typically include:
- Increased retention of star performers (key talent)
- Reduced employee turnover

PAF revealed the presence of seven components with eigenvalues exceeding 1 (see Table 5.36), cumulatively explaining 68.4% of the variance in the data. To aid in the interpretation and utility of these seven components, Varimax rotation was performed. The rotated solution revealed the presence of a simple structure (Thurstone, 1947), with six of the seven components showing a number of strong loadings in a way that could be easily interpreted (see Table 5.37).

o **Factor 1:** Preparation and pro-active management of the change initiative.

o **Factor 2:** Alignment of the change outcomes to stakeholder expectations.

o **Factor 3:** Resources allocated / assigned to the change initiative

o **Factor 4:** The four balanced scorecard perspectives and their relevance to the measurement and management of change initiatives.

o **Factor 5:** The involvement of employees with the change initiative.

o **Factor 6:** Employee behaviour and reaction to the change process.

o **Factor 7:** The active involvement of participants in the change process will help to increase the retention of star performers (key talent) within the organisation.

Factor 1 has items D2, D3, D4, D5 and D6 loading quite strongly on it. Another item that loaded less strongly is D1, and when one considers the content, it appears to be more in line with the wording of items D2 to D6. The first rotated factor accounts for 14.45% (Table 5.1.3.10) of the variance, and can be considered to measure an underlying factor that has to do with the preparation and overall proactive management of the change initiative. Factor 2 has items D13, D14, D15 and D16 loading onto them, and accounts for 11.33% of the variance (see Table 5.1.3.10). This factor includes items that relate to the alignment of the change outcomes to the specific stakeholder expectations (change metrics that are reported for the change initiative). Factor 3 includes items D7, D8 and D9, and covers issues regarding all the resources dedicated to the change initiative, and accounts for 10.8% of the variance. Factor 4 had items D27, D28, D29 and D30 loading onto it and accounts for 9.81% of the variance, and relates to the four balanced scorecard

perspectives as a factor. Factor 5 includes items D17, D18, D20 and D21, and to a lesser extent, D19, which all relate to the way employees are involved with the change initiative, and accounts for 8.5% of the variance in the data. Factor 6 has items D19, D22, D24, D25 and to a lesser extend D23 loading onto it, and accounts for 8.5% of the variance. Factor 6 can be interpreted as Employees' behaviour and reactions to the change process. Factor 7 accounts for only 4.25% of the variance, and cannot be clearly interpreted. This factor will be excluded in subsequent analyses, and item D1 will be included with Factor 1, and item D23 with Factor 6.

Table 5.36 - Eigenvalues of extraction and rotation sums of squared loadings						
	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.62	33.15	33.15	3.76	14.45	14.45
2	2.56	9.85	43.00	2.94	11.33	25.77
3	1.80	6.91	49.91	2.81	10.80	36.57
4	1.45	5.59	55.49	2.55	9.81	46.39
5	1.24	4.78	60.27	2.41	9.27	55.65
6	1.10	4.24	64.52	2.21	8.50	64.15
7	1.01	3.89	68.40	1.11	4.25	68.40

Items	Factors						
Estimated factor loadings*	**1**	**2**	**3**	**4**	**5**	**6**	**7**
D3: Reactions assessed before, during and after change	0.83						
D6: The organisation should focus on inputs and outputs	0.72						
D5: Managers actively look for changes in behaviour	0.71						
D2: Stakeholders should be correctly aligned	0.70						
D4: Learning from past change initiatives should be used in future change	0.61						
D16: Stated change business case objectives achieved		0.77					
D13: Progress against the original change scope		0.69					
D15: Progress against planned change timelines		0.68					
D14: Progress against the planned budget		0.59	0.44				
D8: Rand value of infrastructure allocated to change			0.93				
D7: Total financial resources allocated to change			0.88				
D9: Rand value of human resources allocated to change			0.77				
D28: Customer perspective to develop partnerships				0.78			
D30: Learning and growth perspective to improve commitment				0.73			
D29: Process perspective for operational excellence				0.64			
D27: Financial perspective to deliver value		0.47		0.51			
D21: Employee suggestions for improvement					0.70		
D18: Reduced communication delays to stakeholders					0.65		
D20: Improved employee participation					0.62		

Table 5.37 - Varimax rotated factor pattern

D17: Reduced time taken for major business decisions		0.44			0.59			
D25: Total number of dismissals							0.67	
D24: Total number of new members joining	0.42						0.66	
D22: Reduced employee turnover ratio							0.62	
D19: Improved employee satisfaction						0.47	0.48	
D1: Change participants should be prepared	0.49							-0.57
D23: Increased retention of key talent							0.44	0.45

* Loadings smaller than 0.4 were suppressed

Cooper and Schindler (2001) explain that Cronbach's Alpha has the most utility for multi-item scales at the interval level of measurement. The Researcher has applied this statistical method for the purpose of determining which of the key factors would be considered as necessary but relevant change performance measures for the South African Change Scorecard.

After grouping the relevant question items into their related factors as highlighted in Table 5.36, the Researcher calculated the Cronbach Alpha and the related Cronbach Alpha if one item were to be deleted. The results are illustrated in Table 5.38 below

Table 5.38 - Cronbach's Alpha and Cronbach's Alpha if item is deleted for six factors	
Factor 1: Change metrics for the proactive management of change initiatives	**Cronbach's Alpha if Item Deleted**
D1: Change participants should be prepared	0.843
D2: Stakeholders should be correctly aligned	0.813
D3: Reactions assessed before, during and after change	0.792
D4: Learning from past change initiatives should be used in future change	0.829
D5: Managers actively look for changes in behaviour	0.810
D6: The organisation should focus on inputs and outputs	0.799
Cronbach's Alpha	**0.841**
Factor 2: Aligning change outcomes to Stakeholder expectations	**Cronbach's Alpha if Item Deleted**
D13: Progress against the original change scope	0.712
D14: Progress against the planned budget	0.785

D15: Progress against planned change timelines	0.681
D16: Stated change business case objectives achieved	0.736
Cronbach's Alpha	**0.782**

Factor 3: Resources allocated to change	**Cronbach's Alpha if Item Deleted**
D7: Total financial resources allocated to change	0.821
D8: Rand value of infrastructure allocated to change	0.776
D9: Rand value of human resources allocated to change	0.919
Cronbach's Alpha	**0.890**

Factor 4: Balanced scorecard categories / themes	**Cronbach's Alpha if Item Deleted**
D27: Financial perspective to deliver value	0.765
D28: Customer perspective to develop partnerships	0.726
D29: Process perspective for operational excellence	0.740
D30: Learning and growth perspective to improve commitment	0.775
Cronbach's Alpha	**0.801**

Factor 5: Facilitating employee involvement in the change initiative	**Cronbach's Alpha if Item Deleted**
D17: Reduced time taken for major business decisions	0.754
D18: Reduced communication delays to stakeholders	0.688
D20: Improved employee participation	0.711
D21: Employee suggestions for improvement	0.693
Cronbach's Alpha	**0.767**

Factor 6: Employees' behaviour and reactions to the change process	Cronbach's Alpha if Item Deleted
D19: Improved employee satisfaction	0.668
D22: Reduced employee turnover ratio	0.735
D23: Increased retention of key talent	0.674
D24: Total number of new members joining	0.673
D25: Total number of dismissals	0.676
Cronbach's Alpha	**0.733**

The Cronbach Alpha's for the first six factors of Section D of the Survey Questionnaire scored higher that 0.70, the suggested norm by Peterson (1994) thereby allowing the Researcher to accept them as being internally consistent (reliable) or indicative of the underlying constructs for the proposed South African Change Scorecard.

The Researcher would like to highlight the percentage variances that were calculated for each of the related factors of Section D of the Survey Questionnaire as shown in Table 5.39 below.

Factor 1 – Change Metrics for the proactive management of change initiatives accounted for the highest percentage of the overall variance at 14.45 %, whilst Factor 2 – Aligning change outcomes to Stakeholder expectations accounted for the second highest variance at 11.33 %. Factor 3 – Resources allocated to change accounted for third highest percentage of the overall variances at 10.80 %. Both Factors 4, 5 and 6 [the Balanced scorecard categories, facilitation of employee involvement in the change imitative and employees' behaviour and reactions to the change process accounted for an almost similar percentage variance of 9.81 %, 9,27 % and 8.50 % respectively.

Table 5.39 - Cronbach's Alpha and percentage of variance explained, indicating relative importance of factor			
Factor Descriptions	**Cronbach's Alpha**	**Percentage variance explained**	**Cumulative Percentage variance explained**
Factor 1: Change metrics for the proactive management of change initiatives	0.841	14.45	14.45
Average of items D1, D2, D3, D4, D5 and D6			
Factor 2: Aligning change outcomes to Stakeholder expectations	0.782	11.33	25.77
Average of items D13, D14, D15 and D16			
Factor 3: Resources allocated to change	0.890	10.80	36.57
Average of items D7, D8 and D9			
Factor 4: Balanced scorecard categories / themes	0.801	9.81	46.39
Average of items D27, D28, D29 and D30			
Factor 5: Facilitating employee involvement in the change initiative	0.767	9.27	55.65
Average of items D17, D18, D20 and D21			
Factor 6: Employees' behaviour and reactions to the change process	0.733	8.50	64.15
Average of items D19, D22, D23, D24 and D25			

The subscales or composite scores for six of the seven extracted factors were obtained by calculating the mean of the items loading on each of the subscales or factors. This resulted in six composite scores with their respective items being as summarised in Table 5.40 below.

Table 5.40 - Descriptive Statistics of composite factor scores					
Factors	N	Min	Max	Mean	Std. Deviation
Factor 1: Change metrics for the proactive management of change initiatives	100	2.17	5.00	4.40	0.49
Factor 2: Aligning change outcomes to Stakeholder expectations	99	2.75	5.00	4.08	0.55
Factor 3: Resources allocated to change	99	2.00	5.00	4.14	0.71
Factor 4: Balanced scorecard categories / themes	98	2.50	5.00	4.29	0.51
Factor 5: Facilitating employee involvement in the change initiative	99	2.75	5.00	4.26	0.52
Factor 6: Employees' behaviour and reactions to the change process	96	2.00	5.00	4.12	0.50

5.2 Validity and Reliability of Survey questionnaire

Reliability and validity of the instrument

The usefulness of any measuring instrument is conditional on how robust its psychometric properties are. Face validity is an aspect which is usually the first step in any instrument development process, which involves specifying the domain of the construct and generating a sample of items. This is accomplished by undertaking a review of the relevant literature that is often augmented by qualitative types of data collection. Hardesty and Bearden (2004:99) argue that "items must reflect what they are intended to measure (i.e. face validity) and represent a proper sample of the domain of a construct (i.e. content validity)". Face validity is determined qualitatively by the subjective judgment of experts or professionals in the field of interest as to whether the domain under consideration has been sufficiently covered.

The second phase in instrument development involves steps to purify the measure. The measures developed in this research to be used as a change framework and scorecard, require further and more extensive assessments in order to purify the measures. In future research, this could be done using confirmatory factor analysis (CFA). This research has only endeavoured to explore the dimensionality of the instrument (through exploratory factor analysis) and to establish the reliability of the measure, through the estimation of Cronbach's coefficient alpha, which were mostly above 0.7 (*), the suggested norm (Peterson, 1994).

Note (*): The Cronbach's coefficient alpha's can be located in Section 5.1.3.1 in Tables 5.31 and 5.32, and Section 5.1.3.2 in Table 5.38. These two sections contained the majority of the constructs; namely Section C and D of the survey questionnaire from where the Researcher was drawing conclusions for the creation of the Change Framework and Scorecard.

Nomological Validity

The third stage in instrument development involves an assessment of nomological validity.

Nomological validity refers to the degree to which predictions from a formal theoretical network containing the concepts under scrutiny are confirmed (Campbell 1960). Therefore, support for nomological validity requires a proof of the extent to which a measuring instrument "fit[s] lawfully into a network of expected relationships" (Nunnally and Bernstein 1994:91). It considers the degree to which the construct as measured by a set of indicators predicts another construct or constructs that past theoretical and empirical work says it should predict.

The correlation between question B38: "In your personal opinion, how successful has the overall organisational change process been for your organisation?" and the dimensions that were formed as a result of the factor analyses on sections C were calculated. The

factor dimensions correlated among themselves in a way that one would expect from theory. The correlations with B38 was negative, although not very significant, for all dimensions, indicating that the poorer the respondents perceived the organisations handled the change initiative, the stronger they felt the issues should be managed in similar change initiatives in the future.

In particular the Researcher would like to highlight the following order of importance that the research participants placed on the integral components of the South African Change Management Framework as shown in Table 5.41 below:

- A higher degree of importance was placed on Factor 1 – Preparing for the change and Factor 4 – Creating the vision and direction for the change, whilst

- Factor 3 – Building support for change and Factor 2 – Implementing structure and change metrics, were regarded as important, but not as significant as Factor 1 and Factor 4 above.

Note: The correlations were calculated on a total of 101 survey participants' responses.

Table 5.41 - Pearson Correlation between Factors of Section C and B38 (N=101)					
Pearson correlation / Significance	**Factor 1**	**Factor 2**	**Factor 3**	**Factor 4**	**B38**
Factor 1: Preparing for change	1.000	0.694	0.589	0.682	-0.109
		0.000	0.000	0.000	0.278
Factor 2: Implementing structure and change metrics	0.694	1.000	0.559	0.573	-0.233
	0.000		0.000	0.000	0.019
Factor 3: Building support for change	0.589	0.559	1.000	0.520	-0.198
	0.000	0.000		0.000	0.047
Factor 4: Creating vision and direction	0.682	0.573	0.520	1.000	-0.119
	0.000	0.000	0.000		0.234
B38: How successful was the overall change process for your organisation?	-0.109	-0.233	-0.198	-0.119	1.000
	0.278	0.019	0.047	0.234	

The correlation between question B38: "In your personal opinion, how successful has the overall organisational change process been for your organisation?" and the dimensions that were formed as a result of the factor analyses on sections D were calculated. The factor dimensions correlated among themselves in a way that one would expect from theory. The correlations with B38 was negative, although not very significant, for all dimensions, indicating that the poorer the respondents perceived the organisations

handled the change initiative, the stronger they felt the issues should be managed in similar change initiatives in future.

In particular the Researcher would like to highlight the following order of importance that the research participants placed on the integral components of the South African Change Scorecard as shown in Table 5.42 on the following page:

- A higher degree of importance was placed on Factor 3 – Resources allocated to change, whilst

- A significant degree of importance was placed on Factor 4 – Balanced scorecard factors and Factor 2 – Change metrics for the management and measurement of change, and

- Factor 6 – Employees in the change process and Factor 1 – Pro-active management of the change initiative, were regarded as important, with

- Factor 5 – Managing change communications being regarded as of low importance or significance in relation to Factors 3, 2, 4. 6 and 1 simply because they all acknowledged that change communication was being handled fairly well within their own organisations.

Note: The correlations were calculated on a total of 101 survey participants' responses.

Table 5.42 - Pearson Correlation between Factors of Section D and B38 (N=101)							
Pearson correlation / Significance	**Factor 1**	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**	**Factor 6**	**B38**
Factor 1: Proactive management of change initiative	1.000	0.389	0.321	0.495	0.565	0.535	-0.171
		0.000	0.001	0.000	0.000	0.000	0.089
Factor 2: Change metrics	0.389	1.000	0.336	0.523	0.460	0.400	-0.123
	0.000		0.001	0.000	0.000	0.000	0.225
Factor 3: Resources allocated to change	0.321	0.336	1.000	0.414	0.144	0.253	-0.010
	0.001	0.001		0.000	0.154	0.013	0.924
Factor 4: Balanced scorecard factors	0.495	0.523	0.414	1.000	0.456	0.443	-0.111
	0.000	0.000	0.000		0.000	0.000	0.276
Factor 5: Managing change communications	0.565	0.460	0.144	0.456	1.000	0.581	-0.287
	0.000	0.000	0.154	0.000		0.000	0.004
Factor 6: Employees in the change process	0.535	0.400	0.253	0.443	0.581	1.000	-0.154
	0.000	0.000	0.013	0.000	0.000		0.133
B38: How successful was the overall change process for your organisation?	-0.171	-0.123	-0.010	-0.111	-0.287	-0.154	1.000
	0.089	0.225	0.924	0.276	0.004	0.133	

5.3   *Chapter Summary*

From the statistical analysis conducted on the quantitative data of the survey questionnaire, the following key broad revelations emerge:

- Specific high and low critical success factors do impact organisational change initiatives
- Specific change processes are required for organisational change initiatives
- Specific change performance measures are needed to measure organisational change initiatives
- Specific tangible and intangible benefits do exist for organisational change

The Researcher will now provide a detailed review of each of the four selected case studies in Chapter 6 that were studied for this Research Study. The case studies will provide a collection of all the relevant research data, both qualitative and quantitative, including research interview comments, survey questionnaire data, company and archival documentation and focus group commentary / discussions points.

Note: The Researcher will make reference to specific quantitative data that were summarised in tables such as Tables 5.31, 5.32, 5.38 and 5.39, later on in Chapter 7 to highlight specific or key correlations between the qualitative and quantitative data.

6.0 Chapter Six: Case Studies – A Within-Case and Cross-case Analysis of four Case studies

Within this Chapter, the Researcher will illustrate the diversity of the organisational change events for four large multi-national organisations as they present and unfold their required change success factors, organisational change processes within their related change frameworks and the subsequent measurements for organisational change, wherein there are multiple sources for change, of which mergers and acquisitions appears as an ever present theme within the organisational change environment.

Each of the four case studies provide an individual theorized storyline that helps to capture the essence of the context and content for organisational change as shown in Table 6.1 below:

Table 6.1 – Overview of the theorized storyline for each Case Study Organisation studied within the Research Study		
Case Study	**Theorized storyline**	**Context and content for Change**
Deloitte Case Study	'Destination Transformation – Building bridges – Breaking barriers.'	The need to improve Corporate Governance and align the organisation to the industry BBBEE requirements has been a major driver for change.
Nampak Case Study	'From Social Contracts to Packaging Excellence.'	The need to transform the organisation started from the bottom up with the introduction of a social contract between management and employees that has helped to pave the way towards a major milestone - manufacturing [packaging] excellence
Nestlé Case Study	'Transforming to become a high performing organisation.' 'Change – IT is our LICENSE to trade!'	Nestlé's pursuit of Leadership within the Nutrition, Health and Wellness industry has encouraged rapid transformation within the business, wherein it is believed that the businesses ability to change is the most important competitive advantage to survive.
SASOL Case Study	'Navigating through Transformation.'	SASOL as a major role player and stakeholder in the economy believes that its employees should be empowered with the necessary skills and knowledge to navigate

Detailed case histories will be provided for each of the respective Case Studies within the South African environment, by paying particular attention to the following framework for each case:

- An **introduction and review of the company or organisation** studied, including some important background details surrounding the context and triggers for change within the organisation [**Note:** The data disclosed here includes mostly extracts taken from company archives and annual reports.]
- A **review of the Mergers and Acquisitions** that took place within the organisation from the period 2000 to 2008.
- An **investigation of the underlying research constructs** for each Case Study, including research interviews, survey questionnaires, company and archival documentation and focus group discussion data.
- A **brief summary of the Case evidence** collected.
- A **summary overview of the important themes emerging** from each of constructs investigated within the Case Studies.
- Each of the cases will conclude with the **Researcher's key observations and notes pertaining to the Case Study, where an examination of the quantitative and qualitative research data, will be discussed, along the following lines:**

The Researcher has extracted the key observations and notes based on an examination of the qualitative and quantitative data gathered for the purpose of preparing a cross-case analysis summary (shown later in Table 6.26) of all the cases studied.

The researcher observations and notes will focus on the following areas:
- Case highlights of key organisational events
- Impact of the organisational changes on the organisation
- A review of the case constructs – with graphical representation of the emerging factors or themes coming from the data gathered, with special reference to:
  - Critical success factors for organisational change
  - Change framework and processes
  - Change Scorecard
  - Change outputs
- Change recommendations
- Summary of the Case evidence
- Emerging Case themes
- Each case will conclude with a summary table, that will form part of the Cross-case analysis summary that is shown in Table 6.26

In Section 6.2 the Researcher will also provide a cross-case analysis that highlights the essential components of the four cases combined together, by paying particular attention to the following:

- A summary table of the Emerging organisational Change Framework and Change Scorecard for the four cases as reflected in Table 6.26.
- A redefinition of the context of the constructs emerging from the Cross-case analysis.
- Points of convergence from the cross-case analysis.
- Points of divergence from the cross-case analysis.

At the conclusion of the within-case analysis for the four case studies, the Researcher will provide a brief overview of the concepts of Diversity Management and BBBEE – Broad Based Black economic empowerment for the purpose of contextualizing some of the major triggers for organisational change in South Africa today.

6.1   Within-Case Analysis

6.1.1   Case A – Deloitte Case Study – "Destination Transformation – Building Bridges – Breaking barriers"

"Responsible and sustainable business practices are something we at Deloitte take seriously. We understand that our actions have a direct impact on our clients, our people and our stakeholders, either directly or indirectly. This knowledge brings with it a host of responsibilities, which we have taken into consideration in the formulation of our business strategy. We launched our "Strategy 2010" last year, just after I took office in June 2006. The entire strategy can be summarised into two focus areas: our people and our clients. As such, all our key activities are focused on being "the standard of excellence" in our markets and with our people. This is all underpinned by living The Deloitte Way, the set of values and behaviours that drive our culture, which is becoming deeply entrenched in our business."
(Deloitte, Chief Executive Officer)(Source: Deloitte Stakeholder Report, 2007)

The above quotation taken from the Deloitte Stakeholder Report clearly illustrates Deloitte's simplistic and logical approach to transforming an organisation that focuses on a two-pronged strategy, namely Deloitte employees (and related stakeholders) and Deloitte Clients. A single unified statement of 'standards of excellence' is used to underpin the two strategic change focus areas.

This is further supported by the following quotation extracted from the same Stakeholder report that addresses the end picture or vision for a transformed Deloitte organisation, which focuses on an end goal of being a truly transformed organisation in all aspects of its business:

"What is our ultimate destination?
A world held together by strong bonds of community, where today there are only tenuous market transactions. A world in which the gaps between the rich and poor countries grow narrower, not wider, and where globalisation provides opportunities for all people, not only the few. A world in which economic activities coexist in harmony with, and reinforce, human rights, decent working conditions, environmental sustainability and good governance. And a world in which the rule of law triumphs everywhere, and the legitimacy derived from shared norms transforms power into an instrument of human betterment."
Kofi Annan, Former United Nations, Secretary General.

Case Introduction

It is important to take a few steps back and acknowledge perhaps the single biggest influence for the Deloitte transformation journey, which started in 2001-2002. Immediately after the demise of Enron and the subsequent negative consequences for the Andersen – Audit and Consulting organisation; the very waves of change that echoed throughout the industry, started the change journey of transformation around the very principles and shared values of corporate governance and standards of excellence for all Deloittians.

This is supported by the following foundational quotation taken from the Deloitte – Ledgers of Legends book that was compiled during 2006:

"And then in 2001 came the big wake-up call - the Enron debacle which led to Andersen's collapse. The big auditing/consulting question rose up and bit everyone in the nether parts. The great cry for "independence" arose and auditing firms were thrown into disarray. "It was time the auditing profession was regulated," was the offended call, and during the first years of the 21st century, what many regard as crippling legislation began rolling over the profession in waves.

Deloitte Consulting had been integrated into the global firm, not reporting to Johannesburg, but to the global head office in New York. At first it was decided to sell it off, then after considerable dithering, it was reintegrated into the South African practice. The resultant fears, resentments, animosities and uncertainties took several years to allay. But the reintegration did make D&T the only firm which could offer 'multi disciplinary' services, since all other auditing firms had sold off their consulting arms." *(Source: Deloitte – Of Ledgers of Legends, 2006)*

Deloitte founding fathers

The name Deloitte & Touché derives from two of its founder members, William Welch Deloitte and Sir George Touché. Deloitte Touché Tohmatsu is an organisation of member firms around the world and derives its name from three independent firms: Deloitte (founded in the UK in 1845); Touché, Niven & Co (founded in the US in 1893); and Tohmatsu & Co (founded in Japan in 1968). The organisation is a Swiss Verein (association) and each of its member firms is a separate and independent legal entity.

The history of the Southern African firm extends back to 1896 with the initiation of the De Beers audit. Today's firm was created as a result of the merging of two large firms on 1 September 1990: Deloitte Haskins & Sells and Pim Goldby.

About Deloitte

Deloitte is one of Southern Africa's foremost professional services firms, providing Audit, Tax, Consulting and Financial Advisory services through over 3 600 personnel,

including 263 partners and directors in 16 offices in the region. The headquarters of Deloitte in the Southern African region is in Johannesburg, South Africa.

Partners and directors are the owners in the business and the black ownership/equity currently constitutes 25.3% as at 1 June 2007.

Deloitte in Africa

In Africa, Deloitte operates in 28 countries, including: Algeria, Angola, Botswana, Burundi, Cameroon, Congo Brazzaville, Egypt, Ivory Coast, Democratic Republic of Congo, Gabon, Ghana, Kenya, Libya, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, The Gambia, Tunisia, Uganda, Zambia and Zimbabwe.

The map displayed in Figure 6.1 below indicates those countries where Deloitte has offices located, and the markets which are served by these offices.

Figure 6.1 - Deloitte – African operations, locations and markets served

(Source: Deloitte Stakeholder Report, 2007)

Deloitte - Southern Africa

At a glance of the Deloitte operations as at 31 August 2007:
• Leading professional service provider of Audit, Tax, Consulting and Financial Advisory services
• 3 600 people
• 263 partners/directors
• 16 offices in Southern Africa:
- South Africa (8)
- Namibia (1)
- Botswana (1)
- Zimbabwe (3)
- Malawi (2)
- Mozambique (1)
• Increase in revenue by 12% (2006/2007)

Strategic services and industry focus areas

One of the interviewees remarked:

"Deloitte is the only multidisciplinary firm that offers clients a multidimensional, 360-degree thinking approach. We draw on our unique service combinations to understand and evaluate our clients' issues more broadly and deeply."

Deloitte earns its revenue through the provision of professional services and advice to clients in both the private and public sector.

Financial reporting in Deloitte Southern Africa

As Deloitte & Touché is a partnership and not a public company, they do not publicly disclose their financial information. The firm is funded by partner/director capital and cash from operations.

Deloitte Southern African produces an Annual Report for its 263 partners and directors and global executive leaders in Deloitte Touché Tohmatsu. The annual report is comprised of a complete business and financial performance review for the year ended 31 May. This is published prior to the Annual General Meeting for Partners and Directors, held annually in September. Full disclosure of the firm's financial position is made in this report to the firm's partners and directors. Interim financial reporting is also made to partners and directors throughout the year. In Southern Africa, the Deloitte member firm recorded a growth in revenue for FY2007 of 12%.

Transforming a South African organisation

One of the most successful organisational change initiatives launched within the Deloitte Organisation is the change initiative called Destination Transformation – where the journey of change is seen as destination – a transformed state that is to be achieved.

One interviewee remarked:

"To transform successfully, it is important to have a clear sense of direction; a strong sense of where you are going as an organisation!"

Shaping "Destination Transformation" within Deloitte – Southern Africa

Andrew Mackie assaulted the "transformation fatigue" within the South African operations with a revamp of the transformation programme. Together with Diane Schneider (Head of Transformation), he conducted extensive market research, interviewing black business leaders and government ministers, and based on their information, developed a holistic strategy built on five foundation blocks:

- Foundation block one: Equity or ownership
- Foundation block two: Depth and quality of black managers
- Foundation block three: Creation of a welcoming corporate culture
- Foundation block four: Investment in BEE
- Foundation block five: Investment in the communities that Deloitte employ their people from.

One interviewee pointed out:

"This concentrated efforts and resources, streamlining activities and facilitating communication. In the process, the MCDP was renamed "Destination Transformation", which implied the concept that transformation was not a quick-fix or an overnight solution, but a long journey that the entire Deloitte staff had to undertake together!"

Schneider (Head of Transformation) provides a brief summary overview of the Destination Transformation journey:

"Through the visionary efforts of individual partners, the firm was able to successfully recruit aspirant black Chartered Accountants as early as the 1970's. This was a time when a deficient education system, a hostile political environment and lack of opportunities meant that Black professionals were faced with great challenges. However, thanks to these early initiatives, a number of the outstanding black business leaders of today are alumni of Deloitte.

By the 1980's, Deloitte had recognised that the long-term viability of the Chartered Accountancy profession, and the country's economy as a whole, depended on the nation's entire pool of human resources being developed. Despite the lack of awareness of the

profession among black students and the shortage of candidates with Matric Maths, efforts to recruit black trainee accountants were successfully stepped up – up to 1998 it was estimated that 40% of African Black Chartered Accountants had trained with Deloitte.

Over the years, the firm has been recognised for its contribution to the development of Black Chartered Accountants by both The Association for the Advancement of Black Accountants (ABASA), which has conferred 5 Annual Awards on the firm, and the Public Accountants' and Auditors' Board.

In 1985 Deloitte was the first of the Big 4 accounting firms to appoint a Black partner. Vassi Naidoo subsequently became the first Black CEO of a Big 4 firm, a situation that still prevails.

In 1990, Deloitte entered into a partnership with Jeff van Rooyen, a prominent Black accountant, and transformation initiatives were formalised into a unit called the New South Africa Group. This Group focused on the recruitment of Black trainee accountants and the support of Black-owned businesses and played an important role in preparing the firm for the changing political realities in the country."

Deloitte transformation strategies

To achieve the vision that was put forward by the Destination Transformation programme, Schneider provides a summary view of some of the key transformation strategies that are being deployed throughout the South African operations:

"The Deloitte transformation goals have been developed through extensive consultation with internal and external stakeholders. A continuous process of refinement and reassessment is undertaken to ensure it remains aligned to BEE legislation and Charters. While a Charter has not yet been developed for the auditing and accounting profession, Deloitte is mindful of its responsibility to its clients, staff and external stakeholders to set for itself realistic, but ambitious goals.

The transformation philosophy is based on two key principles. Firstly, Deloitte will follow the strategy of developing its Chartered Accountancy leadership capability from within – it will not merge with a black auditing firm in order to achieve its transformation targets as it believes the country needs to nurture black professional services firms and support them to be independent and grow.

Secondly, transformation is meaningless if the heart and soul is not engaged in the process. The strategy is driven in hard, but with sincerity and integrity.

The firm invests R20 million per annum in its transformation strategies through bursaries, scholarships, the National school of Accounting and internal change management processes. This equates to an investment of R100 000 per partner per year.

The firm's transformation goals are designed to transform Deloitte into a truly Southern African firm by:

- *Leading the industry with the most Black partners and managers*
- *Ensuring proportionate representation at all levels of the firm*
- *Creating a corporate culture in which all feel welcome and can flourish*
- *Participating actively in business empowerment initiatives*
- *Investing back into the communities in which we live and work*

These goals have been translated into 5 key strategies:

- *Leadership transformation*
- *Corporate Culture transformation*
- *Black Economic Empowerment*
- *Corporate Social Investment*
- *Communication with stakeholders – internally and externally*

Destination Transformation Structures

All of the above Destination Transformation strategies require the formation of a structure that is held accountable for the governance of the transformation processes within Deloitte South Africa.

Schneider highlights the fundamental building blocks of the Destination Transformation structures:

"The Transformation Board, chaired by CEO Vassi Naidoo, determines transformation strategy and policy and monitors progress...The agenda of the Transformation Board is structured according to the requirements of the BEE Balanced Scorecard to ensure that the firm remains focused on the expected outputs at all times.

Regional Transformation Board meetings are also held to ensure regional alignment with the national strategy and to address specific issues pertaining to regional demographics, corporate culture, utilisation, partner pairing, recruitment, turnover, exit interview feedback and corporate social responsibility.

In order to monitor operational implementation, the Chief Operating Officer holds quarterly meetings with all the Service Line Leaders and Business Unit Leaders. At these meetings, these senior partners are accountable for progress against Business Unit targets. Stringent action is taken against those who are not making appropriate progress".

The Destination Transformation Team, led by Diane Schneider, meets with all Business Unit Leaders to clarify expectations, inform them of key national focus areas and reach agreement on the priorities for the year ahead. The transformation team stays close to as many Black managers as possible and also works closely with the Business Units to support, challenge and monitor them, helping them deal with barriers and difficulties proactively. Meetings are held with all African Black managers to ensure that their career paths are in place and that all available talent is brought to the attention of leadership.

"The Destination Team has established unequivocally the importance of role models. The appointment of three new African Black partners in 2003 had a significant impact on the confidence and morale of Black managers in Johannesburg, many of whom now see partnership as attainable and determine to stay on to fulfill this career goal.

Processes have been put in place to retain managers at middle and junior levels. These processes include:

- *Facilitated meetings between Black managers and Business Unit Leaders to discuss individual career development*
- *Individual career and/or life skills counseling*
- *Discussions with Business Unit Leaders and Service Line Leaders about the creation of opportunities and more clearly defined commitments to Black managers*
- *Feedback to partner pairers where necessary*
- *Clear career path processes to partnership*

In the early 90's, the urgency of issues around internal transformation – recruitment, development, retention, corporate culture, etc – demanded greater specialization and the functions of the New South Africa Group were split into two discrete focus areas – an internal transformation focus, under the banner of the Multicultural Development Programme (MCDP) and an external BEE focus, under the banner of the Business Equity Initiative (BEI).

BEI focuses on empowerment from a holistic perspective, emphasizing community investment, broad-based ownership and the transformation of South African business at all levels...A full-time partner and a team of qualified staff drive this initiative.

With the establishment of the MCDP, Deloitte's internal transformation programme took on a new focus and energy...

Through the dedicated focus of the MCDP, the firm moved beyond the basic precepts of Affirmative Action. It put Deloitte at the leading edge of human resource development, striving to create a learning environment that could assist all individuals to achieve personal growth through identifying and realising their full potential".

"Internalising" transformation

One interview remarked:
"As the objectives and ideals of transformation have filtered through the firm, more and more individuals have taken it upon themselves to become change agents within their own spheres of work, mentoring, encouraging, supporting and advocating."

By 2004, 35 black partners had been appointed, and their influence as role models and leaders could not be underestimated. "Many of them have a strong personal commitment to taking the firm forward," commented Diane Schneider.

Diane Schneider took over from Mackie in 2003, and immediately began building on the new "awakening" of a realisation that transformation is a business imperative, and began breaking down the barriers of prejudice that had caused much misconception and misunderstanding. Diane has been largely instrumental in "internalising" transformation.

One interviewee explained:

"Fundamentally, transformation is about personal responsibility, self-awareness and relationships," and *"You have to take responsibility for what you believe, how you implement those beliefs and principles and what affect you have on others. It's also about opening your mind to others and their opinions and being tolerant with those who disagree with you."*

Deloitte has started a "Southern African Experience Programme", focusing on education and awareness of diversity. "We use every opportunity to build this into learning programmes and have initiated diversity workshops,"

A Trainee Transformation Initiative is also currently underway as a response by trainees to change their environments proactively.

Schneider has conducted a range of interventions which engaged participants at intellectual, emotional and experiential levels, challenging mindsets and preconceived ideas. '*Gradually, under her leadership, transformation is shedding some of its "numbers" personality and assuming a more cultural face. It is moving away from procedures and strategies and gaining "heart and soul", remarked one interviewee.*

Destination Transformation initiatives

Schneider remarked that an organisation could have the best structures and processes in place, but without the required initiatives being put in place and without the support of a Champion in the business; the transformation becomes a mere exercise.

Schneider points out that for this reason, Deloitte as an organisation devised the following key Destination Transformation initiatives:

Recruitment

The transformation unit plays an integral role in the strategies and operations of the Recruitment Division to align its strategies with the transformation objectives. A continual evaluation of entry requirements ensures cultural fairness through:

- *Ensuring the cultural fairness of psychometric assessments*
- *Ensuring attitudes pertaining to diversity awareness are assessed*
- *Ensuring the firm's processes are transparent and fair*

Recruitment personnel have attended diversity workshops to help sensitise them to potential areas of discrimination…to sensitise them to potentially discriminatory issues.

Recruitment agencies have also been informed of the firm's EE priorities when advertising positions and agencies are selected based on their compliance with equity legislation…

The Graduate Recruitment Unit (which drives the intake of trainee accountants) is focused on ensuring that the firm signs up every possible black candidate. The trainee accountant intake is a key driver in the firm's demographic transformation and the focus of much of its skills development spend. The percentage black intake in January 2004 was 38%, with one of the key challenges being the low pass rates at universities at the CTA level.

Scholarships

In 1999 a Scholarship Programme was introduced for African Black candidates. The firm set aside R31 million for scholarships to be awarded to candidates who meet academic and other criteria at school and university...

These scholarships fund the tertiary education of qualifying candidates studying towards a Chartered Accountancy or Business Information qualification and aim at securing African Black talent for the future. A mentor programme is in place to support scholarship candidates.

Bursaries

The annual bursary budget is currently R14.5 million, of which a minimum of 70% is allocated to Black students... A personal development and mentoring plan is available to all bursars.

Academic support

Trainee accountants who have not yet completed their post-graduate degree are given access to academic support programmes, finance and appropriate levels of leave. African Black trainees, in particular, are given the opportunity to suspend their training contracts for a pre-determined period to attend a full-time academic support programme provided by the National School of Accounting. The School was founded by Deloitte and it is currently producing by far the most African Black CTA graduates out of all the tertiary education institutions. Deloitte supports its candidates at the school by paying them 80% of the equivalent of a first year trainee accountants' salary while they study full-time. The balance is paid over to them if they pass.

Partner pairing

In 1998, Deloitte introduced the partner-paring initiative. The objective is for each partner to take on the role of mentor or trusted adviser to at least one black professional in the organisation. The mentor is responsible for monitoring the individual's progress from a strategic level; ensuring opportunities are created and facilitating integration into the firm's corporate culture.

Partner Pairing discussions include:

- *Individual development plans*
- *On-the-job coaching*
- *Planning/utilisation and quality of work assigned*
- *Building a relationship of trust*
- *Retention*

Individual Learning and Development Programme (ILDP)

Through the ILDP, a specialised and customised plan is drawn up for the development of each individual...Employees are allocated, or are free to choose, development facilitators who are responsible for supporting them in their training and development.

In the 2005/6 Stakeholder Report, CEO – Vassi Naidoo pointed proudly at the voluntary participation of over 2 000 Deloitte staff during IMPACT Day (a social transformation initiative facilitated through the active engagement of employees) on various charitable and community related organisations as proof that the firm had, "not only a social conscience, but a soul".

The Mergers and Acquisitions that took place

Listed below is a brief overview of three key change milestones in the Deloitte Destination Transformation journey that deserve recognition, namely:

- **Transformation within Deloitte Consulting through the acquisition of Khulisa Consulting**
- **Transformation within Deloitte Consulting through the decision to integrated Deloitte Consulting into Deloitte & Touché**
- **Headlines: "Deloitte merges with black-owned professional services firm Siyaya Inc."**

Transformation within Deloitte Consulting through the acquisition of Khulisa Consulting

Deloitte Consulting, which was at that time separate from Deloitte & Touché, was also reaching out externally to develop BEE relationships, one of the most significant of which was the participative venture with Khulisa, a company started by Ntlai Mosiah, Thiru Pillay, Kennedy Mogotsi and Steven Molloy.

In 2001, Deloitte Consulting acquired the company, bringing many additional black clients and professional staff into the organisation. The impact of these professionals, who were highly disciplined business people, would add to the transformation momentum thereby helping to change some of the stereotypical ideas that were present at the time.

Deloitte Consulting established an internal employment equity task team to help drive internal transformation. Recruitment was in-sourced, targets explained and transformation goals communicated. However the usual apathy and tendency to take a back seat and let someone else do the hard work prevailed, so responsibility and accountability were driven down the ranks to involve all partners, both white and black.

Externally, Mosiah ran the Partner Empowerment Programme, developing project relationships with BEE companies whilst Kamal Ramsingh monitored employment equity targets.

The third leg of the transformation programme was affirmative procurement and the fourth focused on black staff utilisation.

Communications and consequently support were significantly improved by monthly "fly-backs" which reported on progress and promoted cultural awareness and the positive impacts of diversity.

This was further supported by comments of one of the interviewees who added:

"We helped people understand different cultures, different ways of behaviour, so that gradually we eliminated the habit of people making decisions based on ignorance or prejudice,"

A point of discussion raised from the Focus Group discussion revealed:

"But both in Deloitte & Touché and Deloitte Consulting, it was clear that transformation still had to be driven proactively and determinedly it was not a natural process."

Transformation within Deloitte Consulting through the decision to integrated Deloitte Consulting into Deloitte & Touché

In June 2003 the Southern African Deloitte & Touché partners voted positively to reintegrate Deloitte Consulting (DC) back into Deloitte & Touché, the traditionally audit and tax-related services firm (ATR).

Ninety-four (94%) percent of the partners voted in favour of the integration of DC into the ATR firm. This paved the way to creating an integrated consulting offering comprising the formerly named business entities of Deloitte & Touché Active Era, Deloitte Consulting, Human Capital Corporation and Management Solutions.

The new Southern African consulting entity was led by Grant Gelink (now CEO of Deloitte) who had, in the past year, grown the new business into an even more successful consulting practice.

One interviewee pointed out the following benefits of the Deloitte Consulting integration decision:

"This integration makes the Deloitte organisation the number one professional services firm in Southern Africa in terms of revenue. The strong Deloitte brand enables us to offer an integrated service offering that allows us to leverage our brand even further. We are completely aligned to the global Deloitte network but at the same time localise our offering to meet the needs of our Southern African clients. This unique consulting offering will reflect a truly agile entity - poised to take advantage of opportunities in the market."

Primarily, Deloitte was now in a unique position to offer a wide range of multiservice solutions to their clients on complex problems, where independence would not be compromised as a result of the ATR component of the business.

Headlines: "Deloitte merges with black-owned professional services firm Siyaya Inc."

DURBAN, 27 FEBRUARY 2008. Deloitte merges with black-owned professional services firm Siyaya Inc., the global professional services firm announced today. (Source: Deloitte Intranet, 2008)

"According to both parties, the merger provides great growth opportunities." says Grant Gelink, CEO of Deloitte SA: "We are very proud to welcome back the Siyaya directors and their team to Deloitte. In these times of skills shortage in the country, any opportunity to renew old friendships with Deloitte-trained talent is a real bonus for the firm. Siyaya bring skills and abilities that will allow us to explore growing our businesses into different areas to the mutual benefit of both parties."

"In addition, Siyaya have proved they can build a successful business from scratch. Those skills are rare and the expertise they have gained outside the firm makes them all the more attractive as leaders and role models in our partnership." With the merger, the four founding directors of Siyaya will become partners at Deloitte. They are Sikhumbuzo Mtshali, Siyabonga Dube, Mthokozisi Luthuli and Mandisi Mantyi. Further, it is the intention that all members of Siyaya staff transfer to Deloitte.

For Siyaya, the merger was the next logical step on the growth path. Says Siyaya CEO Sikhumbuzo Mtshali:

"We'd proved to the market that we could run a successful business, but in order to grow to the next level, we needed to make a significant capital investment in world class systems and processes. This merger with Deloitte gives us that access to international best practice training, systems and methodologies as well as access to a wider range of clients and industries. In addition, this provides increased capacity to help deliver great work to all our clients."

"...We have also worked with the firm as part of a consortium on a number of projects, so that understanding of the culture and the approach to client service helped us decide that Deloitte would be the natural choice for our progression and our career aspirations,".

The above article that has been extracted from the Deloitte Intranet concerning the Siyaya merger with Deloitte highlights the following key change imperatives:

- Opportunities for growth
- Ability to retain and increase talent
- Access to international best practices, training and administrative systems to support the growing business requirements

Key Developments that took place within Deloitte as a result of the above organisational changes identified

Some of the key drivers for successful organisational change at Deloitte are the use of the Deloitte Way Behaviours, Shared Values – a set of values that is embraced by all fellow Deloittians, the Deloitte Brand and Corporate Citizenship.

The Deloitte Way behaviours

Two years ago Deloitte leadership launched "The Deloitte Way" to staff across Southern Africa. This initiative highlights seven key behaviours that focus on the way Deloittians interact with each other.

In June 2007, Deloitte launched the next generation of The Deloitte Way – an initiative designed to engage and recognise all staff. Entitled "Deloitte Way 2010 – our journey of excellence" a programme that aims to identify and appreciate people for their contributions to building the Ideal Deloitte across all aspects of the business.

According to Allen Swiegers, chief operating officer and executive sponsor of The Deloitte Way:

"Our strategy is focused on building value for our clients and making Deloitte a magnet for top talent. Being a magnet means that we not only attract the best people, but keep them. We plan to do this by making Deloitte a place where all our people are engaged in our strategy and appreciated for their contributions to its success."

The Deloitte Way 2010 staff engagement and recognition programme has given Deloitte leaders and personnel the opportunity to regularly engage with each other around living 'The Deloitte Way' and delivering on the firm's 2010 Strategy. This process has helped leadership to identify top achievers in a consistent and regular manner, buy focusing employees' minds on the key priority areas of the firm thereby making it meaningful for each person at a very personal level.

Listed below are the key Deloitte Way Behaviours that have been endorsed by the employees who are considered as Stakeholders of Deloitte:

I treat everyone with respect and appreciation.
- Recognise people for what they have done well

- Create balance and enjoyment in the workplace
- Develop people through direct and honest feedback
- Lead with visibility and integrity
- Communicate and inform continuously

I make a personal difference by embracing diversity.
- Be sensitive about cultural, gender and other forms of diversity
- Be inclusive when speaking, socializing and putting together teams
- Have the courage to speak out

I build a network of productive relationships founded on trust.
- Get to know my colleagues and the contributions they can make
- Deepen and widen relationships with our clients
- Play an active role within my community
- Work, win and celebrate together

I am consciously aware that my actions directly impact our performance.
- Bring positive energy into my environment
- Find and grow talent
- Protect the assets of our firm
- Respect our firm's policies and procedures

I ensure that everything I do is my best possible effort.
- Proudly attach my name to my work
- Actively seek to get it right first time
- Consistently exceed expectations

I take initiative in driving continuous improvement.
- Encourage initiative at all levels
- Think innovatively
- Challenge the traditional way of doing things
- Value the opportunity to learn

I stand for and stand up for Deloitte.
- Grow the Deloitte reputation through my personal behaviour
- Get involved in the world of Deloitte
- promote the broader interests of Deloitte
- Be proud and passionate

The above Deloitte Way behaviours are further supported and underpinned by the Ideal Deloitte Statement.

The Ideal Deloitte Statement

One interviewee pointed out the strength of the 'Our Ideal Deloitte statement"; something which is supported by every employee in the organisation as highlighted in the statement below:

We are proud to work for a firm where our brand is synonymous with uncompromised integrity, ethical practice and quality, and where we are the undisputed leaders in professional service. We leverage our multidisciplinary approach to the distinct advantage of our stakeholders.

Our firm is truly transformed.

We are our firm's greatest assets and we work with people of exceptional talent and skill. Our leaders trust, respect and listen to us. We are given the opportunity to develop and excel in our work, and are encouraged to have fun. We are motivated to perform at our best.

We try to get it right better, faster and more often than anyone else. We work hard to build value for our clients and exceed expectations. We work for the best firm in Southern Africa. That firm is Deloitte.

Our Deloitte.

Not only do the employees of Deloitte adhere and apply the Deloitte Way behaviours in their day to day business transactions with Deloitte Clients; so do the partners and or senior managers of Deloitte. Partners and or Directors of Deloitte are regarded as the Custodians of Corporate Governance, and in so doing model the very core value and strategy of Deloitte to all fellow Deloittians.

Deloitte – Custodians of Corporate Governance - The nature of the firm

Deloitte & Touché, as the firm is legally known in Southern Africa, is a partnership as opposed to a limited company registered under the Companies Act. Partnerships are not subject to the provisions of the Companies Act and the governing charter is therefore a partnership agreement, which regulates the governance of the firm and the relationships between partners.

Deloitte Ethical Principles and Shared Values – co-existing

Deloitte's Shared Values as illustrated in Figure 6.2 are at the heart of **Deloitte's Ethical Principles** and the relationship between them is simple:

Figure 6.2 - Summary overview of the Deloitte Shared Values

Our Shared Values	
Integrity • Apply the highest standards of professional conduct to all activities affecting our clients and communities. • Behave in a manner that sustains the public's trust and reinforces the reputation of our firm. • Think independently, be objective, and demonstrate sound judgement.	**Outstanding value to clients** • Bring together our diverse knowledge and talents. • Work as a team. • Help clients do the right thing to sustain public trust. • Offer innovative solutions. • Deliver excellent service.
Commitment to each other • Build on mutual trust and respect. • Listen actively and communicate openly. • Recognise and reward initiative and contribution. • Behave in a manner that preserves each other's reputation. • Help each other and work together.	**Strength from cultural diversity** • Capitalise on all aspects of diversity. • Understand individual cultures and find the best solution collectively. • Develop an environment that enables us to achieve common goals.

(Source: Deloitte Stakeholder Report, 2004)

One interviewee remarked:

"Our Shared Values define the underlying beliefs that tie our global firm together, and our Ethical Principles further define the specific standards of behaviour that we expect of our leaders and our people."

Each Ethical Principle maps directly back to the Deloitte Shared Values thereby helping to reinforce and sustain behaviour that reflects those values. *"They are, in fact, our values in action"*, remarked another interviewee.

Honesty and Integrity - "We act with honesty and integrity."

This is illustrated by the following behaviours:
• We are straightforward and honest in our professional and business relationships.
• We are truthful about the services we provide, the knowledge we possess and the experience we have gained.

Professional Behaviour - "We operate within the letter and the spirit of applicable laws."

This is illustrated by the following behaviours:
• We comply with professional standards and applicable laws and regulations.
• We avoid any action that may discredit our firm or our professions.
• We strive not only to do what is legal, but also what is right.

Competence - "We bring appropriate skills and capabilities to every client assignment."

This is illustrated by the following behaviours:

• We understand that the public and our clients expect our work to meet high professional standards.
• We use due care to ensure that client needs are matched with Deloitte personnel who have the competence required for their assignments.

Objectivity - "We are objective in forming our professional opinions and the advice we give."

This is illustrated by the following behaviours:
• We do not allow bias, conflict of interest or undue influence of others to override our professional judgments.
• We address differences of opinion and handle them constructively and professionally.

Confidentiality - "We respect the confidentiality of information."

This is illustrated by the following behaviours:
• We prohibit disclosure of information to anyone inside or outside our firm without the legal or professional right to know.
• We do not misuse information of our clients, our firm or our people for personal advantage or for the benefit of third parties.

Fair Business Practices - "We are committed to fair business practices."

This is illustrated by the following behaviours:
• We receive fees that reflect the value of services provided and responsibilities assumed, and are considered fair and reasonable by our clients.
• We respect our competitors and do not compete unfairly.

Responsibility to Society - "We recognise and respect the impact we have on the world around us."

This is illustrated by the following behaviours:
• We take our role in society seriously and do not cause intentional harm.
• We support contributions to the communities where we operate.

Respect and Fair Treatment - "We treat all our colleagues with respect, courtesy and fairness."

This is illustrated by the following behaviours:
• We understand the impact that our individual behaviour has on our firm, our colleagues and society, and always work to take responsible action.
• We encourage and value the diverse mix of people, viewpoints, talents and experiences found at Deloitte.
• We are fair in our behaviour and our policies promote equal opportunity for all.

Accountability and Decision-making - "We lead by example, using our Shared Values as our foundation."

This is illustrated by the following behaviours:
• We recognise that we are role models and that we set behavioural standards for our profession and each other.
• We make decisions based on our Shared Values and expect our leaders and colleagues to do the same.

If you were to summarize the Deloitte Way Behaviours and Shared Values discussed above four central core values begin to emerge, namely:
- Integrity
- Outstanding values to clients
- Commitment to each other
- Strength from cultural diversity

"For Deloittians, it is more that just the talk – it is about walking the talk!" explains one interviewee.

The new DELOITTE Brand

2 February 2004 - Deloitte's D-Day – was selected for the Southern African firm to make its switch to the new Deloitte global branding.

'The unique aspect of the Southern African D-Day internal marketing campaign was that the firm's leadership agreed to spend three months communicating the values of the new brand to staff, prior to it being launched in the marketplace. This commitment to an unusual marketing approach is indicative of the Deloitte philosophy that our people are our brand.

Deloittians were exposed to a witty "green dot" campaign that highlighted the most important values of the Deloitte brand and prepared staff for the change over date, aptly named "D-Day". On D-Day morning, staff across Southern Africa was surprised as they found their offices and hallways filled with inflated green balloons saying "D-Day Lift Off!"

Special D-Day messages were sent by email and SMS to staff as well, and all new stationery and branding came into effect on that day.

All Deloitte offices unveiled their new signage on D-Day and the new advertising campaign was flighted in the press the next week. D-Day was also followed by the CEO Road shows in Southern Africa in February.'

Vassi Naidoo (now retired CEO of Deloitte) reported:

"In February 2004, we launched our new Deloitte brand, which indicated to the market that we are one integrated firm, offering our clients a wide range of innovative solutions. This was expressed through our new advertising campaign (known as the "calculus campaign"), which clearly drew the line of differentiation between others and ourselves in the market. Our challenge now is to maintain consistency in the market with all our communication…We also invested time with key journalists in the financial services media, which has enhanced our ability to manage our reputation."

(Source: Deloitte Stakeholder Report, 2004)

Corporate Citizenship in Deloitte - Business with a soul

Over the past decade, however, there has been a growing recognition throughout the world that the long-term sustainability of a business is also intimately connected with the long-term sustainability of the communities and society in which it operates. This interconnectedness is far broader than just ensuring that there is an enabling environment for private sector-led growth. It also involves contributing to economic and societal progress on a wider scale.

Recent studies suggest that the world's top talent is increasingly drawn to companies which demonstrate a strong commitment to sustainable development and offer a work-life that has meaning beyond profit, e.g. work-life balance, opportunities for social activism. For professional services firms in particular, responsible business practices and sound corporate governance are central to maintaining public trust.

In Africa, governments, international bodies, industry regulators and communities are increasingly pushing for the private sector to demonstrate a greater level of social responsibility in the development of the continent and its people. In South Africa, Broad-based Black Economic Empowerment (BBBEE) is seen as a critical vehicle to drive socio-economic transformation and long-term political stability and the New Partnership for Africa's Development (NEPAD) and Commission for Africa emphasize the role of the private sector in driving shared growth and prosperity.

Therefore, corporate citizenship can no longer be seen as an add-on, but must be an integral part of a company's business strategy to promote long-term sustainability as illustrated in Figure 6.3.

Figure 6.3 - The Deloitte Stakeholder Engagement Wheel and Corporate Citizen Strategy

Corporate Citizenship strategy at Deloitte:
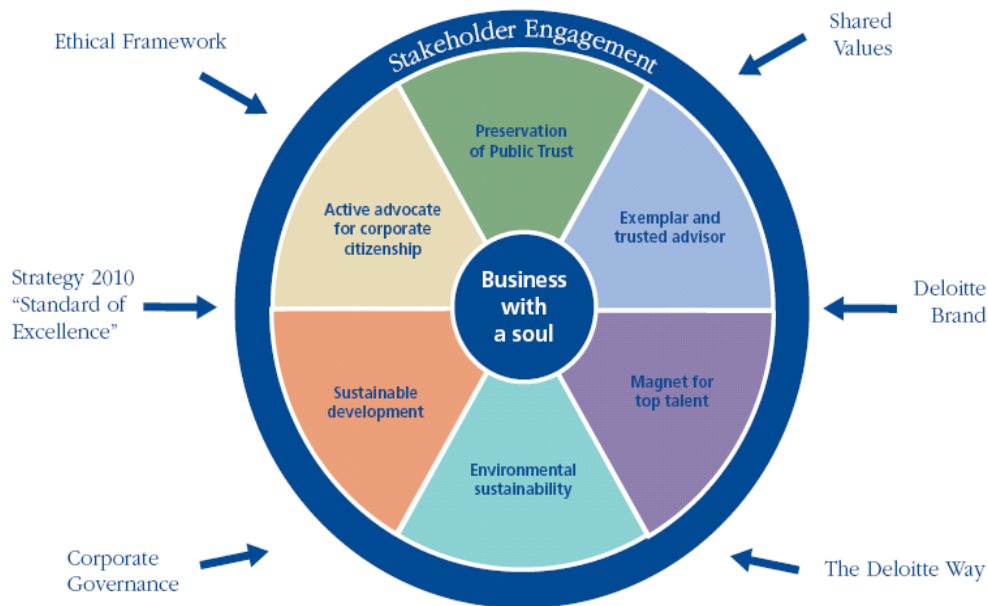
(Source: Deloitte Stakeholder Report, 2007)

Deloitte Corporate Citizenship strategy

To this end, a comprehensive corporate citizenship strategy for Deloitte was developed and approved in 2006 by both the firm's Executive Committee and the Board Committee on Corporate Citizenship. Director for Corporate Affairs, Sinazo Sibisi, was tasked with the roll-out and management of this strategy and reports to Trevor Brown, Clients and Markets leader, on all matters relating to this strategy.

The Deloitte Corporate Citizenship strategy focuses on six key areas as illustrated in the Deloitte Stakeholder Engagement Wheel (Figure 6.3) shown above:

1. The preservation of public trust
2. Being an exemplar and trusted advisor
3. Being a magnet for top talent
4. Environmental sustainability
5. Sustainable development
6. Being an advocate for corporate citizenship

This is underpinned by a comprehensive stakeholder engagement strategy. This stakeholder report aims to give all stakeholders an overview of Deloitte's progress in each of these key areas, and provides a form of commitment for the delivery of these areas in the foreseeable future.

Achieving the standard of excellence through corporate citizenship

The Deloitte brand is supported by the organisation's vision to be the "standard of excellence". As part of this vision, Deloitte has a long-term commitment to corporate citizenship and to being a trusted advisor to businesses, communities, and governments around the world.

As part of that commitment, Deloitte recognises that their impact on society arises from how they serve their private and public sector clients and from their contributions to economic growth and social progress in the communities where people live and work.

The Focus Group discussion pointed out:

Our approach to corporate citizenship emphasizes excellence and continuous improvement in three main areas:

• *Responsible business practices in how our firm is run and how we serve our clients.*
• *Investing in the talent and diversity of our firms' current and future workforce.*
• *Our commitment to local communities and shared global challenges.*

To be the standard of excellence requires a commitment to continuous learning and improvement in the understanding of business and societal trends. Deloitte aims to deepen and deploy this knowledge into their business decisions, the advice given to clients, and contributions to local and global initiatives for a better world.

A fundamental learning point for the Deloitte organisation is expressed through the following key quotation take from Deloitte 2007 Stakeholder Report:

"It is Deloitte's intention to drive the corporate citizenship strategy in a manner that will not only embed it in our firm's 2010 Strategy, but also integrate it into the culture and spirit of Deloitte in line with The Deloitte Way."

Two key change terms stand out in this extract, namely:

- Embedding corporate citizenship in the Deloitte 2010 Strategy, and
- Integrating the adoption of these core processes into a culture and spirit of Deloitte – in alignment with a fundamental change driving initiative called the Deloitte Way.

The competencies and behaviours required by a truly transformed firm can be extrapolated from the above change terms, namely:

"Getting it right - by aligning ourselves to the world class standards of a Professional services firm, through the active involvement and engagement of employee behaviour (through the Deloitte Way Behaviours)."

Destination Transformation – the ROAD AHEAD

Schneider provides the industry with a noteworthy challenge:

"Compared to what other South African organisations have achieved in transformation over the past 30 years, Deloitte stands out as a worthy example of sustained commitment and dedicated effort. Yet the challenges become ever greater as successes are notched up. Expectations increase and greater pressure is applied to the actual pace of transformation.
The question which Deloitte asked in the former part of 2002 was how it would prevent transformation fatigue.

The profession is notoriously subject to poaching and this problem is exacerbated by the fact that many trainee accountants, developed and supported from university to final qualification, leave to seek employment elsewhere. The earlier acquisition of Khulisa Consulting in 2001 and the most recent merger with Siyaya Inc. in 2008 introduced two black-owned professional services firms to Deloitte with the purpose of addressing specific transformational objectives within the company.

Maintaining the momentum of the transformation initiatives poses a challenge of its own. Employee support and enthusiasm at all levels are vital if the programmes are to achieve maximum success. In 2003 the Deloitte Partners sought to give effect to the momentum of the transformation within Deloitte by re-integrating Deloitte Consulting back into the Deloitte & Touché organisation.

But how is it to maintain its momentum? What can be done to address the limited pool of potential accountants and consultants? How can staff commitment and enthusiasm be prevented from flagging? Are there more effective processes to speed up, manage and sustain transformation? How can mounting expectations be managed? What about a potential backlash or even passive resistance from staff who feel that their own development is being neglected in favour of a select group? How can Deloitte retain staff it has dedicated so much time and resources to developing? What more can be done to attract them? What impact will the transformation have on Stakeholders and the ever-increasing need to underpin governance and sound business principles in all business operations? How can Deloitte remain competitive when rated against its peers on the BEE Scorecard and yet remain true to its intent to nurture and grow talent from within?"

Researcher key observations and notes pertaining to the Case Study: an examination of the quantitative and qualitative research data

Deloitte Case highlights of key organisational events

Listed below is an overview of some of the key Deloitte Calendar of events as shown in Table 6.2 that have helped to contribute towards the shaping of the current change journey:

Table 6.2 – Deloitte Calendar of Events	
Year	**Description of events**
2000	-
2001	Khulisa Consulting acquisition finalized
2002	DC, DTAE, HCC and Management Solutions - merger commences
2003	Deloitte Foundation formed Deloitte Shared Values launched
2004	DC – merger finalized Management Solutions – merger finalized Deloitte Human Capital Corporation – merger finalized Deloitte Active Era – merger finalized New DELOITTE brand launched
2005	Deloitte Way launched
2006	-
2007	-
2008	Siyaya Inc. merger finalized

Impact of the organisational changes on the Deloitte Organisation

Listed below are the actual impacts resulting from the organisational change activities as shown in Table 6.3 below:

Table 6.3 – Impacts of the Organisational change on the Deloitte Organisation	
Year	**Major impacts on Organisation**
2000	-
2001	Enron crisis unfolds Deloitte reviews decision to sell / separate Deloitte Consulting from Deloitte & Touché
2002	Deloitte makes decision to keep Deloitte Consulting
2003	13 Black partners appointed since 1 June 2003
2004	Successful integration of Deloitte Consulting Destination Transformation Programme – revitalization of MCDP (Multi-cultural development programme)

	"BBB" BEE rating - "good contributor to BEE". Custodians of Corporate Governance – "a time for integrity" Deloitte IMPACT Day launched
2005	Deloitte prepares the 2007 Strategic Planning Process Deloitte Consulting Blueprints emerges People Commitment Survey introduced Global HR Practice review conducted Deloitte Innovation Programme launched Deloitte engages Tertiary Institutions for Talent Pipeline Firm wide Learning Needs Analysis conducted
2006	Deloitte Corporate Citizen Strategy developed New CEO appointed – Grant Gelink New COO appointed – Allen Swiegers Deloitte Strategy 2010 launched Commemorative history book published: "Of Legends and Ledgers – The Story of Deloitte Southern Africa" Deloitte recognised by the African Women Chartered Accountants Association (AWCAA) for the number of African Women Chartered Accountants produced by the firm Deloitte is named the world's largest management consulting firm. "World's Largest Management Consulting Practices"
2007	Deloitte became a local signatory of the United Nations Global Compact in March 2007. Deloitte reached 25% black ownership milestone on 1 June 2007 with 61 South African black owners and 1 100 black professionals. Deloitte Way 2010 staff engagement and recognition programme was launched Association for the Advancement of Black Accountants in Southern Africa (June 2007) recognise Deloitte for their significant contribution towards the advancement of black Chartered Accountants for having achieved the highest number of successful black candidates in the 2007 FQE (in the TIPP category which includes all audit firms)
2008	-

Key to the Case Constructs

To better understand the use of specific acronyms throughout the case study chapter, the abbreviations listed below provide a description that can be referenced.

Abbreviation	Description
CS	Critical Success Factors
CF&P	Change Framework and Processes
CSC	Change Scorecard
CO	Change Outputs

Note: the use of colours in the Tables does not denote any significance or importance to the data contained therein**.**

An investigation of the underlying Research Constructs within the Case

Listed below is a review of the data collected from the survey questionnaire, research interviews and company archival records validated through the process of data and methodological triangulation:

Critical success factors identified:

CS - Top Success Factors

The following Top Success factors were identified for the Deloitte Case:

- **Employee expertise**
- **Profitability**
- **Low accident / Injury rate**
- **Financial control**
- **Management of communications**

This can be supported by Figure 6.4 which highlights the perceived performance of the Deloitte case for the High impact success factors.

Figure 6.4 – Deloitte perceived performance on High Impact success factors

Deloitte

B38: Overall success of change process

B24: Develop employee skills, knowledge and abilities

B17: Improve overall profitability

B20: Improve safety of members as a result of the change

B23: Reduce costs and improve financial control

B25: Encourage employees to provide feedback

B16: Improving employee understanding

B22: Growth of overall market share

B19: Improve quality of products/services

B12: Respect individual perspectives

B21: Improve productivity

B18: Reduce employee turnover

B27: Avoid change during periods of high uncertainty

B14: Developing management expertise

1   2   3   4   5

Low   High

CS - Low Success Factor

One interviewee stated that the following three success factors were crucial to Deloitte:

"When it comes to a key success factor for organisational change to succeed at Deloitte, I would say that the following four have stood out for many years for me:
- *Intent – being clear what you are trying to achieve with positive intent, Within the area of intent, there are two additional items that will guarantee success, namely:*
  - o *Integrity – being honest even if you are upsetting some people*
  - o *Being true to your value system*
- *A clear sense of direction – where are you going with this change?*
- *Courageous leadership – leadership has the 'gutspah' to take action and pull things through!*
- *The presence and empowerment of a transformation team who has the mandate of the CEO, to analyze, advise and implement / review the transformation activities of the organisation"*

The interviewee suggested that care should be taken not to engage the organisation in to many change initiatives at once, essentially since the following always happens:

"At one stage Deloitte had nearly 120 interventions in place, this was too many and eventually they will distill themselves into a few core items with simple principles such as the following:
- *The correct utilization of people – providing them with the right exposure to do their work*
- *Career development and growth for the people of Deloitte*
- *Creating a family environment – connecting everyone, and creating the heart of the company for people to network and connect"*

Another interviewee supported this viewpoint with the following comments:

"Openness is very important during times of change – and the people we spoke with were genuine – there was transparency upfront, and in the end the parties to the agreement stuck to the agreement. What they agreed – actually happened!"

The following Low Success Factors were identified for the Deloitte Case:

- **Common goal**
- **Management of communications**
- **Value of Human Resources**
- **Flexibility / Adaptability**
- **Job Satisfaction**

This can be supported by Figure 6.5 that highlights the perceived performance of the Deloitte case for the Low impact success factors.

Figure 6.5 – Deloitte perceived performance on Low Impact success factors

CS – Change Stakeholder Management

One interview highlighted the importance of managing stakeholder relations during the change initiative:

"During the M&A transaction it is vital that both parties analyse and map the roles and clients to ensure that is alignment and benefit – The eco-system of benefit should make sense to all the stakeholders!"

The following Change Stakeholders were identified for the Deloitte Case:

- **Change sponsor**
- **Change leadership**
- **Diverse change stakeholders**
- **Change feedback**
- **Stakeholder community**

This can be supported by Figure 6.6 shown below that highlights the perceived performance of the Deloitte survey participants for Change Stakeholder management.

Figure 6.6 – Deloitte perceived performance on Stakeholder Management
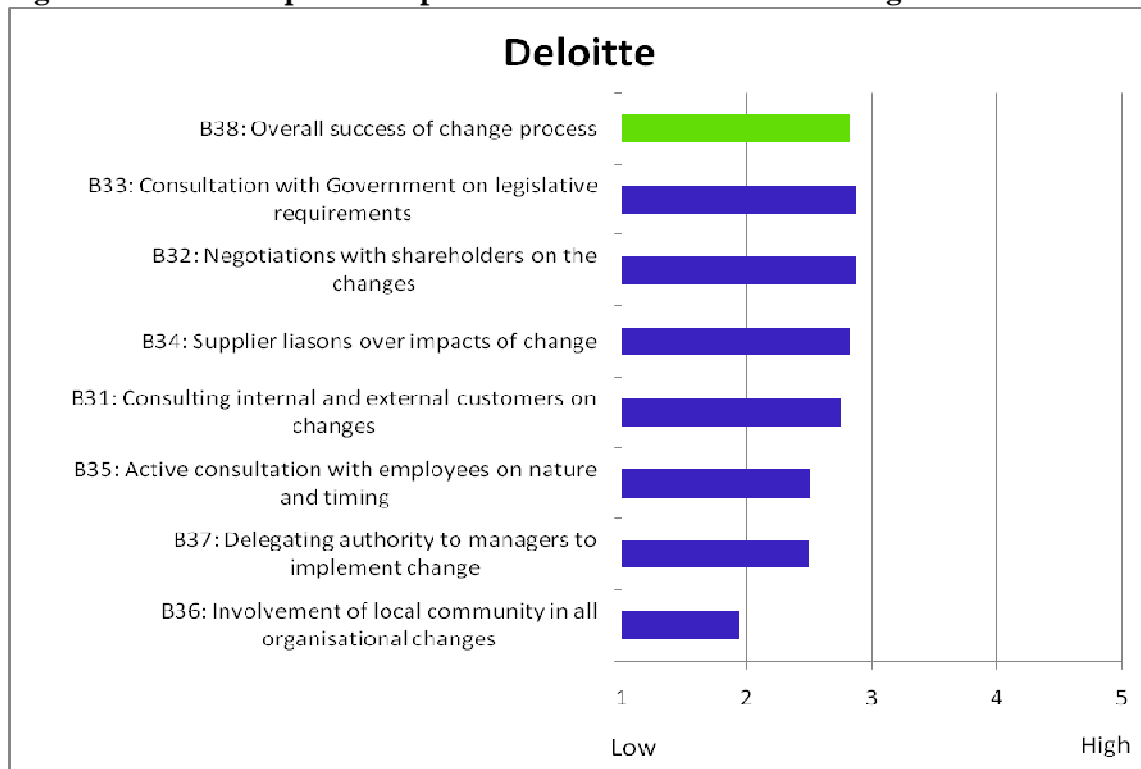
Change Framework and Processes

One interviewee highlighted the following key points of the M&A deal that took place:

"The deal should make sense to everyone! There was full alignment and commitment from the Leadership of the business during the Khulisa and Deloitte transaction. A strong culture fit also existed between the two parties – 'no one felt that there was a foreign body entering the body of Deloitte. 'The reasons for the transaction should also be understood upfront. In our case it made sense from an earnings, training, learning and work exposure perspective – it would give us opportunities to run projects for major clients – Deloitte helped to fill the gap here! However, for success to be real it is important to have a longer term view – where we wanted to go?, and Where we wanted to be? In support of this it was important to agree on the values system – the core values of Deloitte – the principle of collegiality – this is what impressed me the most. There was a shared destiny – a professional and collaborative relationship with other on how you could achieve your goals in pursuit of the bigger organisational goals! Lastly, you should not forget the attention to detail – specifically with people and the different segments of the people involved in the transaction."

Another employee highlighted the importance of the following:

"It is good to have a framework to guide you along the journey. Change of this nature is very difficult and a framework would help to make sure that you cover all the aspects. Don't underestimate how your employees will feel – we spoke to our employees towards the end of the Siyaya deal – I would not change much. First start the discussions with Partners at senior level and continue with the discussion up to and including when you sign – then you should engage your employees. It these kinds of transactions you need to select the most convenient and appropriate time to communicate with your employees – you cannot communicate too early as it could jeopardise the deal."

One interviewee challenged the linear progression of the Change Framework as follows:

"I cannot fault the correctness of the framework – but it is too linear, and change does not happen like this in reality. I would prefer to see a framework that is circular in nature that allows you to enter the framework at any given point of time, and to make use of a series of processes to address the specific requirements of the change need based on the stage of the change journey for the organisation."

The following Change Management Framework and Processes were identified as important for the Deloitte Case:

- **CF & P – Preparing for change**
  - Developing a change vision
  - Understanding the reason for change
  - Understanding the target audience who will be impacted by the change
    - Developing a change plan

-     o Understanding the nature or need for change
- **CF & P – Change Metrics and structure**
  - o The importance of communicating the change
  - o The importance of measuring change
  - o The importance of systems and structure for change
  - o The importance of a change plan for the management of long term change
  - o The importance of celebrating small wins
- **CF & P – Lessons learned**

One interviewee provided the following key insights into the lessons learned:

"The active involvement of both organisations Leaders helps to provide fertile ground on which to share lessons. A pre-engagement of leaders and employees in the pre-feasibility stage of the M&A makes sense – it allows the two parties to gauge their level of chemistry. It helps them to create a level of trust, and during the partnering process you are able test your challenges and strengths."

This can be supported by Figure 6.7 that highlights the perceived importance for the Deloitte survey participants for future Change processes.

Figure 6.7 – Deloitte perceived importance of future change processes
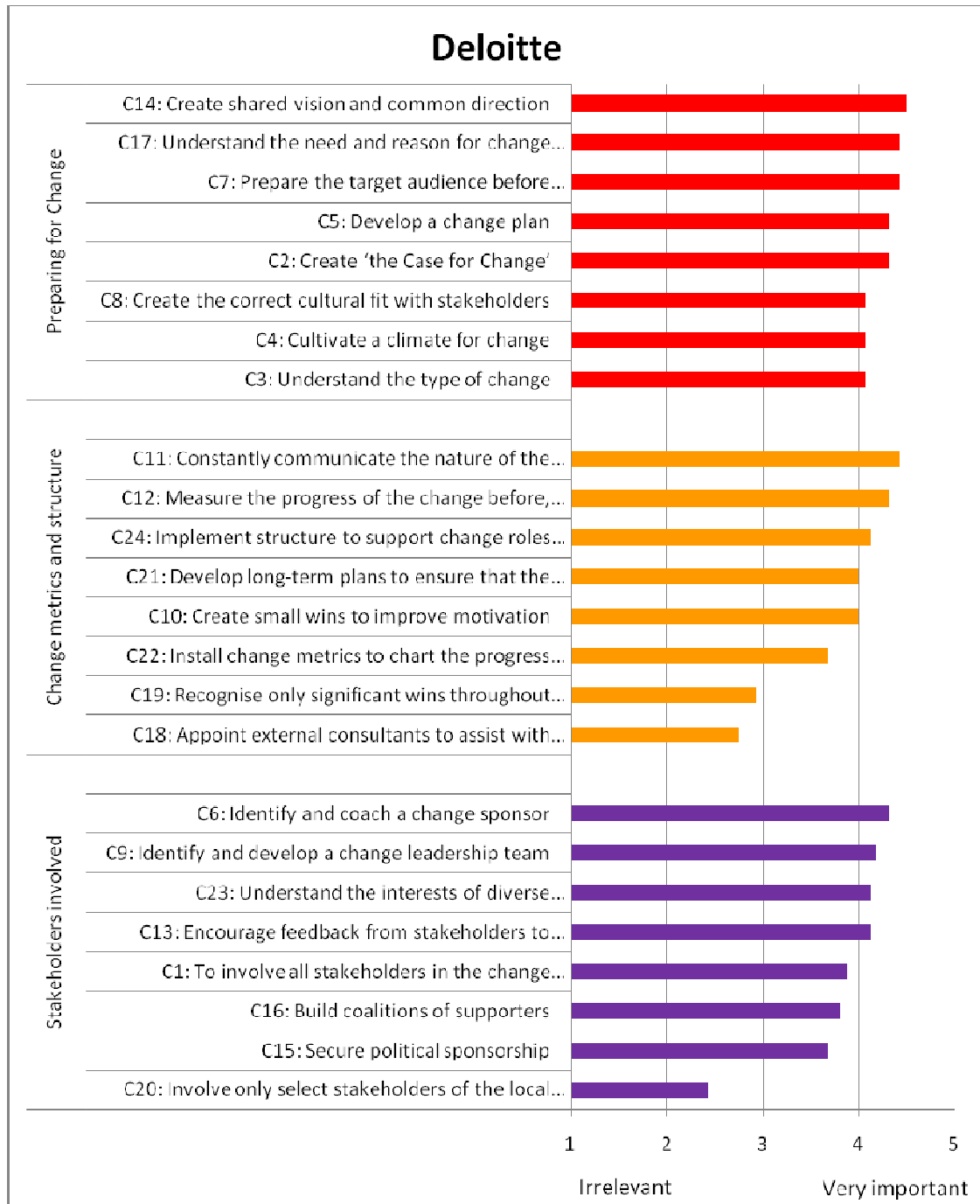
Change Scorecard

One interviewee pointed out the following concerning the current measurement of organisational change initiatives within Deloitte:

"The measurement of change was not as deliberate as measurement should be. We measured revenue and value creation – the more implicit measures. In the case of an M&A you need to measure what is relevant – t must make business sense. The following two drivers should be identified:
- *Primary drivers - it is about making money so the change should create value*
- *Secondary drivers – is it sustainable from a people perspective. People should be aligned in terms of the organisational culture. If the people are pointed in the right direction this will ensure that the success of the M&A will be repeatable well into the future.'*

This supported further by another interviewee who highlighted the following:

"It depends on the output of what you want to measure. You must measure what you intended to measure from the onset! In the case of Deloitte, we have done it badly and well
- *Output for transformation is - BBE Scorecard – this has been done well*
- *Employee commitment and engagement survey – looks at the shift in African / Coloured / Indian and White attitudes – it is about commitment and engagement*

However, we don't measure the impact on our business as a result of the change undertaken
- *How much more work have we generated – we have not become that sophisticated – it is difficult, but we do need to go this route in future*
- *We are good at measuring our people and the numbers, but we do not measure the impact "*

The following Change Scorecard Measures and Performance measurements were identified for the Deloitte Case:

- **CSC – Change input measures - Delivering Value**
  - The total Rand value of Human Resources provided for a change initiative
- **CSC – Change efficiencies - Operational Excellence**
  - The total number of stated change business case objectives achieved
- **CSC – Change activity based – Change outputs - Change Partnership**
  - Change activity based
    - Improved knowledge sharing across business processes as a result of the change
    - Improved business process creation through continuous improvements that come about as a result of the change initiative
  - Change outputs
    - The improved employee satisfaction as a result of the change

- **CSC – Change outcomes - People Commitment**
  - o The total percentage of increased retention of employee talent as a result of the change
  - o The total reduction in the number of employees leaving the organisation

This can be supported by Figure 6.8 shown on the following page that highlights the perceived importance of performance change measures in similar change future change initiatives.

Figure 6.8 – Deloitte perceived importance of performance change measures in similar future change initiatives
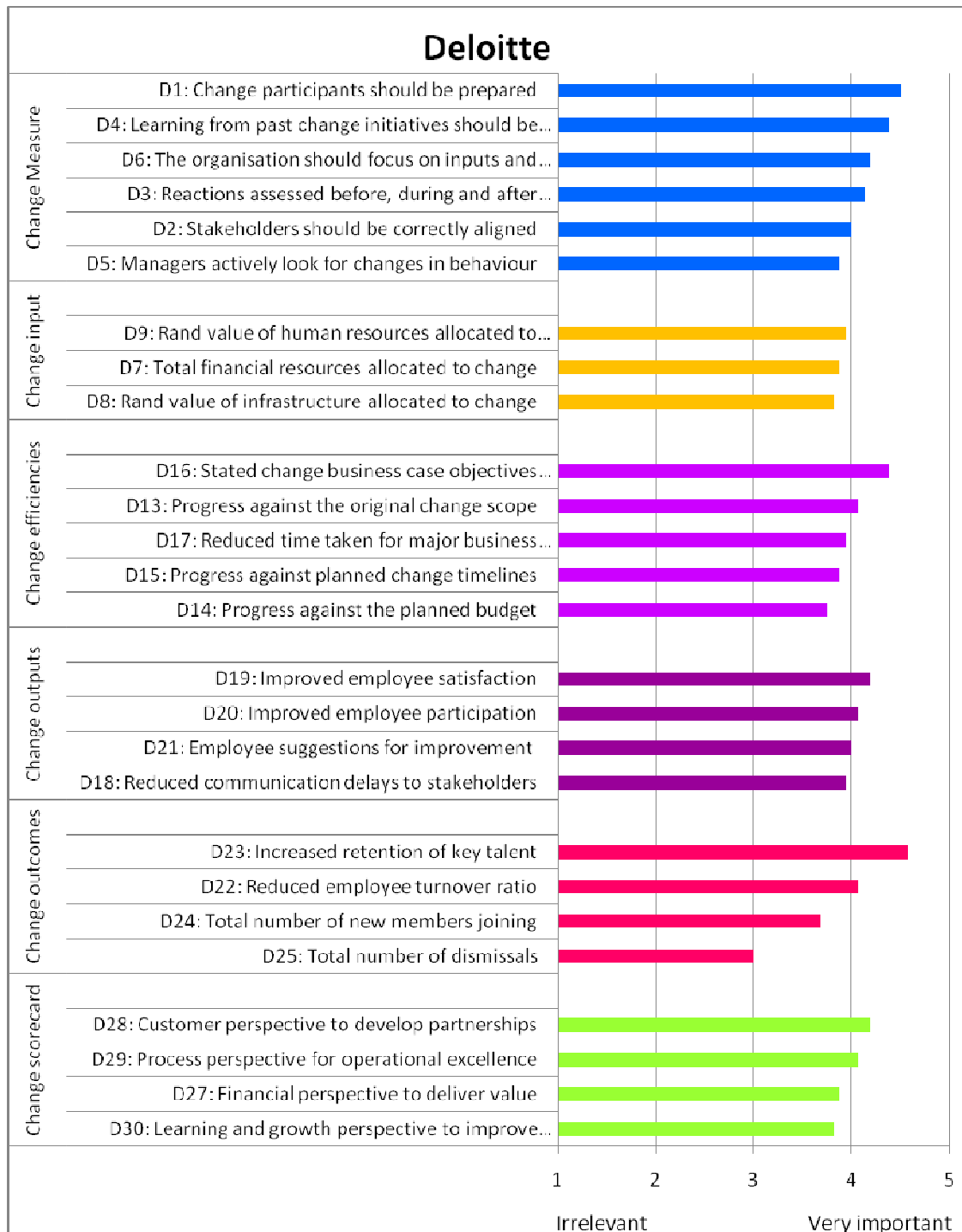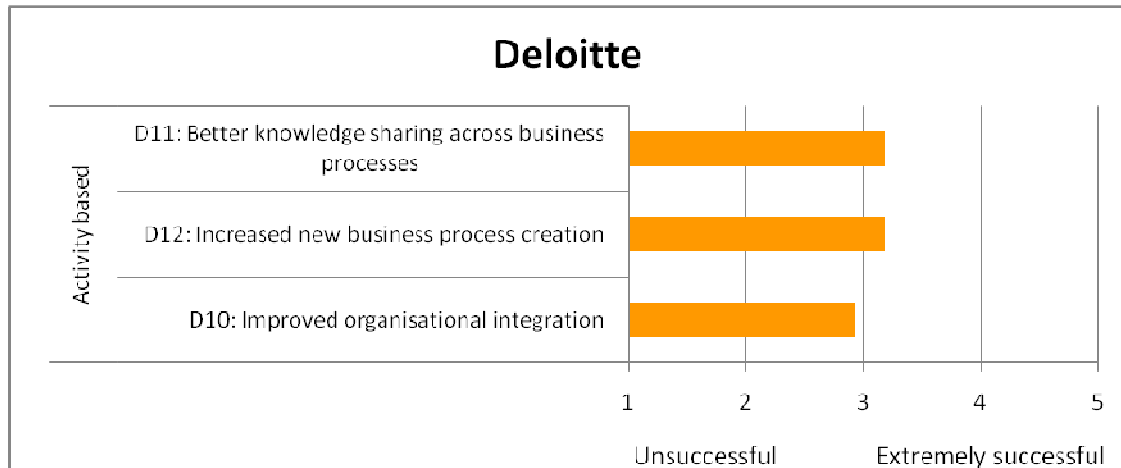
Change Outputs

The following two interviewees provide a good overview of the change benefits that should be achieved as a result of a successful change initiative:

"The organisational change to be embarked on such as in the case of an M&A should make strong business sense – both ways! You need to take your people along the journey – making it worthwhile for everyone. You also need to see the facts – the cultural fit is very important – without it there will be no success!"

"There was a definite improvement for both Siyaya and Deloitte. There was something in it for everyone, but you must acknowledge that you will win some and loose some. The importance of the Deloitte Brand allowed us to attract bigger clients as we now had access to the required resources. In general the deal was beneficial for Deloitte – it helped us to improve the overall BEE rating."

From an organisational change perspective we must remember:

"We know what is important – we have done this before – so we should go ahead and do it. Transformation unit role is facilitative, but the individuals in the unit are responsible for the change. We should however acknowledge the following important aspects around organisational change:
- Firstly - Change must be able to enhance what it feels like to be a Deloittian, secondly enhance the sustainability of the brand and the business
- Biggest challenge: Talent – Attracting and Retaining talent – this is what keeps business leaders awake!"

The following Change Outputs were identified for the Deloitte Case:

- **CO - Change Outputs – Tangible**
  - Improved growth opportunities for the whole organisation
  - Increased sales performance

- o Reduced employee turnover and increased retention of talent
- o The provision of improved services to both our internal and external customers
- o Better management / utilization of resources for the organisation

- **CO - Change Outputs – Non-tangible**
  - o Improved stability for the organisation
  - o Better and or improved organisational alignment to strategy and objectives
  - o Improved or increased flexibility / adaptability for the organisation
  - o Improved or increased innovation / creativity for improvements within the organisation
  - o Building the talent profile of the organisation as a result of the change initiative

This can be supported by Figure 6.9 shown on the following page that highlights the perceived tangible and intangible benefits of a recent change initiative.

Figure 6.9 – Deloitte perceived tangible and intangible benefits of a recent change initiative

Change recommendations emerging from the Deloitte Case for the South African environment

The following emerging change recommendations as shown in Table 6.4 were uncovered throughout the Research Study from evidence collected in the research interviews, focus group discussions and company documentation.

Table 6.4 – Emerging change recommendations from the Deloitte Case	
No	**Emerging Change recommendations for South Africa**
1	Management and retention of Key talent to support growth
2	Management of Diversity
3	Global knowledge sharing and learning management – the learning organisation

Summary of the Deloitte Case Evidence

Listed below is a summary overview of the case evidence that has emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.5:

Table 6.5 – Summary of the Deloitte Case Evidence		
Sub-construct	**Categorization of Key Constructs**	**Summary overview of the most relevant / important sub-constructs**
CS - Top Success Factors	**CS – Success factors**	Employee expertise Profitability Low accident / injury rate Financial control Management of communications
CS - Low Success Factor		Common goal Management of communications Value of Human Resources Flexibility / Adaptability Job satisfaction
CF&P – Context for Change	**CF & P – Preparing for change**	Change vision Change reason Change target audience Change plan Change need
CF&P – Change Initiative / Type		
CF&P – Change Climate		
CF&P – Change Plan	**CF & P – Change metrics and structure**	Change communication Change measurement

CF&P – Change Sponsorship		Change system and structure Change plan – long term Change small wins
CF&P – Change audience		
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		
CF&P – Change Wins – Celebrating Change	**CF & P – Stakeholders involved**	Change sponsor Change leadership Change stakeholders – diverse Change feedback Stakeholder community
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		
CSC – Delivering Value	**CSC – Change Scorecard**	Change input measures - Rand value of Human Resources
CSC – Change / Operational Excellence		Change efficiencies - Stated Change business case objectives achieved
CSC - Change Partnership		Change – activity based - Better knowledge sharing across processes - Increased business process creation Change Outputs - Improved employee satisfaction
CSC - Change / People Commitment		Change outcomes - Increased retention of talent - Reduced employee turnover
CO - Change Outputs – Tangible	**CO – Change Outputs**	Growth Increased sales Turnover / Retention Improved services Management / Utilization of resources
CO - Change Outputs – Non-		Improved stability Organisational alignment

tangible		Flexibility / Adaptability Innovation / Creativity Building talent
Emerging Change recommendations for SA		Management and retention of Key talent to support growth Management of Diversity Global knowledge sharing and learning management – the learning organisation

Emerging Change Success Factors, Change Framework, Change Scorecard Measures, Change Outputs and Themes from the Deloitte Case Evidence

Listed below is a summary overview of the case evidence and the Emerging Themes that have emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.6 below:

Table 6.6 - Emerging Organisational Change Framework and Change Scorecard for the Deloitte Case Study

	Emerging Change Success Factors	Emerging Change Framework	Emerging Change Scorecard Measures	Emerging Change Outputs	Emerging Themes
Item 1	**CS – Top Success** Employee expertise Profitability Low accident / injury rate Financial control Management of communications	**CF & P – Preparing for change** Change vision Change reason Change target audience Change plan Change need	**CSC – Change Scorecard** Change input measures - Rand value of Human Resources	**CO – Change Outputs Tangible** Growth Increased sales Turnover / Retention Improved services Management / Utilization of resources	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Item 2	**CS – Low Success** Common goal Management of communications Value of Human Resources Flexibility / Adaptability Job satisfaction	**CF & P – Change metrics and structure** Change communication Change measurement Change system and structure Change plan – long term Change small wins	**CSC – Change Scorecard** Change efficiencies - Stated Change business case objectives achieved	**CO – Change Outputs Non-Tangible** Improved stability Organisational alignment Flexibility / Adaptability Innovation / Creativity Building talent	Why and how do we want to change the organisation?
Item 3		**CF & P – Stakeholders involved** Change sponsor	**CSC – Change Scorecard** Change – activity based - Better knowledge sharing		Stakeholder engagement throughout the change process

	Change leadership Change stakeholders – diverse Change feedback Stakeholder community	across processes - Increased business process creation Change Outputs - Improved employee satisfaction	Retaining talent within the organisation
Item 4		**CSC – Change Scorecard** Change outcomes - Increased retention of talent - Reduced employee turnover	

The Researcher will place the above research data that has emerged from the Deloitte Case study into a comparative table (Table 6.26) for the purpose of conducting a cross-case analysis (with Nampak, Nestlé and SASOL) of the emerging critical success factors, change framework and processes, change scorecard measures and change outputs so as to narrow and refine the emerging themes and research data into a comprehensive set of recommendations for the emerging South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

6.1.2 Case B – Nampak Case Study – "From Social Contracts to Packaging Excellence"

"A strong strategic position + operating effectiveness = Successful business. This can be translated into the following proposition: Packaging excellence in everything we do drives operating effectiveness!"
John Bortolan, Chief Executive Officer.

Case Introduction

An earlier statement made by a Senior Management representative within the 2003 Annual Report, is perhaps the best point of departure for the scene that sets the stage for the numerous organisational changes that have impacted the Nampak organisation:

"Well positioned for growth, Nampak aims to strengthen its position as the market leader in Africa through ongoing investments in state-of-the-art technologies, as well as through the development of new products and markets...

An obsession with performance enables us to achieve a year-on-year improvement in manufacturing performance, while our ongoing focus on costs and investment in new technology will ensure that we continue to remain globally competitive." (Source: Nampak – Annual Report, 2003).

The above statement clearly illustrates Nampak's pursuit and commitment towards all of its stakeholders in changing its organisational landscape as it pursues improved performance and world class manufacturing excellence throughout all of its operations. Herein, lay the midpoint of the Nampak change journey that commenced almost seventeen years ago in 1992, when Nampak experienced its first thirteen (13) week strike within South Africa. The then Nampak, Managing Director – Mr. Neil Cummings, realised that a totally different solution was required to solve the ever-changing landscape that the organisation was about to enter.

Nampak – the emergence of the Social Contract

Some of the key changes introduced into the Nampak environment during the early nineties were the following:

- The introduction of National Framework Agreements that sought to define future management and employee agreements well into the future!
- The acknowledgement that both management and the shop floor have a legitimate role to play in shaping and articulating the future of the organisation. This was supported by a comment of one of the interviewees: *"The rules of the GAME had changed! If you wanted to play soccer – you could, but you had to play it differently!"*

An interesting change initiative was introduced into Nampak between 1996 and 1997. This initiative included Nampak's role as a leading manufacturer in a changing society that had seen many changes since the first democratic elections in South Africa. The following account was extracted from one of the interviews conducted:

"Nampak, needed to understand what was required for future success in a manufacturing environment. So during the period 1996 to 1997, a decision was made to conduct some business management training (with a different twist) for a group of shop stewards and their union officials from one of Nampak's key operating businesses – called BEVCAN.

The party of shop stewards and union officials together with a group of management representatives were sent on a business trip to Turkey. This trip was to include a review of some similar packaging and manufacturing businesses. The question may now be, "Why Turkey?" Well, Turkey has a similar demographics profile to that of South Africa, they have the same product, the same skills challenges and the same productivity levels as those experienced in South Africa. This trip proved invaluable as an informal business management training exercise for the following reasons:

- *For the first time, the shop stewards could see and understand some of the key challenges facing businesses and management teams.*
- *The team realised that many of the Turkey businesses were productive, and were able to compete with other international business – including Nampak*
- *This was a revelation – the team now knew that if they could not do better than the Turkey operations, the business products that they were providing could be very well be taken away by their customers and given to operations such as those in Turkey. This would mean a loss to the country and to Nampak as a whole. This required a different mindset...a new game....and a new set of rules with which to operate.*
- *A clear understanding of the principles of business and the nature of global competition had emerged amongst the team.*

The results and effects of this international business trip can still be seen and felt within the culture of Nampak, even to this very day!

Indeed, there were changes for both management and employees when the party arrived back home. After a lengthy or review and the evolution of the National Framework agreements, Nampak began to see its business changing. The consequence for the BEVCAN manufacturing operations was the reduction in the total number of employees and the introduction of continuous shifts. There was a realisation that the changes were not about management being a bunch of slave drivers – it was about a joint venture between management and the employees with their labour representatives.

A different mindset had emerged – "We want to help you change the organisation!"

One interviewee acknowledged that the above changes were only possible for the following reasons:

- *Nampak realised that the nature and role of the HR Practitioner was changing, and*
- *Nampak drove a culture within HR that recognized the following key principles of the change brought about by restructuring:*
  - *Retrenchment is not pleasant, and*
  - *Treat everyone with dignity as a human being.*

The above change journey creates the landscape for most of the Nampak Change management journey that unfolds below:

Nampak – a brief look at the historical events

From humble beginnings that date as far back as 1920 with the production of the first cardboard box made by South African entrepreneurs to the formation of API – Amalgamated Packaging Industries in 1940; the birth of Nampak (National Amalgamated Packaging) was brought about in 1968.

No single event can best describe the history of Nampak except the brief timeline of events listed below in Table 6.7:

Table 6.7 - Nampak – overview of Historical events from 1920 to 2002	
Timeline	**Description of Event**
1920's	Cardboard boxes made in South Africa by various entrepreneurs
1930's	Metal Box incorporated in South Africa
1940's	Amalgamated Packaging Industries (API) was one of South Africa's leading packaging companies Metal Box South Africa listed on Johannesburg Stock Exchange
1950's	Metal Box and other packaging companies grew organically
1960's	National Containers and National Packaging were major packaging companies St Regis acquired API
1968	Nampak (National Amalgamated Packaging) formed through acquisitions Nampak listed on Johannesburg Stock Exchange
1970's	Nampak bought by Reed Corp and sold to Barlow Rand
1980's	Nampak acquired 51% of Metal Box in 1983 and 100% in 1988
1990's	Expanded into UK through acquisition of BlowMocan Expanded into Europe through acquisition of Plysu plc Acquired Crown Cork South Africa
2002	Acquired Crown Cork's operations in Anglophone Africa Merged with Malbak Limited

Nampak in South Africa

In South Africa, Nampak offers the widest product range of any packaging company in the world, providing customers with a total solution to their packaging needs, supported by our world-class research and development facility in Cape Town.

In addition to packaging, Nampak is also the largest manufacturer of tissue paper products. The group is extensively involved in collecting and recycling all types of used packaging.

Rest of Africa

Nampak is Africa's largest and most diversified packaging manufacturer and also has operations in several countries in Europe. Nampak is growing its presence on the African continent and currently has Operations in 11 countries, manufacturing a range of metal, paper and plastic packaging products. In 2009 this will be expanded to 12 countries with the commissioning of a new beverage can manufacturing facility in Angola.

Europe

In Europe Nampak operates in eight countries. It is the major supplier of plastic bottles to the dairy industry in the United Kingdom. It is one of the leading manufacturers of folding cartons for the food industry in Europe and also manufactures cartons, leaflets and labels for the healthcare market.

Corporate

The corporate office based in Sandton, South Africa, provides strategic direction and administers overall control of the group.

Nampak – Organisational Structure

The Nampak Group consists of the following three main organisational units:

Metals and Glass: Africa – responsible for 28% of the Group's revenue contribution

The Nampak Group possesses the following key attributes here:
● Sub-Saharan Africa's sole manufacturer of tinplate beverage cans
● Africa's largest manufacturer of two and three-piece tinplate food cans
● Cans for industrial and household products
● South Africa's leading supplier of tinplate and aluminium aerosol cans
● Tinplate closures for jars and aluminium closures for spirit bottles
● A wide range of glass bottles in joint venture with Wiegand-Glass
● Tinplate crowns for beverage bottles
● Decorative tinware

Paper: Africa and Europe – responsible for 46% of the Group's revenue contribution

The Nampak Group possesses the following key attributes here:
● Corrugated boxes
● Folding cartons and wraparounds
● Leaflets, labels and cartons for pharmaceuticals
● Composite containers
● Labels for cans and bottles
● Multiwall sacks and bags
● Cores, cones and tubes
● Partitions, angleboard, singleface wrap and layer pads
● Toilet and facial tissue
● Disposable diapers and feminine hygiene products
● Books and diaries

Plastics: Africa and Europe – responsible for 26% of the Group's revenue contribution

The Nampak Group possesses the following key attributes here:

Rigid Plastics
● PET and HDPE bottles for beverages and other liquid products
● Closures for beverage bottles
● Crates and drums
● Paint pails and buckets
● Tubes and tubs

Flexible Plastics
● A wide range of plastic, paper and aluminium laminated products for snack foods and confectionery
● Pouches and bags for food, beverages and pharmaceuticals
● Aluminium foil products
● Various types of extruded and co-extruded films
● Aluminium roofing insulation and coated textiles
● Shrink-sleeve labels

In support of the above Nampak Group organisational structure, the following Values and Goals form an essential part of the organisation's packaging excellence model:

Nampak Values

Nampak acknowledges the benefits of operational ownership and corporate driven strategic initiatives, systems and best practices. These values are expressed as follows:

- *'We believe in a culture that actively recruits, develops and retains talent and diversity.*
- *We value mutually beneficial long-term partnerships with both our suppliers and customers, built on a foundation of superior quality, innovation and service.*
- *We uphold the principles of integrity, professional business ethics and internationally accepted standards.'*

Nampak Goals

To strengthen and grow Nampak's position as the leading manufacturer and marketer of packaging products on the African continent. These goals are expressed as follows:

- *'To strengthen our offshore earnings capacity by increasing our presence internationally in selected niche markets.*
- *To grow and unlock value in our non-packaging interests.*
- *To create shareholder wealth by generating returns in excess of the annual inflation rate plus the economic growth rate.*
- *To build an organisation that reflects and respects the diversities of the societies in which we operate.'*

(Source: Nampak Annual Report, 2007)

Nampak – Total Packaging Solution

The following initiative illustrates a milestone in the evolution of the Nampak change journey:

The CEO in his Annual Report of 2004 to all stakeholders introduced the Nampak Total Packaging Solution with a large emphasis on the development of a five year strategy and engagement with Nampak employees:

Profit from continuing operations declined by 11% to R1.15 billion as a result of several factors:

● *higher-than-inflation wage increases;*
● *the costs of implementing the new ERP system;*
● *poor efficiencies in the glass packaging business following the fire last year;*
● *increased paper raw material costs in the Corrugated division following the expiry of a favourable long-term supply contract; and*
● *lost sales and lower margins of flexible packaging to confectionery customers as a result of imported finished goods.*

The introduction of the Nampak Total Packaging solution has helped to create the following growth and business strategy for the South African operations:

The Mergers and Acquisitions that took place

Listed below is a brief review of some of the key merger and acquisition activities that unfolded within Nampak from the period 2000 up to today in Table 6.8 below:

Table 6.8 - Nampak – overview of Historical events from 2000 to 2008	
Timeline	**Description of Event**
2002	Acquired Crown Cork's operations in Anglophone Africa Merged with Malbak Limited
2005	German Glass-maker – Wiegand Glass acquire 50 % stake in Nampak Glass division

(Note: Other mergers and acquisitions that took place occurred before the agreed timeline for the case study period of review, namely 2000 to 2008.)

Acquisitions provide growth opportunities

A remark from the Nampak Chairman illustrates the importance of acquisitions to the organisation as a whole:

"The merger with Malbak in August for R1.97 billion provides us with opportunities to further improve productivity in the South African flexibles and folding carton businesses.

In Europe, this acquisition gives us a strong foothold in the folding cartons market where we are one of the top 6 manufacturers with leading positions in some niche areas. The European folding carton market is still very fragmented with the top 10 companies having a combined market share of less than 50%. This will provide further growth opportunities."

(Source: Nampak Annual Report - Chairman's Report - 2002)

This is further supported by the Chairman in a later statement on the overall success of the Merger: *". . . successful integration of Malbak and Crown Cork Anglophone African acquisitions, commendable operating performance, especially by South Africa under difficult trading conditions" Trevor Evans, Chairman*

Key Developments that took place within Nampak as a result of the above organisational changes identified

Over the next few years from 2000 onwards until present day, Nampak has embarked on a significant change journey that includes some of the following initiatives listed below:

Nampak Share Option Scheme

Shareholders have set aside 57 620 030 shares that may be allocated to executives and employees in terms of the Nampak 1985 Share Option Scheme ("the Option Scheme").

As at 30 September 2002, 55 647 350 share options had been issued. The committee approves the issue of all share option allocations within the company, generally on an annual basis. The maximum potential value of share options that may be allocated to executives over a rolling ten year period is benchmarked against market practices. Share options are not issued to non-executive directors.

The Option Scheme is designed to attract and retain talent and aligns executive wealth creation directly to that of shareholders over the medium to long term. As with guaranteed packages, the committee takes into account individual performance and succession planning.

(Source: Nampak, Annual Report, 2002)

Sustainable development

Nampak's approach and policy towards Sustainable development is clearly evident in the statement listed below: *". . . we aim to create value for all our stakeholders but in such a way as to make a meaningful contribution to the communities in which we operate"* (John Bortolan, Chief Executive Officer).

The principal aim of the group is to create value for stakeholders, but to do so in such a way as to make a meaningful contribution to the communities in which Nampak operates and so ensure future value creation.

As a group Nampak subscribe to the principles of sustainable development, which has been defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Sustainability as a philosophy in society is still developing and expanding, and Nampak will be part of the process.

Nampak's practice in the areas of education, safety, health and the environment

The group allocates 1% of its global profit after tax to corporate social investment and this expenditure amounted to R9 million for the year. Nampak expenditure is focused on South African youth in the areas of education, health and welfare and the environment.

Education

Nampak has formed three-year partnerships with three secondary schools in the areas close to the Nampak factories in Gauteng namely, Lebohang, Lethulwazi and Amogelang High Schools, with a view to delivering with them a significant improvement in the quality of the education offered.

The programmes vary depending on each school's needs. Some examples of the initiatives are:

● teacher education programmes in mathematics and science
● complete equipping of the school laboratories
● provision of library facilities
● installation of computer rooms
● bursaries for the top students.

In return, the schools are committed to improving their pass performance and the learners are required to make their areas litter free. Bins are provided for litter collection.

The total spends for these projects in the first year of the partnerships were R1.5 million. Nampak was encouraged with the results and was in the process of finding three other schools in the KwaZulu-Natal and the Western Cape regions for the purpose of extending the programme.

Nampak supports 55 bursars for relevant tertiary education, which is administered by the South African Institute of Race Relations. In 2002 the group agreed to fund a total of R4.5 million towards the building of two schools in the North West Province under the auspices of the Nelson Mandela Foundation. The first school, situated at Ikageng (Potchefstroom), has been built and the second, in Hammanskraal, was completed during 2004.
(Source: Nampak, Annual Report, 2002)

In-house programmes

The following in-house programmes help to drive Nampak CSI initiatives:

Graduate Training Programme

In the past year Nampak recruited 50 young graduates, 85% of whom were from previously disadvantaged backgrounds. These graduates will spend two years in an intensive, formal programme before being placed in management positions in Nampak operating divisions.

Management Development Programme (MDP)

Talented mid-level managers within Nampak with potential to advance into more senior management roles are invited to join this year-long programme run by ICMD, with regular guest lectures by Nampak senior management. The programme teaches the theory of management with real-life Nampak case studies to support the academic programme. Twenty managers are currently on the programme.

To support each of the organisational change initiatives highlighted above, the Nampak Group requires the services, skills and expertise of dedicated HR practitioners from deep within its Group Services organisational unit.

Human resources

One interviewee remarked that the very success of organisational change at Nampak was as a result of the following:

"At Nampak, we have realised that the role of HR has to change. HR has moved from its administrative role to that of a business partner with the Line Manager".

As the group expands internationally, increasing focus has been placed on the identification, development and retention strategies for leadership and specialist talent. Succession planning reviews take place half-yearly and the executive committees consider employees who have potential, who can contribute on an international basis and who can establish Nampak's approach to business in the various jurisdictions.

Management training programmes are reviewed regularly to ensure that they are aligned with the group's strategies. Delegates from all countries network at the sessions and through group projects.

An international approach to various human resource policy issues that affect equity between employees is encouraged. Consistent strategies are implemented across the group where there is a strategic business requirement and firm policy is established to ensure legal compliance in each country.

Nampak's commitment to employment equity continues, and reports have been submitted timeously to the Department of Labour. Divisional managing directors are responsible for ensuring that employment equity strategies are implemented through various employment equity committees in all the group's operations.

An interviewee remarked that one of the reasons for the success of the Group's diversity management programmes lies in the recognition by senior management of the need to recognise and reward performance for creating organisational change:

"Employment equity targets are linked directly to the senior management incentive scheme."

As a proportion of the group's management category African managers represent 18% against a target of 20%, whereas managers from all previously disadvantaged groups represent 43% of all managers against a target of 35%.

Nampak continues with its employee development programmes and invests significantly in this important area. A highlight of these programmes is the Graduate Development Programme which has seen 50 young people being recruited into the group for a maximum of 24 months, whilst being groomed for future leadership roles.

As 90% of the Graduate Development Programme recruits are from previously disadvantaged backgrounds, this programme is well placed to support other group initiatives like employment equity.

The group has a variety of participative structures, at various levels, for handling issues which affect employees directly and materially. These include collective bargaining mechanisms, structures to drive the World Class Manufacturing and Service programme, safety committees and other participative forums. These structures, which have been set up with trade unions and other employee representatives, are designed to achieve good employer/employee relations through effective sharing of relevant information, the identification and resolution of conflict and consultation by management with the workforce about decisions that materially and directly affect employees, except where this is prohibited by law or regulation or would adversely affect the well-being of the company.

To give effect to the Nampak Group's position on the management and involvement of their human resources, the introduction of the BEE Charter by the Board of Directors illustrates the organisation's commitment to empowering their personnel.

Nampak - BEE – Black Economic Empowerment and the development of a Charter

In October 2003, the Nampak Limited Board of Directors committed itself to the development of a broad based BEE charter.

The charter was developed noting the following key fundamental issues:

- Despite significant progress since the establishment of a democratic government in 1994, South African society remains characterised by racially based socio-economic disparities.

- BEE is a mechanism aimed at addressing inequalities and mobilising the energy of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa.

- BEE is viewed by government as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and will bring about significant increases in the numbers of black people that manage, own and control the country's economy.

- Nampak was a pioneer in the early 1990's with regard to the transformation of labour/management partnerships and employment equity appointments. Nampak respects its relationship with its unions, and continues to build on these relationships. Nampak is proud that a significant number of black managers who started their management careers at Nampak have taken up senior leadership positions in South African business and society.

- The Nampak Board of Directors acknowledges the importance of BEE in the transformation of South Africa and has adopted a broad based strategy that will secure and potentially increase Nampak's competitive advantage into the future. Nampak has developed a scorecard approach with a 7 factor enabling framework, based broadly on the DTI approach, in order to both set objectives and track progress. The 7 factors with their applicable weightings are illustrated in Table 6.9 below:

Table 6.9 – Nampak BEE Factor Weighting		Weighting
BEE Factor		
1.	Ownership	20%
2.	Management and Control	10%
3.	Affirmative Procurement	20%
4.	Employment Equity	10%
5.	Skills Development	20%
6.	Corporate Social Investment	10%
7.	Environmental Driven Job Creation	10%

(Source: Nampak Annual Report – 2003)

- Nampak has developed an internal scorecard against which BEE contribution can be measured. It is the intention, however, to use an independent rating agency, approved by the DTI, to provide an independent assessment of Nampak and its major suppliers.

The black economic empowerment charter provides a seven factor framework with target levels of achievement for each area by 2014. The seven factors with their appropriate weightings are:

1. Ownership 20%
2. Management control 10%
3. Affirmative procurement 20%
4. Employment equity 10%
5. Skills development 20%
6. Corporate social investment 10%
7. Environmental driven job creation 10%

Progress against targets continues as planned. Specific interim targets in respect of management control, employment equity and skills development have been consistently achieved and exceeded. The move towards centralised procurement in the South African region will provide further opportunity to improve affirmative procurement scores.

Growth and business strategy within South Africa

Nampak South Africa has a five-pronged strategy:

● Brand Nampak
● Profitable growth
● Performance and cost leadership
● Seshego – World-class ERP (Enterprise resource plan) system
● Orchestrating transformation and talent

One interviewee supported each of the above strategic statements with a personal perspective:

Brand Nampak is a well established symbol of innovation, integrity and sustainability in the South African market, aptly described as *"Packaging You Can Trust"*. *We continue to drive our incomparable offering of total solutions which is a value proposition offered by no other packaging group.*

The **Growth** pillar has identified a number of areas of potential growth which will fill existing capacity or, in some cases, involve additional capex. The innovation projects resulting from this drive are numerous and mentioned elsewhere. One example is the investment of R55 million for labels which has resulted in significant new business.

The strengthening of the rand has highlighted challenges in the manufacturing environment and the **Performance and Cost Leadership** pillar focuses on reconfiguring the Nampak business to compete at a new cost leadership level. The restructuring of the Cartons and Labels, Corrugated, Flexible and Sacks divisions are examples of this initiative.

The **Seshego ERP project** is a four-year programme used to introduce a **world-class information technology programme** into the group. *This has reached the implementation phase and we expect the project to begin delivering value, as each business comes on stream.*

Another employee remarked the following about Seshego:

"Seshego is the storage of all Nampak knowledge and valuables! One of the key obstacles of Seshego was overcome when Nampak management made a firm commitment to the employees that no one would loose their jobs as a result of the new system. That is no one should be afraid if they cannot work the computer. They will be trained on how to use this system as a daily part of their jobs within Nampak. To this extent a specialist was

hired to assist Nampak in the transfer of knowledge from the IT implementation partner to the Nampak employees. It was phenomenal to see the older guys on the floor learning to use the computers for the first time….and they were not scared to do so, simply because Vusi (the specialist) has shown us how to use computers / technology to do our jobs!"

Orchestrating Transformation and Talent in Nampak businesses is vital if the organisation is to be aligned with the challenges being faced in South Africa. An example of this process is the recruitment and development of 48 graduates, of whom 90% were drawn from previously-disadvantaged groups. Nampak employment equity targets are managed in accordance with those set out in their well-publicised Employment Equity Plan.

To support the growth and business strategy highlighted above, Nampak placed a significant value on the importance of engaging their employees throughout the change process. Undoubtedly this holds true right from the informal business management training tip to Turkey, and includes some of the fundamental principles discussed below:

Interacting with Nampak employees

The group has a variety of participative structures at various levels for handling issues which affect employees directly and materially. These include national framework agreements with all three major trade unions in the group in South Africa, collective bargaining mechanisms, safety committees, employment equity and skills development committees and other participative forums. Collective labour agreements and voluntary recognition agreements also exist within the European operations.

This is further supported by the comments of the following interviewee:

"At Nampak, we are all employees – we have a value system that has helped to create a sense of dialogue for our new shop floor management that has emerged."

These structures, which have been set up with trade unions and other employee representatives, are designed to achieve good employer and employee relationships through effective sharing of relevant information, the identification and resolution of conflict and consultation by management with employees.

Based on each of the above key organisational changes impacting the Nampak organisation, the organisation compiles a Risk Assessment to better understand the actual value of its risks and how they could be better mitigated.

Risk Assessment:

The risk assessment process has determined the actual value at risk of the group's top risks worldwide. The group's main residual risks after factoring in control identified by this process, as at 30 September 2004, listed alphabetically are:

- currency volatility
- ERP implementation
- growth in packaging demand
- inbound supply chain
- loss of key sites
- over-dependency on certain market sectors
- packaging substitution
- product liability
- retention of human capital

The above risk assessment clearly illustrates the need for a response from the Nampak Group and for this purpose sets about the establishment of a fundamental CSI – Corporate Social Investment policy to help drive organisational change within each of these areas.

CSI – Corporate Social Investment

To support each of its active organisational change activities the Nampak Group clearly highlights its commitment to Corporate Social Investment through the following key statement:

'Committed to corporate social investment Integral to Nampak's business strategy is our commitment to a social investment programme through which we spend 1% of profit after tax in uplifting communities in South Africa. Focused primarily on the youth of South Africa, our programmes involve various initiatives in the areas of health, education and the environment.'

Collecting and recycling packaging

- A joint venture with Iscor, Collect-a-Can recovers 66% of beverage cans manufactured
- Nampak Polycyclers collects about 6 000 tons of polyethylene per annum
- Nampak Paper Recycling collects approximately 200 000 tons of paper per annum
- In association with Consol Glass, Nampak is investing in cullet recycling and sorting technology which will enable us to improve collection rates.

Based on the above positioning statement, Nampak highlights the fundamental principles and importance of CSI in supporting organisational change:

- Nampak acknowledges Corporate Social Investment (CSI) as an important component of its corporate citizenship. It will take a developmental and transformational approach to initiatives that are linked to the upliftment of South Africa's black youth in the areas of education, health and welfare and environment.

- Nampak is to set aside 1% of its worldwide profit after tax for CSI in South Africa, focussing the spend on projects and initiatives that can be replicated with other communities either with support from funding from Nampak or other donors.

- The underlying principle is that the majority of the CSI spend goes towards the intended purpose and not on administration costs.
- The focus areas for CSI spend will vary over the charter timeframe, however those identified to date are:
  - Collaborate with selected schools in industrial areas that provide education for black communities that have a leadership structure that is committed to and has demonstrated its desire to provide superior education to their learners.
  - Refocus spend on technical training to ensure that students are selected from Nampak partnered schools and communities, trained in appropriate fields and then offered further training and potential employment opportunities within Nampak.
  - Continue with the fundamental sponsorship of the Thembalethu initiative, in terms of which nappies would be provided to orphanages that do not receive state funding. To expand the initiative by encouraging participation by Nampak staff, customers and suppliers.
  - Provide the funding for the launch of the Eco-Schools Project in conjunction with the World Wildlife Fund, aimed at educating the youth on relevant environment issues and how they can "make a difference" in their environment.
  - Support organisations that are aligned to the objectives contained within this charter.

In support of Nampak's aggressive commitment towards partnering with key stakeholders from the community in all large scale change initiatives, the following initiative illustrates the commitment and active role of the organisation as an active role player in the community in which it operates:

Environmental Job Creation

The following environmental job creation initiatives are highlighted below:

- Through its commitment and initiatives aimed at addressing South Africa's packaging solid waste stream, Nampak is to provide seed capital, where appropriate and capacity building for collection and recycling that will lead to job creation opportunities for black communities.
- Nampak will look to create economic value and develop potential markets for used packaging, which in turn will encourage collection, job creation and business opportunities.
- One of the identified focus areas are:
  - Strive to develop proven structures and major end use applications for packaging waste that give rise to employment opportunities for black

people and would mitigate the need for deposit legislation on one-way packaging

Nampak Three-year plan launched in 2007 – "Nampak 2010"

The Nampak CEO in his report to Stakeholders highlights the following key message:

"Our improved operating effectiveness together with volume growth contributed to the good performance over the past two years. This has laid a firm platform for further earnings growth and a detailed plan has been developed which is expected to deliver a continued improvement in profitability over the next three years."(Source: Nampak, Annual Report, 2007)

Demand for non-durable goods in South Africa has in recent years grown by between 4% and 5% per annum. Notwithstanding higher interest rates economists are forecasting that demand will remain relatively strong for the next three years.

In the rest of Africa, economies in countries such as Angola are expected to grow by as much as 20% per annum with good growth from other countries where we have operations. Steady growth is expected to continue in the United Kingdom and Europe.

The earnings growth strategy for the next three years builds on the advancements made over the past two years and includes major capex projects, acquisitions, disposals, profit improvement measures and more effective use of the group's strong balance sheet and cash-generation capability.

The main features of this plan are:

● Volume growth of 3% – 4% per annum;
● Full recovery of raw material price increases;
● Improving the operating costs: sales ratio;
● Improving the results of underperforming businesses;
● A reduction in the working capital: sales ratio;
● Major investment in growth projects; and
● Ongoing business portfolio review including acquisitions and disposals

Nampak Packaging Excellence – introduced in 2007 to drive all key organisational change activities

The plan was implemented under the business philosophy of "Packaging Excellence" the overarching objective of which was, "To develop and enhance a positive Nampak experience which drives customer loyalty and business growth".

The launch of this initiative saw the first evolutionary move of Nampak from social contracts to improved performance and organisational effectiveness through its core business of packaging.

"Packaging excellence in everything that we do underpins an organisational climate that means faster, smarter, more effective interactions internally and externally. A strong strategic position combined with good operating effectiveness results in a successful business." (Source: Nampak, Annual Report, 2007)

The implementation of packaging excellence in Nampak has three main areas of focus and is supported by two behavioural requirements as illustrated in Figure 6.10 below.

Figure 6.10 - Nampak Packaging Excellence Model

Nampak Package Excellence Model – underlying philosophy:

"Packaging excellence : Our aspirational challenge and goal - Realising the promise of the Nampak Brand In everything that we do". (Source: Nampak Annual Report 2006)

The Nampak Packaging Excellence Model is unpacked further in Figure 6.1.2.2 below to illustrate some of the underlying elements and principles that support the three pillars of the model, namely:

(1) Customer focus
(2) Process excellence
(3) People growth

What is fundamental to the model is the use of specific competencies and or behaviours such as attitudes and ethical conduct that are used to facilitate / drive performance and excellence throughout the group-wide operations of Nampak.

Figure 6.11 - Nampak Packaging Excellence Model – 'unpacked'
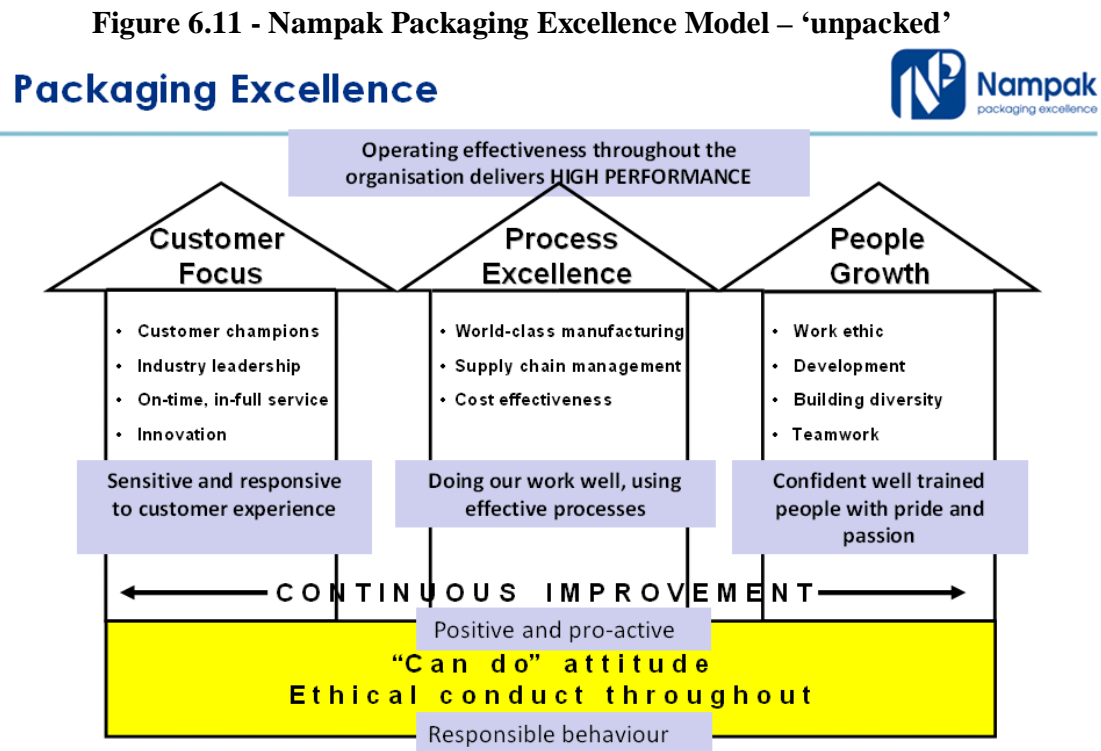
(Source: Nampak presentation – Packaging excellence – 2007)

Nampak Packaging Excellence Model – 'unpacked'

Figure 6.11 above reveals the underlying principles and concepts that make up the Packaging Excellence Model, with special reference to the following:

- **Customer focus** – 'sensitive and responsive to customer experience' with special reference to the following key principles:
    - o **Customer champions**
    - o **Industry leadership**
    - o **On time and in-full service**
    - o **Innovation**
- **Process excellence** – Doing our work well, using effective processes' with special reference to the following key principles:
    - o **World class manufacturing**
    - o **Supply chain management**
    - o **Cost effectiveness**
- **People Growth** – 'confident well trained people with pride and passion' with special reference to the following key principles:
    - o **Work ethic**
    - o **Development**
    - o **Building diversity**
    - o **Teamwork**

Nampak employees are encouraged to have the following 'take-aways' from the Packaging Excellence Model:

- **Attitude** is a powerful driver for results
- **Listening to our customers** is fundamental to improving our service
- **Process** is end-to-end and the weakest link determines the output pace and quality
- **Empowering and growing our people** to achieve high performance
- **Superior service levels** outperforming our competitors

Nampak Packaging Excellence Model - Pyramid

Figure 6.12 shown below illustrates the foundational principles that support the Nampak Packaging Excellence Model, and provides the underlying objective of continuous improvement for Nampak in all work activities.

Figure 6.12 - Nampak Packaging Excellence Model - Pyramid

(Source: Nampak presentation – Packaging excellence – 2007)

"Packaging Excellence will lead us to future success……."
(John Bortolan, Nampak CEO -2007)

The following key question was asked of all Nampak Managers by the CEO: How will Nampak drive Packaging excellence?

Packaging excellence within Nampak would be achieved through the following set of desired behaviours as explained by the CEO:

- *Set the example*
- *Set individual, team, departmental goals*
- *Identify and drive initiatives*
- *Perform customer satisfaction surveys*
- *Focus on people development and retention*
- *Embed packaging excellence in training programmes*
- *Continuously improve*
- *Align performance management*

All of the above desired behaviours are further supported by a Rewards programme that recognizes individuals for achieving packaging excellence.

Environment

The group continues to be a significant investor and contributor to environmental and recycling initiatives. This, together with active participation in industry forums, has positioned Nampak favourably with regard to environmental matters and recycling targets.

These and other planned activities are expected to mitigate risk for the group in the future.

South Africa

There are several initiatives designed to improve the overall performance of the South African region. These include:

- Improving the capability of businesses to compete more effectively through restructuring, capital investment and appropriate resourcing and leadership;
- Evaluating businesses in terms of the markets in which they operate and their ability to achieve appropriate returns;
- Implementing a targeted working capital reduction plan;
- Utilising capital expenditure where appropriate to drive down costs and increase efficiency; and
- Reducing costs through the further development of the group procurement initiative and the establishment of a South African shared services centre.

Nampak plans to invest in a number of projects that will lead to increased trading income, including:

- The new paper mill at Rosslyn which is on schedule to be commissioned in the last quarter of 2008;
- A rebuild of one of the glass furnaces;
- A third glass furnace to meet the growing demand for glass bottles; and

- Many other projects across almost all segments of the packaging market to meet demand improve efficiency and provide customers with innovative packaging products.

Rest of Africa

The growth strategy in the rest of Africa is based on three pillars:

1. Exporting from South Africa to those countries in which we have no or limited manufacturing presence;
2. Broadening the product range in those countries in which we have manufacturing operations; and
3. Investing in high growth countries particularly in conjunction with existing customers. The recently announced beverage can line in Angola where the economy is growing at some 20% per annum and the folding cartons investment in Nigeria are examples of this strategy.

Europe

Nampak, after having decided to retain the European businesses will implement the following key business strategies in support of the Packaging excellence model:
● Grow the plastics business mainly through transfer of the successful in-plant model. Whilst this will include milk bottle opportunities in other European countries it could also include plastic bottles for other beverages, oil and chemicals;
● Improve the operating performance of the folding carton business and further growth opportunities to be considered; and
● Grow the healthcare packaging business through market share gains and acquisitions resulting in a larger footprint and further consolidation of the European market.

Other regions

● Follow customers into new territories; and
● Consider other high-growth regions giving acceptable returns.

Nampak – Packaging excellence – the road ahead

A very important change in mindset was required to assist Nampak if the organisation was going to succeed following its recent industrial action in the early nineties. This brought about the introduction of the social contract and its importance in managing relationships at a grass-roots level within and throughout the organisation.

Sustainable development has become a priority for the organisation; and Nampak understands the importance of creating value for all its stakeholders thereby uplifting and creating a meaningful contribution for the communities in which the organisation operates.

Following the acquisition of Malbak in 2002, the Nampak organisation entered a journey of understanding the importance of growing and developing its core business.

The introduction of the Nampak Total Packaging solution in 2004 brought about the development of five pronged business strategy that sought to grow the brand of Nampak through profitable growth, improved performance and cost leadership, the introduction of world class management information system and the re-positioning of the company's talent through the orchestration of specific transformation processes.

During 2007 the organisation launched the Nampak Packaging Excellence model with aim of improving operational effectiveness through improved customer focus, process excellence and people growth. The overarching statement of, "In everything we do!" serves as the foundation for this operational effectiveness throughout the organisation that seeks to deliver high performance.

Two years later the organisation is poised to review whether or not this organisational effectiveness has been achieved within and throughout every part of the business. Despite radical changes within the packaging industry has the organisation been able to grow its people? Has the organisation conducted itself in an ethical manner through the achievement and refinement of its organisational values and stakeholder relationships?

Have the leadership of the organisation delivered on a positive and pro-active mentality and attitude that supports its "Can do attitude" philosophy? Over the past seven years has the organisation implemented more effective processes in the way that they operate their business?

Can Nampak equate the growth in its business to its improved customer and employee focus? The ultimate question remains whether or not the company has continuously improved as a result of the changes that it has introduced?

Researcher key observations and notes pertaining to the Case Study: an examination of the quantitative and qualitative research data

Nampak Case Highlights of Events

Listed below is an overview of some of the key Nampak Calendar of events as shown in Table 6.10 that have helped to contribute towards the shaping of the current change journey:

Table 6.10 – Nampak Calendar of Events	
Year	**Description of events**
2000	-
2001	-
2002	Acquired Crown Cork's operations in Anglophone Africa Merged with Malbak Limited
2003	Sold NamITech
2004	Sold Short-Run plastics business in Europe Sold Peters Papers
2005	German Glass-maker – Wiegand Glass acquire 50 % stake in Nampak Glass division BEE transaction, sold 50% of Nampak Glass Re-shape the Nampak business – close four business in SA and three in UK
2006	-
2007	-
2008	Bidvest proposed purchase of up to 35% of Nampak, subsequently withdrew bid. CEO announced intention to take early retirement

Impact of the organisational change on the Nampak Organisation

Listed below are the actual impacts resulting from the organisational change activities as shown in Table 6.11:

Table 6.11 – Impacts of the Organisational change on the Nampak Organisation	
Year	**Major impacts on Organisation**
2000	-
2001	-
2002	Restructuring the Nampak business New structures, wider geographical spread Implementation of JD Edwards – ERP System
2003	October 2003 - Nampak Limited Board of Directors committed itself to the development of a broad based BEE charter Disposed of a non-core business

2004	Nampak Strike Nampak Total Packaging Solution theme launched Greater focus in Europe. Disposed of another non-core business
2005	BEE transaction concluded in October 2005, over 10 000 South African employees are now shareholders in the group Improvement in BEE status Introduced German partners into glass business - will help to provide skills and technology needed to improve the Glass division New Nampak Business Model introduced
2006	-
2007	-
2008	Greater focus on costs and cash management Search for new CEO

An investigation of the underlying Research Constructs within the Case

Listed below is a review of the data collected from the survey questionnaire, research interviews and company archival records validated through the process of data and methodological triangulation:

Critical success factors identified:

CS - Top Success Factors

The following Top Success Factors were identified for the Nampak Case:

- **Financial control**
- **Quality**
- **Low accident / Injury rate**
- **Productivity**
- **Profitability**

This can be supported by Figure 6.13 that highlights the perceived performance of the Nampak case for the High impact success factors.

Figure 6.13 – Nampak perceived performance on High Impact success factors

Nampak

B38: Overall success of change process
B23: Reduce costs and improve financial control
B19: Improve quality of products/services
B20: Improve safety of members as a result of the change
B21: Improve productivity
B17: Improve overall profitability
B22: Growth of overall market share
B24: Develop employee skills, knowledge and abilities
B12: Respect individual perspectives
B27: Avoid change during periods of high uncertainty
B14: Developing management expertise
B18: Reduce employee turnover
B16: Improving employee understanding
B25: Encourage employees to provide feedback

1   2   3   4   5
Low   High

CS - Low Success Factor

One interviewee remarked:

"The most important critical success factor for Nampak has got to be – creating the space where people can take risks!"

Another interviewee added:

"Within Nampak we have introduced a social plan for change – to help provide a softer landing for people so as to help them understand the context for change and environment for change; this has been an inherent part of the Nampak culture since 1995. To support the social plan, we have introduced social contracts; a specific code of behaviour that has emerged for members. A set of competencies for interacting and relating to one another – it could be compared to setting the RULE OF ENGAGEMENT!"

One interviewee suggested that a form of people due-diligence should be conducted before embarking on a Merger and Acquisition:

"It is essential to understand the fundamental people principles; especially since there are different cultures, different terms and conditions of employment – it is almost like a surgeon performing a skilled operation of a skin graft!"

The following Low Success Factors were identified for the Nampak Case:

- **Management of communications**
- **Common goal**
- **Value of Human Resources**
- **Flexibility / Adaptability**
- **Cohesion**

This can be supported by Figure 6.14 that highlights the perceived performance of the Nampak case for the Low impact success factors.

Figure 6.14 - Nampak perceived performance on Low Impact success factors
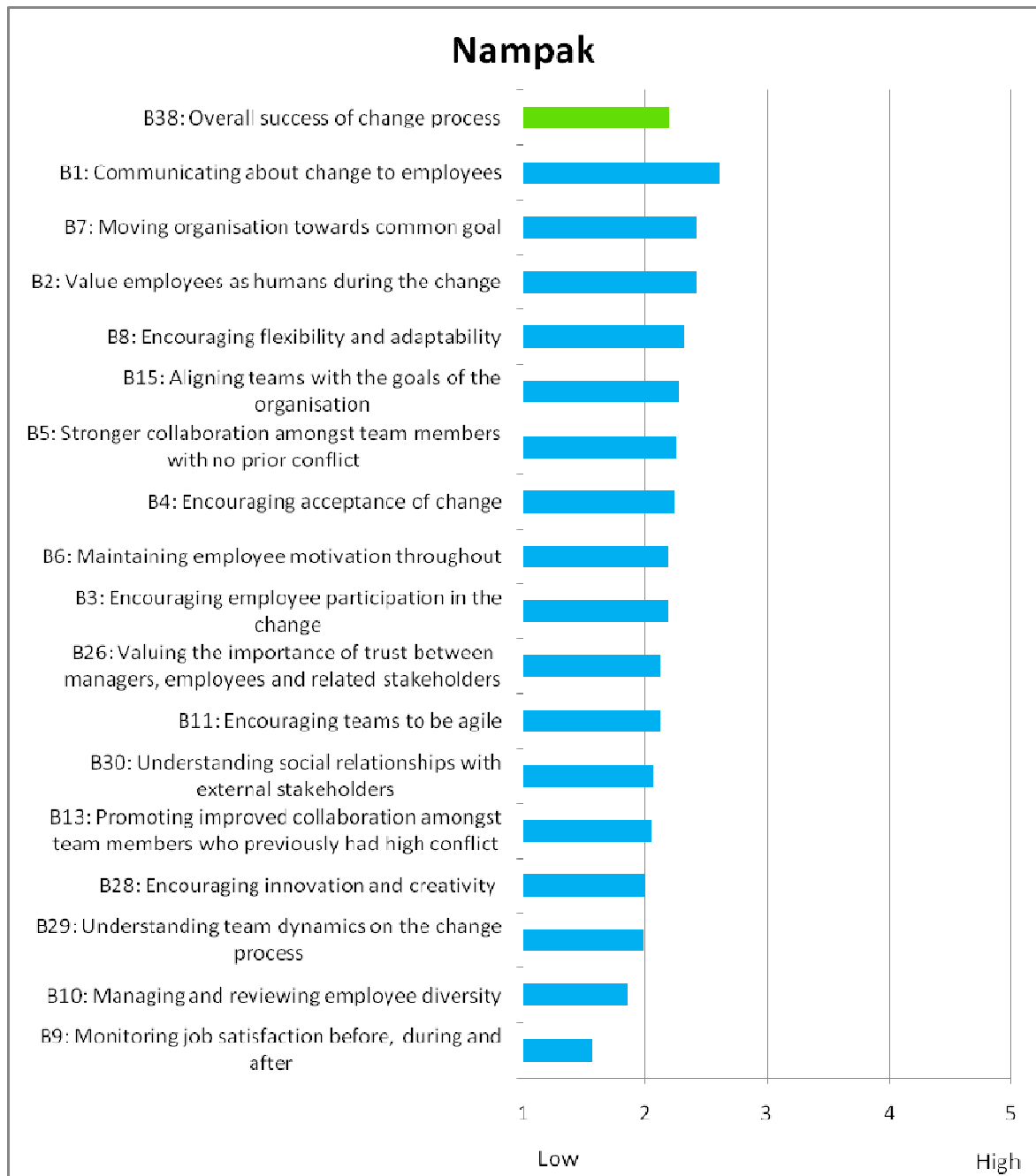
CS – Change Stakeholder Management

One interviewee added:

"Community involvement and relations is perhaps the biggest contributor towards Nampak's success in the manufacturing environment! We should encourage a step 0 in

the Change framework that reads as follows: 'The Change Community – involve them right from the beginning. Create the trust for people to ask the difficult or rough questions!'"

The following change stakeholder performance management issues were identified for the Nampak Case:

- **Change leadership**
- **Diverse change stakeholders**
- **Change sponsor**
- **Change feedback**
- **Stakeholder community**

This can be supported by Figure 6.15 shown below that highlights the perceived performance of the Nampak survey participants for Change Stakeholder management.

Figure 6.15 - Nampak perceived performance on Stakeholder Management
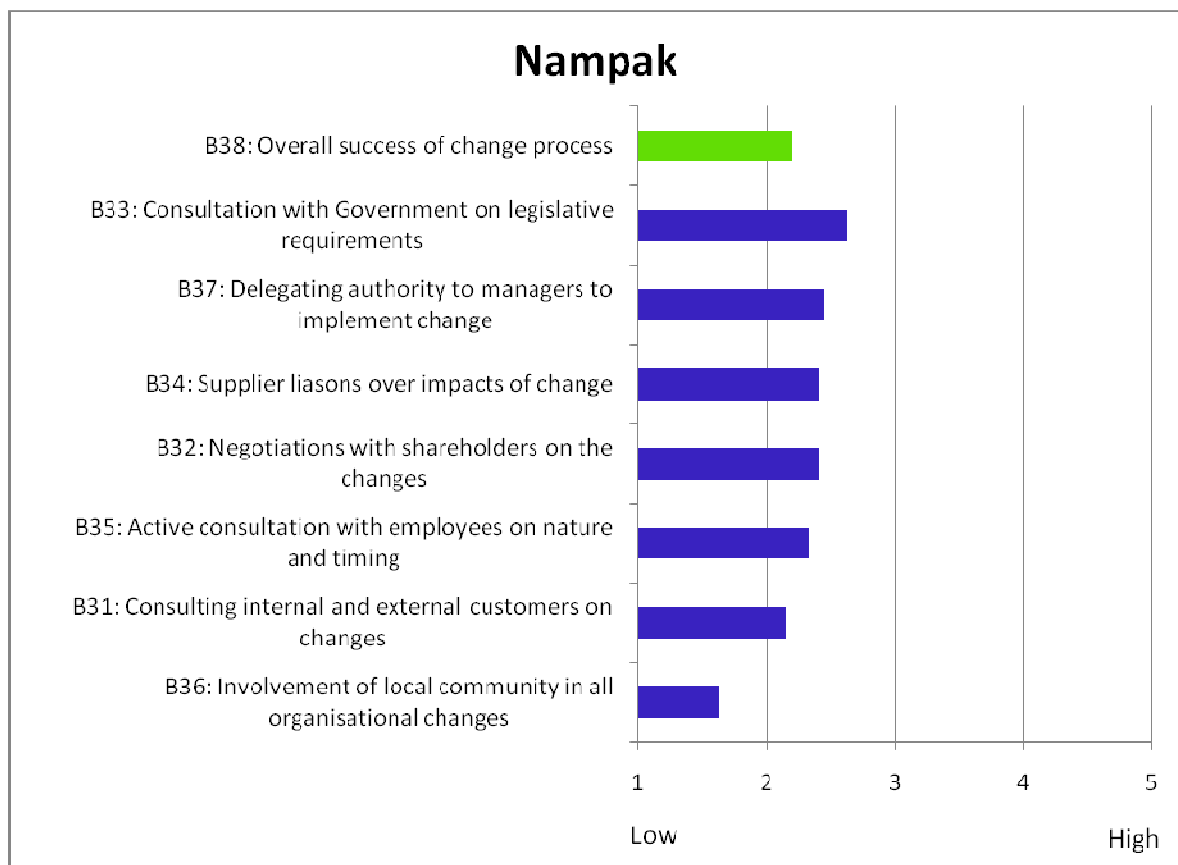
Change Framework and Processes

One interviewee provided the following insight:
"The Nampak disinvestments that led to reductions in the workforce through retrenchments made use of a unique approach to change. The process involved all the stakeholders of Nampak with a dramatic move towards reducing the negatives of the change with longer term benefits for the future. This meant that the approach was longer – more expensive, but in the long term there were no comebacks, there was no litigation. Why was this outcome achieved at Nampak? Well, Nampak understood that there were two important aspects of change, namely:
    (1) Understanding what we want to change? – this was one thing!, and then there was,
    (2) Understanding how we are to change? – this is critical!
Traditionally our approach tended towards the process of managing the financial and technical aspects of changing the organisation throughout the due diligence process of the M&A. It is clear in the past that we ignored the people side of managing the due diligence. We need to ask ourselves the following in future:
    - What culture are we importing into Nampak through the M&A? What terms and conditions of employment will we be bringing into the Nampak organisation?"

The following Change Management Framework and Processes were identified as important for the Nampak Case:
- **CF & P – Preparing for change**
  - Understanding the reason for change
  - Understanding the climate for change
  - Developing a change plan
  - Developing a change vision
  - Understanding the nature or type of change
- **CF & P – Change Metrics and structure**
  - The importance of communicating the change
  - The importance of measuring change
  - The importance of celebrating small wins
  - The importance of systems and structure for change
  - The importance of a change plan for the management of long term change
- **CF & P – Lessons learned**

One interviewee provided the following key insights into the lessons learned:
"We are still learning and have not learned enough! However, the Nampak Social agreements have taught us how to incorporate social change into the working environment. We have made great strides in sharing this knowledge with the Academia through the presentation and showcasing of the social agreements. We believe that industry can and should become these 'reservoirs of knowledge' – we need to share our knowledge and lessons learned so that there is a better application of knowledge from such organisational change initiatives as M&A."

This can be supported by Figure 6.16 that highlights the perceived importance for the Nampak survey participants for future Change processes.

Figure 6.16 - Nampak perceived importance of future change processes
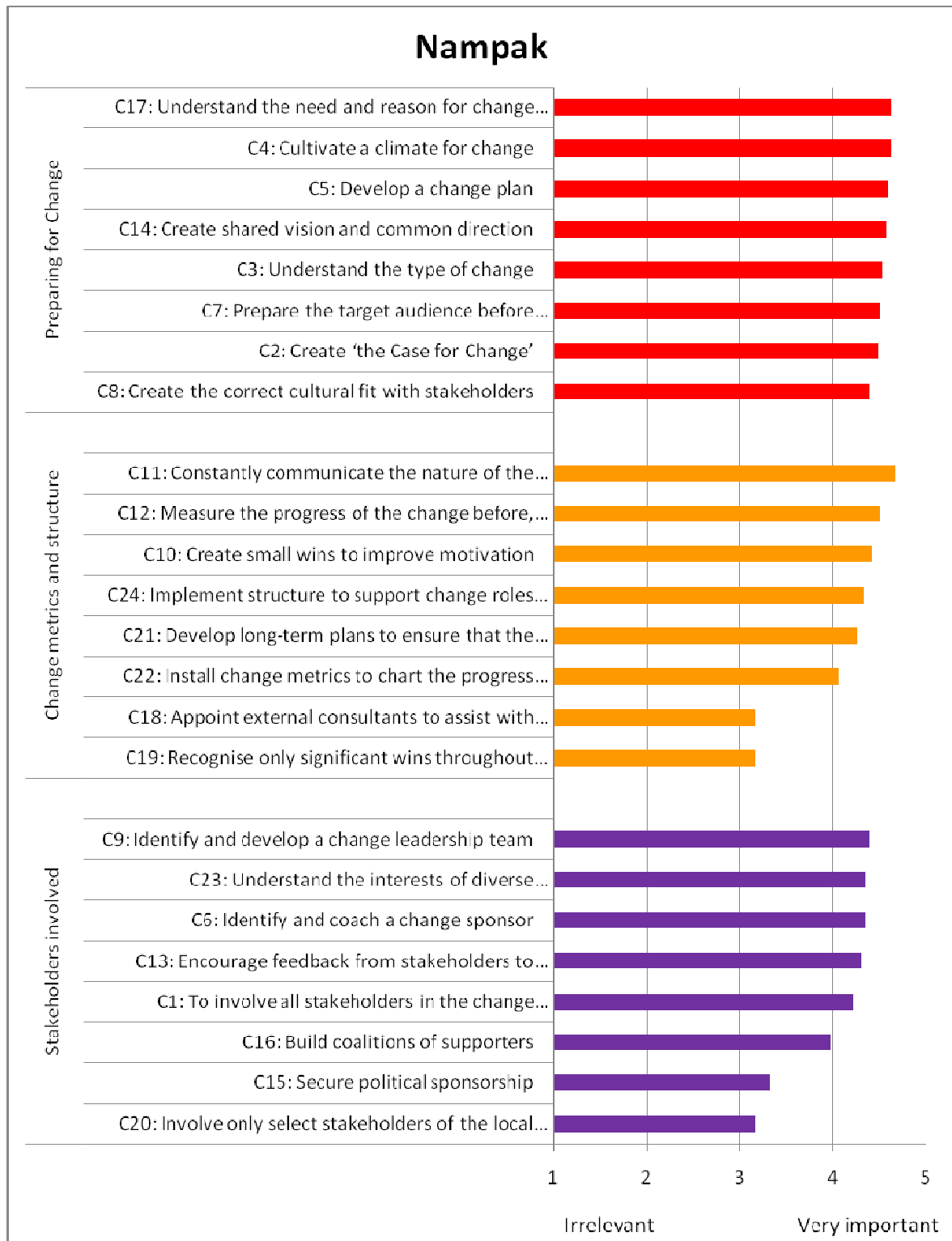
Change Scorecard

One interviewee provided the following comments surrounding the Nampak approach to measuring organisational change:

"The measures that have been used in the past have come from how the business has performed – post the Merger. The acquisition of Malbak was seen as positive, but it has brought on some additional costs. Measures within Nampak have come from the technical production and quality perspectives, for example if you want to review the efficiencies of operations, you could examine how the KIT is performing e.g. What is the impact of downtime. There are also some quality measures, yield variances and safety measures that are applied to each specific machine within the plant. The clear financial measures are always present, but improving skills to improve quality and morale is becoming far more important – it is an investment in people that allows us to link rewards and benefits to improvements in employee proficiencies."

The following Change Management Scorecard measures and Performance measurements were identified as important for the Nampak Case:

- **CSC – Change input measures - Delivering Value**
  - The total Rand value of Human Resources provided for a change initiative
- **CSC – Change efficiencies - Operational Excellence**
  - The total number of stated change business case objectives achieved
  - The total percentage progress against the original change scope
- **CSC – Change activity based – Change outputs - Change Partnership**
  - Change activity based
  - The improved organisational integration as a result of the change
  - Change outputs
  - The improved employee participation as a result of the change
- **CSC – Change outcomes - People Commitment**
  - The total percentage of increased retention of employee talent as a result of the change
  - The total reduction in the number of employees leaving the organisation

This can be supported by Figure 6.17 that highlights the perceived importance of performance change measures in similar change future change initiatives.

Figure 6.17 - Nampak perceived importance of performance change measures in similar future change initiatives
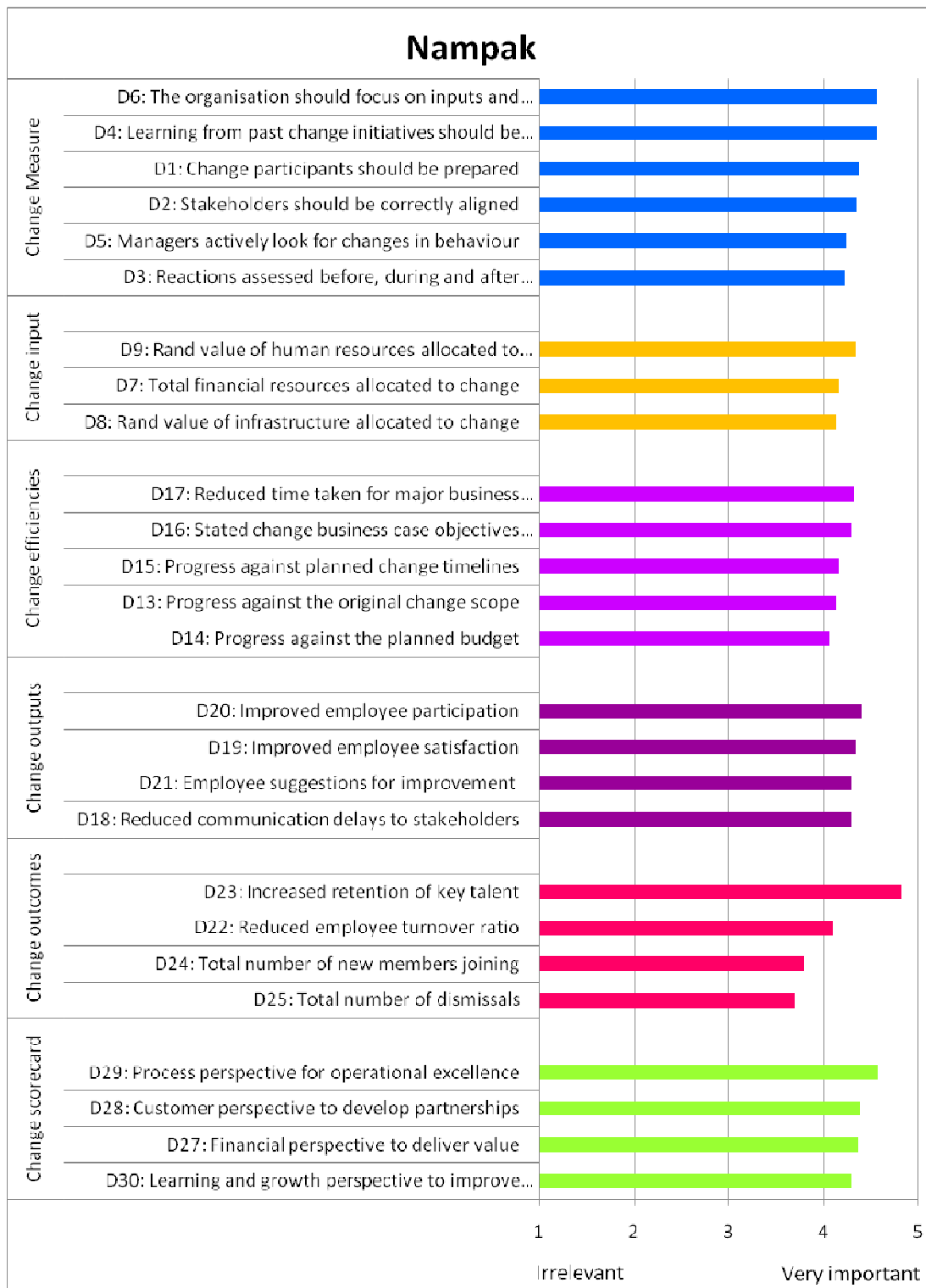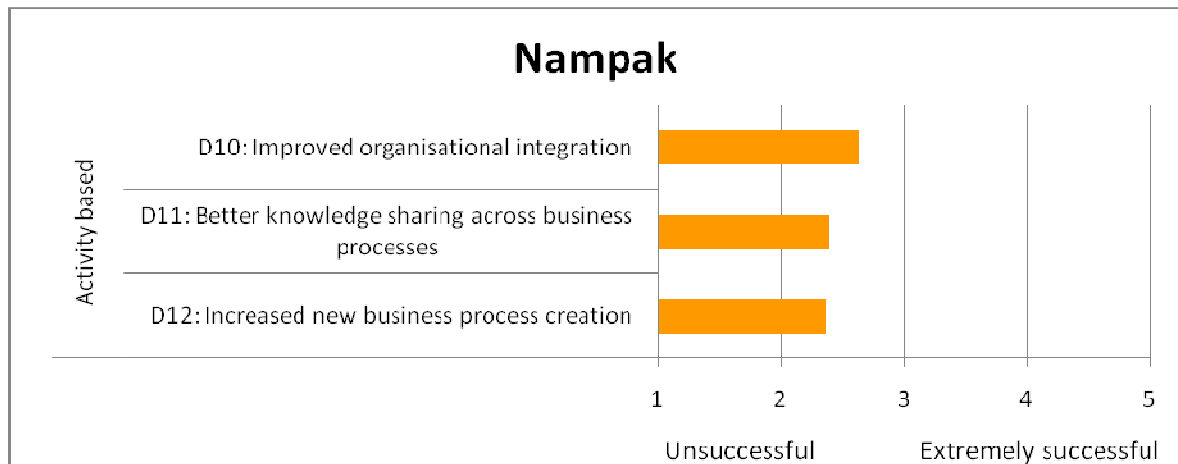
Nampak

Change Outputs

The following perceived Change Outputs were identified for a successful change initiative within the Nampak Case:

- **CO - Change Outputs – Tangible**
    - Reduced employee turnover and increased retention of talent
    - Increased sales performance
    - Better management / utilization of resources for the organisation
    - Improved growth opportunities for the whole organisation
    - Improved financial controls for the organisation

- **CO - Change Outputs – Non-tangible**
    - Better and or improved organisational alignment to strategy and objectives
    - Improved stability for the organisation
    - Improved or increased flexibility / adaptability for the organisation
    - Improved or increased innovation / creativity for improvements within the organisation
    - Improved change communications for the organisation through the change initiative

This can be supported by Figure 6.18 that highlights the perceived tangible and intangible benefits of a recent change initiative.

Figure 6.18 - Nampak perceived tangible and intangible benefits of a recent change initiative

Nampak

Tangible

- E2: Improved management commitment
- E6: Improved customer satisfaction
- E19: Improved allocation of resources
- E25: Improved utilisation of organisational..
- E20: Improved management of the supply and...
- E21: Improved growth opportunities into new...
- E10: Improved cost reduction against planned...
- E9: Improved business performance against budget
- E13: Improved service delivery within time frames
- E1: Improved employee commitment
- E14: Reduced errors or need for re-work
- E3: Improved employee satisfaction
- E15: Reduced customer complaints

Non-tangible

- E24: Alignment of organisational and employee..
- E17: Improved stability and alignment with..
- E23: Improved agility to respond to change
- E16: Increased innovation/creativity of employees
- E11: Improved intra-organisational communication
- E18: Employee willingness to accept change
- E5: Improved knowledge, skills and abilities
- E22: Improved trust relationships for stakeholders
- E12: Improved communication with external...
- E8: Reduced employee grievances
- E4: Reduced absenteeism
- E7: Reduced employee disciplinary actions

1 2 3 4 5

Unsuccessful   Extremely successful

258

Change recommendations emerging from the Nampak Case for the South African environment

The following emerging change recommendations as illustrated in Table 6.12 below were uncovered throughout the Research Study from evidence collected in the research interviews, focus group discussions and company documentation.

Table 6.12 – Emerging change recommendations from the Nampak Case	
No	**Emerging Change recommendations for South Africa**
1	Management and retention of Key talent to support growth
2	Management of CSI – Corporate Social Investment – engaging and aligning with your community stakeholders

Summary of Nampak Case Evidence

Listed below is a summary overview of the case evidence that has emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.13 below:

Table 6.13 - Summary of Nampak Case Evidence		
Sub-construct	**Categorization of Key Constructs**	**Summary overview of the most relevant / important sub-constructs**
CS - Top Success Factors	**CS – Success factors**	Financial Control Quality Low accident / Injury Rate Productivity Profitability
CS - Low Success Factor		Management of communications Common goal Value of Human Resources Flexibility / Adaptability Cohesion
CF&P – Context for Change	**CF & P – Preparing for change**	Change reason Climate for change Change plan Change vision Nature / Type of change
CF&P – Change Initiative / Type		
CF&P – Change Climate		
CF&P – Change Plan	**CF & P – Change metrics and structure**	Change communication Change measurement Change small wins Change systems and structure
CF&P – Change Sponsorship		

CF&P – Change audience		Change plan – long term
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		
CF&P – Change Wins – Celebrating Change	**CF & P – Stakeholders involved**	Change leadership Change stakeholders diverse Change sponsor Change feedback Stakeholder community
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		
CSC – Delivering Value	**CSC – Change Scorecard**	Change input measures - Rand value of Human Resources
CSC – Change / Operational Excellence		Change efficiencies - Reduced time taken for major business decisions - Stated change business case objectives achieved
CSC - Change Partnership		Change activity-based - Improved organisational integration Change outputs - Improved employee participation - Improved employee satisfaction
CSC - Change / People Commitment		Change outcomes - Increased retention of key talent - Reduced employee turnover
CO - Change Outputs – Tangible	**CO – Change Outputs**	Turnover / Retention Increased sales Management / Utilization of resources Growth opportunities Financial controls
CO - Change Outputs – Non-tangible		Organisational alignment Improved stability Flexibility / Adaptability Innovation / Creativity

		Change communications
Emerging Change recommendations for SA		Management and retention of Key talent to support growth Management of CSI – Corporate Social Investment – engaging and aligning with your community stakeholders

Emerging Change Success Factors, Change Framework, Change Scorecard Measures, Change Outputs and Themes from the Nampak Case Evidence

Listed below is a summary overview of the case evidence and the Emerging Themes that have emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as show in Table 6.14 below:

Table 6.14 - Emerging Organisational Change Framework and Change Scorecard for the Nampak Case Study

	Emerging Change Success Factors	Emerging Change Framework	Emerging Change Scorecard Measures	Emerging Change Outputs	Emerging Themes
Item 1	**CS – Top Success** Financial Control Quality Low accident / Injury Rate Productivity Profitability	**CF & P – Preparing for change** Change reason Climate for change Change plan Change vision Nature / Type of change	**CSC - Change input measures** - Rand value of Human Resources	**CO – Tangible** Turnover / Retention Increased sales Management / Utilization of resources Growth opportunities Financial controls	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Item 2	**CS – Low Success** Management of communications Common goal Value of Human Resources Flexibility / Adaptability Cohesion	**CF & P – Change metrics and structure** Change communication Change measurement Change small wins Change systems and structure Change plan – long term	**CSC - Change efficiencies** - Reduced time taken for major business decisions - Stated change business case objectives achieved	**CO – Non-tangible** Organisational alignment Improved stability Flexibility / Adaptability Innovation / Creativity Change communications	Why and how do we want to change the organisation?

	CF & P – Stakeholders involved	CSC - Change activity-based / CSC - Change outputs	
Item 3	Change leadership Change stakeholders diverse Change sponsor Change feedback Stakeholder community	**CSC - Change activity-based** - Improved organisational integration **CSC - Change outputs** - Improved employee participation - Improved employee satisfaction	Stakeholder engagement throughout the change process Involvement of Communities and stakeholders through Social Contracts
Item 4		**CSC - Change outcomes** - Increased retention of key talent - Reduced employee turnover	Retaining talent within the organisation

The Researcher will place the above research data that has emerged from the Nampak Case study into a comparative table (Table 6.26) for the purpose of conducting a cross-case analysis (with Deloitte, Nestlé and SASOL) of the emerging critical success factors, change framework and processes, change scorecard measures and change outputs so as to narrow and refine the emerging themes and research data into a comprehensive set of recommendations for the emerging South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

6.1.3 Case C – Nestlé Case Study – "The ZA Transformation Story - CHANGE.....it is our LICENSE to trade!"

"But the Nestlé Model is not just about growth; it is about sustainable profitable growth. Nestlé has made strides in improving its profitability over recent years, but remains rich with potential: some lies in the opportunities already mentioned, some within our structure.

Our changing organisation, increasingly characterised by agile teams in each country, focused on their customers and consumers, understanding their local dynamics and able to move rapidly, seeks to realise that potential. These teams are supported by highly efficient manufacturing operations, as well as regional or global support structures for non core competence services. This means that the teams in the markets have more time to focus on their customers, consumers, products and brands."

(Source: Nestlé, Annual Report, 2007)

The above quotation from the Nestlé Leadership team is further supported by the comments of an interviewee, who shared some insights into the role and position of Nestlé within the global economy:

'At Nestlé we are focused on building our brands and making the acquisitions in those areas where we are not strong! It is important for Nestlé to either be Number one or a strong number two – but definitely not third.'

Case Introduction

The re-introduction of South Africa into the global competitiveness arena in the early 1990's forced a multi-national organisation such as Nestlé to review and re-examine the role of its South African operations. A fundamental question remained: Would the same rules of success still apply?

Whilst changes were being implemented through the operations albeit at a slower than expected pace, it took the results of a 2005 organisational climate survey of the South African operations to trigger the start of the Nestlé ZA – Transformation story.

The climate survey made the following challenges public to the Nestlé Leadership team of the South African operations:
- a strong negative attitude was prevalent within the operations
- the credibility of line managers was under question
- the previously used horizontal and vertical communication channels were ineffective
- there was a general lack of interpersonal and management skills throughout the South African operations

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- there was a lack of performance assessment, development areas and employee career paths
- insufficient functional skills and competencies to support the operations, growth and development needs of the business
- a strong functional silo mentality

Each of the above challenges led to the formation of the Nestlé – ZA – The power to CARE transformation initiative that set out to provide a roadmap for transformation within the South African operations.

The power to care initiative focused on six broad transformation objectives for the Nestlé – ZA transformation team, namely:

1. The implementation of the Nestlé on the move initiative
2. Strengthening of the HR function within the South African environment
3. A Leadership and Culture change initiative through the business
4. The acceleration of a skills development initiative as a priority for change
5. Understanding the impact of the transformation initiative on the business through regular climate surveys being conducted at periodic intervals
6. Embracing BEE – Black Economic Empowerment throughout the operations

To this extent the ZA Nestlé Leadership team made a firm commitment that all South African line managers would need to ensure that the minds and hearts of their teams were fully engaged and aligned to the overall organisational ambition:

Our ambition is:

"To become the leading competitive Nutrition, Health and Wellness Company, delivering improved shareholder value.
We want to become recognised as a preferred Corporate Citizen, a preferred Employer and a preferred Supplier selling preferred Products."

One interview provided the following insight into the ambition statement:

"If the ZA Nestlé leadership team is going to meet this ambition they will need to shift their focus from being task-oriented to performance oriented leaders. The organisation will need to move from a top-down leadership style to one that encourages transparency, trust, flexibility, empowerment and competence.

It is important for our ambition to meet the expectations of our stakeholders: the community, customers, staff and consumers."

During 2007 the global operations introduced the Nestlé GLOBE Excellence Model to enable a world-wide transformation initiative to improve the overall performance and value of the organisation to its stakeholders.

These two transformation initiatives, one local and the other international have undoubtedly shaped the success of the Nestlé business as we know it today.

Nestlé – the history: from humble beginnings

In 1866 Henri Nestlé, a Swiss pharmacist, established the world-renowned Nestlé brand amid a spirit of innovation and goodwill.

The company was established because of his concern for his fellow citizens. Henri, who had a passionate interest in pursuing his work ideals, hoped that his efforts would one day benefit society. He produced the first milk cereal food for children, an achievement that even today, is recognised as one of the major advances in public health throughout the world.

While the original business was based on milk and dietetic foods for children, numerous other food products have been added to the range over the years. These include chocolate, instant beverages, culinary, refrigerated and frozen products, ice cream, mineral water and pet food.

Nestlé has its headquarters in Vevey, Switzerland and is considered today to be the world's leading nutrition, health and wellness company. Sales for 2007 were CHF 107.6 billion, with a net profit of CHF 10.6 bn. Nestlé employs around 276 050 people and have factories or operations in almost every country in the world.

The Company's strategy is guided by several fundamental principles. Nestlé's existing products grow through innovation and renovation while maintaining a balance in geographic activities and product lines. Long-term potential is never sacrificed for short-term performance. The Company's priority is to bring the best and most relevant products to people, wherever they are, whatever their needs, throughout their lives.

Nestlé demonstrates through their way of doing business in all the countries where they are present a deep understanding of the local nature of nutrition, health and wellness; they know that there is no one single product for everyone - their products are tailored to suit tastes and habits wherever you as a consumer are located.

Nestlé in South Africa

The first Nestlé products arrived in South Africa during the 1870s, and the company's presence in the country was formally entrenched on 7 July 1916 when it registered as a company.

To meet the demands of a growing country, local production started in 1927 with the purchase of the South African Condensed Milk Company Ltd factory in Donnybrook and the Estcourt and Franklin factories of Joseph Baynes Limited.

Nestlé GLOBE – Global Business Excellence Model

The CEO and Chairman provide us with the following statement around the Nestlé Globe business model:

"These initiatives, together with our pre-eminence in the field of Nutrition, will ensure that Nestlé will not simply match the growth opportunity of demographics such as growing populations, increasing wealth and longer lives, but that it will clearly outpace that growth.

But the Nestlé Model is not just about growth; it is about sustainable profitable growth. Nestlé has made strides in improving its profitability over recent years, but remains rich with potential: some lies in the opportunities already mentioned, some within our structure.

Our changing organisation, increasingly characterised by agile teams in each country, focused on their customers and consumers, understanding their local dynamics and able to move rapidly, seeks to realise that potential...

GLOBE (Global Business Excellence) and, increasingly GNBS (Global Nestlé Business Services) are at the core of this transformation. GLOBE was never a savings programme, was always an enabler, and it is difficult, therefore, to attribute figures to it, but it is clear that we would not have been able to embark on our organisational transformation without GLOBE, nor to achieve the financial performance, at the same time as making the acquisitions and managing the transformation, that we have.

Yet it is only now that we are starting to really benefit from the GLOBE implementation, with the improvement in working capital over the last two years of CHF 1.2 billion being one of many examples.

We continue to believe that our greatest opportunity to create value for our shareholders is through further transforming our Food and Beverages business into a Nutrition, Health and Wellness offering and by improving its performance further. We believe that we have the right strategy and initiatives in place to achieve this. This is not to say, however, that we are not looking for other opportunities for value creation...

It was taken in the knowledge that whilst we would lose our AAA debt rating, the strength of our balance sheet would ensure that we remained the 'gold standard' for our industry."

(Source: Nestlé Management Report, 2007)

It should also be acknowledged that another driver of shareholder value creation is the ever-present principle of Corporate Governance. The Board of Nestlé embarked on a process to modernise the Articles of Association in 2005 and successfully proposed to the 2006 Annual General Meeting an amendment that would allow changes to those Articles.

The Nestlé Leadership team were forced to defeat a legal challenge in the first half of 2007, however as a result of the outcome of this challenge, the Board were able to propose a new set of Articles of Association to the shareholders and related stakeholders. The Board of Nestlé believes that these Articles adequately addresses the insights of all their institutional investors, as well as those of their large contingent of private shareholders, and considers the change to be in Company's best interests.

Nestlé – change in Leadership

The CEO and Chairman announce a change in Leadership:

"For the past few years I have updated you in this letter on Nestlé's transformation to the world's leading Nutrition, Health and Wellness Company. I am pleased, in this my final letter as both Chairman and Chief Executive, to be able to inform you that the major steps in that transformation have now been made."

'Following the 2008 Annual General Meeting, I will step down as Chief Executive to continue in the role of active, non-executive Chairman of the Board. I believe that in Paul Bulcke the Group will have an excellent new Chief Executive, with experience in both emerging and industrialised markets.

He is a strong, pragmatic leader, suited to a period of strategic and operational consolidation and a furthering of our Nutrition, Health and Wellness strategy. The Board feels very confident in his capacity to continue Nestlé's successful transformation into the world's pre-eminent Nutrition, Health and Wellness Company.'...

(Source: Nestlé, Annual Report, 2007)

Nestlé Compliance

The Focus Group discussion highlighted:

"Nestlé believes complying with laws and internal regulations ("Compliance") protects the Company's reputation and provides the basis for the creation of sustainable shared value."

Nestlé pursues a zero tolerance strategy, which has a principles-based approach to compliance. Throughout the years the organisation has formally adopted a cross-functional set up of Compliance where a number of functions can contribute to an integrated Compliance management approach.

It is relevant to note that whilst the responsibility and accountability for Compliance are assigned to the markets as per the Company's Custodian Concept, a corporate Compliance function together with a cross-functional Group Compliance Committee

define the framework, facilitate the coordination between the relevant support functions and drive key Compliance initiatives.

In addition, the Company has also established a Compliance network in the major markets and has replicated the Committee structure where necessary to meet the business location requirements.

One interviewee remarked:

"Nestlé's Corporate Business Principles and our new Code of Business Conduct are our non-negotiable worldwide minimum standards which we observe in addition to complying with locally applicable legislation."

Nestlé acknowledges that their Corporate Business Principles, which include their commitment to the ten principles of the UN Global Compact, will continue to evolve and adapt to an ever-changing world, they nevertheless still uphold their basic foundations that have remained unchanged since inception of the Company. The Management and Leadership Principles together reflect the basic ideas of fairness, honesty and a general concern for people.

In 2007, the Company adopted a new Code of Business Conduct, which will strive to help with the continued implementation of the Corporate Business Principles by ensuring that employees are provided with specific guidance to key areas or challenges within the organisation, whilst a large number of policies and standards continue to complement the system.

At the operational level, CARE is Nestlé's audit program that is used to verify, through the use of independent auditors, that the company's operations are compliant with all relevant Corporate Business Principles in the areas of human resources, safety, health and environment.

Nestlé – South Africa – The Power to CARE initiative: a brief overview

The Power to CARE initiative was introduced during 2007/2008 as a transformational roadmap for the South African businesses with a focus on six broad transformation objectives for the Nestlé – South African transformation team, namely:

- **Objective one:** the implementation of the Nestlé on the move initiative
    a. This specific objective required the implementation of a flat structure with single direct lines of reporting and accountability across all functions within the South African operations.
- **Objective two:** the strengthening of the HR function within the South African environment
    a. This objective required a complete review of the demographics of the current HR function. It required all HR professionals to improve their understanding of the business community and was underpinned through an aggressive

mentoring and coaching model for the purpose of transferring skills and creating a better understanding of the business.

- **Objective three:** a Leadership and Culture change initiative through the business
    a. This objective involved creating a definition of the transformation roadmap for the South African business; a map that identified the people issues, organisational and operational issues. Following the agreement of the definition; the case for change needed to be established with a specific focus on five strategic goals for the business, namely:
        i. Goal: Translate and align strategy into operational terms
        ii. Goal: Develop leadership
        iii. Goal: Establish an environment for engagement
        iv. Goal: Embrace HR as a business partner
        v. Goal: Identify, develop and retain talent
    b. This led to the formation of the PPDU – The People and Performance Development Unit; the team responsible for the business alignment, HR transformation, Leadership development and employee engagement and change communication for the Power to CARE initiative within the South African businesses.
- **Objective four:** the acceleration of a skills development initiative as a priority for change
    a. This specific objective focused on the introduction of specific learning and development initiatives for the different roles and or positions within the organisation. The rollout of a Leadership Advancement programme through the University of Cape Town with the company's Talent pool; closely aligned to the Nestlé Leadership framework throughout the world. In addition, Team Leader and Labour development programmes were also introduced to encourage the building of capacity at the grass-roots level of the organisation. These programmes were further supported through ABET – Adult Basic Education and Training programmes as well as some much needed Learnership and Apprenticeship programmes to address key skills shortages within the businesses. The above skills development initiative was further supported and enhanced through the formation of centres of excellence to support the Group Corporate functions and to ensure overall alignment to the Nestlé best practices and procedures underpinned within the GLOBE Model.
- **Objective five:** understanding the impact of the transformation initiative on the business through regular climate surveys being conducted at periodic intervals
    a. To monitor and review the business performance and effectiveness against the transformational goals and objectives set, it was important to measure the whether any change was happening and still occurring within the businesses. Brief but effective climate surveys will rolled out across the South African businesses with a view to determine if their was an overall improvement in the organisation following the last survey. The initial survey revealed a 38% measurement of overall morale, motivation and performance. Specific targets that were measurable and realistic were set in place over a period of time to monitor improvements. The following constructs were measured within the climate surveys:

      i. Organisational practices, satisfaction with work, work team functioning, supervisory leadership, organisational leadership, organisational commitment and trust levels, to name but a few.

- **Objective six:** embracing BEE – Black Economic Empowerment throughout the operations
  - **a.** An important element for the transformation of the South African businesses was improving the overall BEE level for the business. However significant education and awareness was first required before specific goals could be set so as to help reduce the overall resistance and sustainability of BEE within the business.

One interviewee remarked:

"These six objectives serve as signposts for the PPDU to determine if the Power to CARE initiative is on track, and performing against the agreed transformational goals and objectives of the business."

Nestlé Creating Shared Value

One interviewee highlighted the importance of creating shared value for Nestlé:

"Creating Shared Value is based on the simple truth that business and society are interdependent. As a profitable, responsible business, Nestlé respects people and the environment. We put long-term business development before short-term profit, with our investments bringing sustainable value for our business, our shareholders and society"

The Nestlé Concept of Corporate Social Responsibility was crafted by, FSG Social Impact Advisors, led by Professor Mark Kramer of Harvard University's Kennedy School of Government. The authors concluded that Nestlé as an organisation is "in the front rank of companies that create real shared value for themselves and society at every step of their business process".

The Nestlé creating Shared Value Report is published annually, and examines in detail Nestlé's global social and environmental performance. Nestlé's external advisers, including Sustainability and Accountability, have since helped the business to expand their global sustainability performance indicators, enabling Nestlé to measure their progress towards specific organisational benchmarks and UN goals, thereby helping the business to identify and prioritise those specific business impacts of most concern to their current or future stakeholders.

The Focus Group discussion revealed:

"Creating Shared Value – is Fundamental to our business strategy!"

One key example includes the scarce resource of water. Since Nestlé do not own or operate any farms, instead the business sources all agricultural raw materials from others suppliers. This places sustainable water use as one of the main areas of environmental

focus for Nestlé, with approximately 675 agronomists helping farmers to improve their farming and water management practices globally.

In this way Nestlé is assured that it continues to lower its direct water consumption, despite the growth of the business, and as a founding signatory of the UN CEO Water Mandate in July 2007, Nestlé has also invited business leaders to address access to and scarcity of water.

Nestlé – Leadership in Nutrition, Health and Wellness

The Nestlé Management Report for 2007 highlights the following key message around Nestlé Leadership in Nutrition and Wellness:

"The past year has been a water-shed year for Nestlé. Nestlé has emerged as a changed company."

Nestlé today is not simply the world's largest Food and Beverages company. During the last few years, the organisation has made the strategic transformation to become the world's leading Nutrition, Health and Wellness Company.

• Nestlé is the industry leader in Nutrition, Health and Wellness, active in Nutrition, Beverages and Water, Dairy, Cereals, Culinary, Meals
• Nestlé Nutrition is the world leader in specialised nutrition, with annualised sales of about CHF 11 billion, and is known as the

- The world leader in Infant Nutrition, Infant Formula and Baby Food
- The world number two in Healthcare Nutrition
- The world leader in science-based Performance Nutrition
- The North American leader in customised Weight Management

• Nestlé has the industry's largest R&D network and is the largest publisher of nutritional information for scientists
• The Nutritional Compass, on over 90% of packaging, gives clear nutritional information to consumers
• Nestlé funds research into nutrition in developing markets, as well as education programmes for schools.

Each interviewee constantly reminds us of the following key Nestlé value statement:

"Nestlé Good Food, Good Life"

This specific value statement is further supported by the following key principles and activities undertaken by Nestlé as a leading organisation:

'The Nestlé Research and Development organisation, encompassing the Nestlé Research Center and its extensive network of more than 300 external collaborations, is a leading research entity in food, nutrition and life sciences.

Nestlé – Nutrition, Health and Wellness for people with special nutritional requirements

One interviewee remarked:

"The Nestlé Group comprises an agile fleet of businesses, each strong and flexible, with its own crew and with its own skills. At the head of the fleet is the pioneer, Nestlé Nutrition, breaking new ground in specialised nutrition."

The Nestlé GLOBE model creating value through profitable growth

One interviewee highlighted the key measurable objectives contained within the Nestlé GLOBE model:

"The Nestlé GLOBE model seeks to achieve three measurable objectives over a long period of time:

• Annual organic growth between 5% and 6%
• Year-on-year improvement of EBIT margin
• An improving trend in Return on Invested Capital

We believe we can deliver the Nestlé GLOBE model over at least the next ten years. Nestlé has met this model's objectives over the last 12 years, making it one of very few companies that have consistently reported an improvement each year in both top and bottom-line growth. This has resulted in Nestlé being able to provide its shareholders with a total shareholder return over that period of 408%.

This performance is the result of a clear strategy, strong management, leading brands and an effective operational plan."

The execution of the Nestlé – GLOBE Model

The Focus Group discussion provided a brief insight into the fundamental execution principles that underpin the Nestlé GLOBE model:

"No company can save its way to prosperity. Savings are necessary to stay competitive, but competitive advantage comes from excellence in execution, and from a company's ability to leverage growth for improved performance.

At Nestlé, therefore, hand in hand with our strategic transformation to a Nutrition, Health and Wellness company, we have been managing an organisational transformation to enable us to focus more on demand generation. The resulting organisation,

characterised by an agile fleet of businesses and a highly efficient support structure, is itself increasingly becoming a competitive advantage."

Agile fleet of businesses

Nestlé is now made up of a number of businesses, each with its own appropriate business model to ensure success.

Each has its own specific management, close to the consumer and focused on profitable demand generation.

The businesses are highly interdependent, aided by an efficient support structure which leverages the businesses know-how internally, and also leverages the businesses scale externally for more effective partnerships with suppliers and customers.

GLOBE – the major enabler for operational efficiency and growth

One interviewee pointed out:

"*GLOBE enables us all to talk one language, with one set of definitions, one set of tools and one set of measures.*"

"*This commonality is at the heart of the GLOBE programme.*"

The Focus Group discussion remarked:

"*It removes unnecessary complexity and makes us an interdependent company. It drives discipline, leads to effective, real-time benchmarking creates clear responsibilities and enables effective decision making. In effect, it moves us from a reporting to a real time, action driven organisation.*"

"*GLOBE enables us to merge necessary complexity, such as our wide range of products, diverse routes to market and different business models, with efficiency, by leveraging our size as a strength for improved financial performance.*"

"Operation EXCELLENCE 2007" – driving cost-competitiveness

The Nestlé Management Report 2007 provides us with an overview of the Nestlé Operation Excellence programme that was focused at driving cost competitiveness:

'*For over 10 years, Nestlé has been successful in cost-optimisation initiatives, particularly in manufacturing, yielding savings of CHF 10 billion.*

"*Operation EXCELLENCE 2007" has replicated this success, exceeding its objective of CHF 1 billion savings in 2007. Our Cost of Goods (COGS) as a percentage of sales has reduced from 52.1% in 1996 to less than 42% in 2007. Savings initiatives have played a*

key part in this achievement. So too has our strategy to move to higher value-added products, where the COGS weigh less in the selling price.

The increase in COGS in 2007, despite significant efficiencies, results from the severe inflation in commodity costs, particularly agricultural commodities. Nestlé will continue to drive efficiencies to compensate for such cost pressures."

Generating demand across all business models

One interviewee explained the importance of the GLOBE concept:

"GLOBE facilitates flexibility and agility, enabling us to manage many different business models, whether globally-driven premium businesses (Nespresso), regionally managed businesses (PetCare); very local businesses (Culinary), standalone businesses (Jenny Craig), or service-driven businesses (Gerber Life). It allows each business to operate with its own optimal structure, without compromise, to improve demand generation. It works effectively across all categories, all channels and all markets."

GLOBE is built on best practices, both internal and external; and it promotes their rapid adoption across the organisation. Hundreds of best practices include aspects such as Food Quality, Health and Safety, Pricing – the Nestlé Way, Supply Chain Management, and Marketing.

While many initiatives appear to be savings-driven, they are in fact about providing a better service to customers, and fresher, higher quality products to Nestlé consumers – the key drivers of demand generation.

Thus GLOBE enables a virtuous circle of continuous improvement: better management of supply chain reduces working capital and saves money, but also speeds up route-to-market, providing fresher products to drive growth. Nestlé can then leverage that growth in their operations to drive further savings.

Capital Efficiency

The Focus Group discussion explains the method of improving Capital efficiency:

'"Operation EXCELLENCE 2007" went beyond manufacturing to tackle opportunities in warehousing, planning processes and network optimisation, among others.'

It was supported by GLOBE systems, which provided data on under-performing areas, enabling fast and sustainable improvements along the value stream.

As a result, for example, Trade Net Working Capital as a percentage of sales, a key indicator of Supply Chain effectiveness, has been on a two-year improving trend, while "Bad Goods", a measure of internally-created supply chain damages, reached its lowest level since records began. Working capital improvement remains a key area of focus,

with opportunities for improvement in all areas. The overriding objective is to get fresher products faster to Nestlé consumers for their improved pleasure – improved working capital is the financial measure of the organisation's success in this goal.

Global Nestlé Business Services (GNBS) allowing front-line leaders to concentrate on demand generation for profitable growth

One interviewee pointed out:

"Like GLOBE, GNBS brings cost benefits to the Group, by supporting our in-market teams with shared services for selected back-line activities, including Employee Services, Facility Services, IS/IT Services and Financial Services."

The provision of these services releases Nestlé employees around the world, who are closest to consumers, to spend more time with the customers and focus more intensely on profitable demand generation. That way, they are better able to deliver sustainable profitable growth – another virtuous circle of cost savings combined with enhanced demand generation.

Better people means better performance

One interviewee re-iterated the importance of People:

"Our strategy and the way we execute it is, of course, dependent on the quality of our people. Leadership in Nutrition, Health and Wellness relies on science-driven innovation, and on having people with the right skill-sets.

We have benefited from driving decision-making down through the organisation, and cascading responsibility to all levels. Being closer to our consumers reinforces the intimacy that we have with them and our understanding of their evolving needs. This human factor further enhances our ability to meet the objectives of the Nestlé Model, and also sows the seeds of our future success."

The ZA Nestlé Leadership team acknowledges that at present not all of the teams have fully embraced the reasons for transformation; and that it is not always clear what each person's role is within the process. Over the past few months the team has set about to identify the gaps that still require attention:

- Skills: there is a perceived lack of training and development, and an increased desire for mentoring amongst employees to become more mature within the area of business growth and development.
- Attitudes and behaviours: at time there appears to be a lack of operational discipline with little or no sense of urgency and low levels of ownership and responsibility. Sometimes there is a feeling of entitlement concerning advancement or promotion within the company.

- Employee engagement: not all of the employees within the organisation are fully engaged within the transformation process, and this leads to a lack of openness and transparency with a low degree of trust and some fear.
- Talent Management: it has become important for the organisation to improve its staff retention, career and succession planning and functional continuity.
- HR systems and processes: there are some negative perceptions around issues such as remuneration, reward, equity and fairness.

The Mergers and Acquisitions that took place

In 1932, the Pietermaritzburg factory was established to manufacture and market chocolates. More diversification came in 1947 when Nestlé merged with Swiss company, Alimentana SA. This signaled the birth of the popular MAGGI bouillon cubes and dehydrated soups, which soon became a household name.

In 1960, the company acquired the CROSSE & BLACKWELL brand.

In 1998, Nestlé purchased Rowntree, a UK-based company, which is one of the world's largest chocolate and confectionery companies. This acquisition brought with it the South African company, Wilson-Rowntree. The amalgamation of the two companies was an ideal match of strengths and resulted in a formidable presence in the marketplace.

The formation of Dairymaid-Nestlé (Pty) Ltd in 1993, a 50% partnership with Imperial Cold Storage (Pty) Limited, marked the start of a formidable combination of expertise and branding, resulting in the development of innovative and quality ice cream products for the South African market.

In January 2002, Nestlé SA acquired the remaining 50% shareholding in Dairymaid-Nestlé (Pty) Ltd from Tiger Brands. As a result Dairymaid-Nestlé became a wholly owned subsidiary of Nestlé SA. The company was renamed Nestlé Ice Cream in early 2003.

In February 1998, Nestlé South Africa (Switzerland) and Borden Foods Corporation (Columbus, Ohio), entered into agreements for Nestlé to acquire a number of Borden Brands' international activities. Due to these acquisitions, Nestlé SA further strengthened its presence in the milk market with the takeover of the entire business of Borden (Pty) Ltd, manufacturers of well-known international brands such as CREMORA and KLIM.

July 2000 saw Nestlé SA acquire two local mineral water brands, Valvita and Schoonspruit. Under this agreement, Nestlé also acquired the Valvita and Schoonspruit water sources and the bottling plant at the Deep Water Estate in Gauteng. Valvita has since been re-launched as Nestlé Pure Life mineral water and is prominent within the retail sector.

By January 2002, Coca-Cola and Nestlé announced that their global joint venture partnership, Beverage Partners Worldwide (BPW), was extended to South Africa. This

expansion to the South African market signaled the introduction of Nestea Ice Tea, which has helped to grow the ready-to-drink tea category in South Africa.

Nestlé's presence in South Africa has resulted in a multi-million rand investment annually with purchases of milk and other raw materials. This in turn provides employment to more than 4 000 people and security for thousands of dependents.

A formidable force

Recent acquisitions (which include Jenny Craig in 2006, Novartis Medical Nutrition and Gerber in 2007) have made Nestlé Nutrition a formidable force.

With annualised sales of about CHF 11 billion, it is the world leader in specialised nutrition by a significant margin, twice the size of its nearest competitor.

While the acquisitions have added critical mass and created a stronger springboard for growth, more important are the competitive capabilities that they bring, enabling Nestlé Nutrition to break new ground with innovative specialised nutrition products and services that deliver clearly defined health benefits.

Perfect strategic fit

Each acquisition fits perfectly with the Nestlé business nutrition, health and wellness strategy: Jenny Craig allowed Nestlé to enter into the strategic area of weight management; Novartis Medical Nutrition to reinforce Nestlé's position in healthcare nutrition; and Gerber to extend Nestlé's leadership across key areas of infant nutrition.

Together, they enable Nestlé to strengthen their Nutrition business competitive position in terms of geography and/or need states. Crucially, they bring performance-oriented skills and capabilities to enable Nestlé Nutrition to compete even more effectively. We warmly welcome all the people who have joined us. We have quickly found that we share a close cultural fit.

Out-performing the Nestlé Model

Nestlé regards each acquisition as a growing business in its own right, therefore each will contribute to the sustainability of the Nestlé Model.

Indeed, Nestlé Nutrition's goal is to grow faster than the Nestlé Model, aiming for sustainable organic growth of 10% and EBIT margin of 20% or more.

Bigger, better, bolder innovations

Nestlé's acquisitions have complemented the organisation's R&D capabilities, leading to an increase in R&D investment and a stronger innovation and renovation pipeline. The

amount that Nestlé invest in R&D far exceeds their competitors. Nestlé's expertise stretches beyond Nutrition and positively affects the entire business portfolio.

One interviewee proceeded to illustrate the real meaning of 'Bigger, better, bolder innovations':

'In effect, it is the "science engine" that drives the Nestlé business. Our strategy is to develop "bigger, better, bolder" innovations that build bigger, better brands. Our highly disciplined R&D process creates solutions that answer three questions: What is needed by consumers? What is technically and scientifically possible? What is commercially achievable?'

The Nestlé Nutrition's R&D pipeline includes more than 60 projects supported by over 60 clinical and human studies.

To protect its intellectual property, Nestlé Nutrition has over 1000 granted patents, and that number is continuously on the increase. More than 100 projects are getting ready for launch in the next 18 months in over 100 countries.

Cross-fertilisation between Nestlé businesses helps to inspire greater innovation. Nestlé Nutrition works with the Group's Product Technology Centres, gaining access to all the proprietary science and innovation in Nestlé. The learning and know-how gained at Nestlé Nutrition is also transferred to other businesses within the portfolio, for example through Branded Active Benefits (BABs).

Nestlé – Transforming the South African business - the road ahead

As a worldwide organisation Nestlé has been affected by the pace of change and since its creation in 1868 it has needed to adapt continuously to remain competitive.

The change journey within South Africa is noteworthy for it poses the following questions:
- the South African social and political environment during most of the 20th Century was isolated from global competition and as a result Nestlé did not need to be truly competitive to achieve its organisational goals
- However rapid changes have taken place within the country since 1990, and Nestlé as an organisation within South Africa was now faced with a real challenge of competing at a global level with its other counterparts across the globe

The key question to the Nestlé Leadership team was whether or not the rules for success within a closed economy would still be effective for competing at a global level? To become a leading competitive organisation, Nestlé would need to transform and rapidly close the gaps towards competitiveness.

Some of the competitive gaps that were identified include attitude, transparency, the way of working, operational discipline and organisational structure to name but a few. It was

clear from the past few years that some changes were occurring within the business however some of the changes had not improved sufficiently or to an acceptable level.

In addition to the above competitive gaps; the organisation was acutely aware of some specific challenges confronting the South African environment. These challenges included a change in consumer behaviour more especially in South Africa where there was an increase in the demand for service, choice and innovation but this too was being affected by decreasing brand loyalty owing to a greater choice or selection of products and services becoming available within South Africa.

Competitors in South Africa are also transforming and it was apparent to Nestlé that only a truly transformed business would be able to survive in a competitive South Africa. The regulatory environment within South Africa was and still is constantly changing with increasing demands for social and economic transformation.

To support all of the above, Nestlé as an organisation would need to understand what these changes would mean to the Leaders and people of the company within the South African environment. Every individual within Nestlé would need to make a transition from a manager of tasks and transactions towards a Leader of people, relationships and communication.

During 2007 the leadership of the organisation conducted a review of the transformation processes that were unpacked within the organisation over the past five years and the following key questions emerged around the Nestlé transformation journey:

-   Did Nestlé South Africa help contribute towards the organisational ambition to become a leading competitive Nutrition, Health and Wellness company that delivered and improved shareholder value?
-   Does the above ambition meet the expectations of our stakeholders: the community, customers, staff and consumers?
-   Do our customers believe that the company is striving to collaborate and provide mutual profitable growth?
-   Are our people excelling in a transparent, trusting and high performance culture?
-   Is Nestlé seen as a preferred corporate citizen that partners with its communities to implement sustainable socio-economic programmes?
-   Do the leaders of Nestlé South Africa feel comfortable in explaining the main reasons for the leadership and culture transformation? Are our leaders local enough to the environment in which they serve and operate?
-   It is clear to the people of Nestlé what their role is in the transformation process?
-   Is the Nestlé South African transformation journey aligned to the overall purpose of the business which is to create value?
-   Are the leadership, culture and engagement processes addressing the key transformational challenges, questions and concerns within the South African environment? What is the role of HR in the transformation process?

<u>Researcher key observations and notes pertaining to the Case Study: an examination of the quantitative and qualitative research data</u>

Nestlé Case Highlights of Events

Listed below is an overview of some of the key Nestlé Calendar of events as shown in Table 6.15 that have helped to contribute towards the shaping of the current change journey:

Table 6.15 – Nestlé Calendar of Events	
Year	**Description of events**
2000	Nestlé SA acquire two local mineral water brands, Valvita and Schoonspruit
2001	Nestlé merges with Ralston Purina
2002	Nestlé SA acquired the remaining 50% shareholding in Dairymaid-Nestlé (Pty) Coca-Cola and Nestlé announced that their global joint venture partnership, Beverage Partners Worldwide (BPW), was extended to South Africa
2003	-
2004	-
2005	-
2006	Nestlé acquisition of Novartis Medical Nutrition
2007	Nestlé acquisition of Gerber
2008	-

Impact of the organisational change on Nestlé Organisation

Listed below are the actual impacts resulting from the organisational change activities as shown in Table 6.16 below:

Table 6.16 – Impacts of the Organisational change on the Nestlé Organisation	
Year	**Major impacts on Organisation**
2000	-
2001	-
2002	-
2003	-
2004	-
2005	New Nestlé CEO appointed for South Africa Nestlé internal scan conducted. Human Resources are identified as the number one initiative for change within Nestlé. Organisational climate conducted – end results well below expected norm of 65%

	Nestlé Transformation Roadmap launched Nestlé – The Power to Care Vision set for 2010
2006	Nestlé Case for Change identified and aligned to strategic objectives
2007	Importance of Nestlé values established – Embracing Diversity Focus on accelerating Skills Development
2008	Another year of delivery of the Nestlé Model - organic growth target of 5-6% and further improvement of the EBIT margin at constant currency – The Nestlé Model reconfirmed for the next ten years New Nestlé CEO appointed Nestlé Climate Survey conducted – considerable improvement made, however the acceptable norm is not yet reached Nestlé Power to Care vision set for Employee engagement and retention of Talent

An investigation of the underlying Research Constructs within the Case

Listed below is a review of the data collected from the survey questionnaire, research interviews and company archival records validated through the process of data and methodological triangulation:

Critical success factors identified:

An interviewee highlighted the importance of the following key success factors:

‘*A good success factor for the management of organisational change is the following:*
- *A good / strong communication platform*
- *Buy-in from the Senior and Middle Management*’
This is further supported by Nestlé’s acknowledgement of the following quote:

“*If your internal knowledge does not improve faster than change – you will be left behind!*”

CS - Top Success Factors

The following Top Success factors were identified for the Nestlé Case:

- **Employee expertise – retention of key talent**
- **Low accident / Injury rate**
- **Profitability**
- **Quality**
- **Growth**

This can be supported by Figure 6.19 that highlights the perceived performance of the Nestlé case for the High impact success factors

Figure 6.19 - Nestlé perceived performance on High Impact success factors
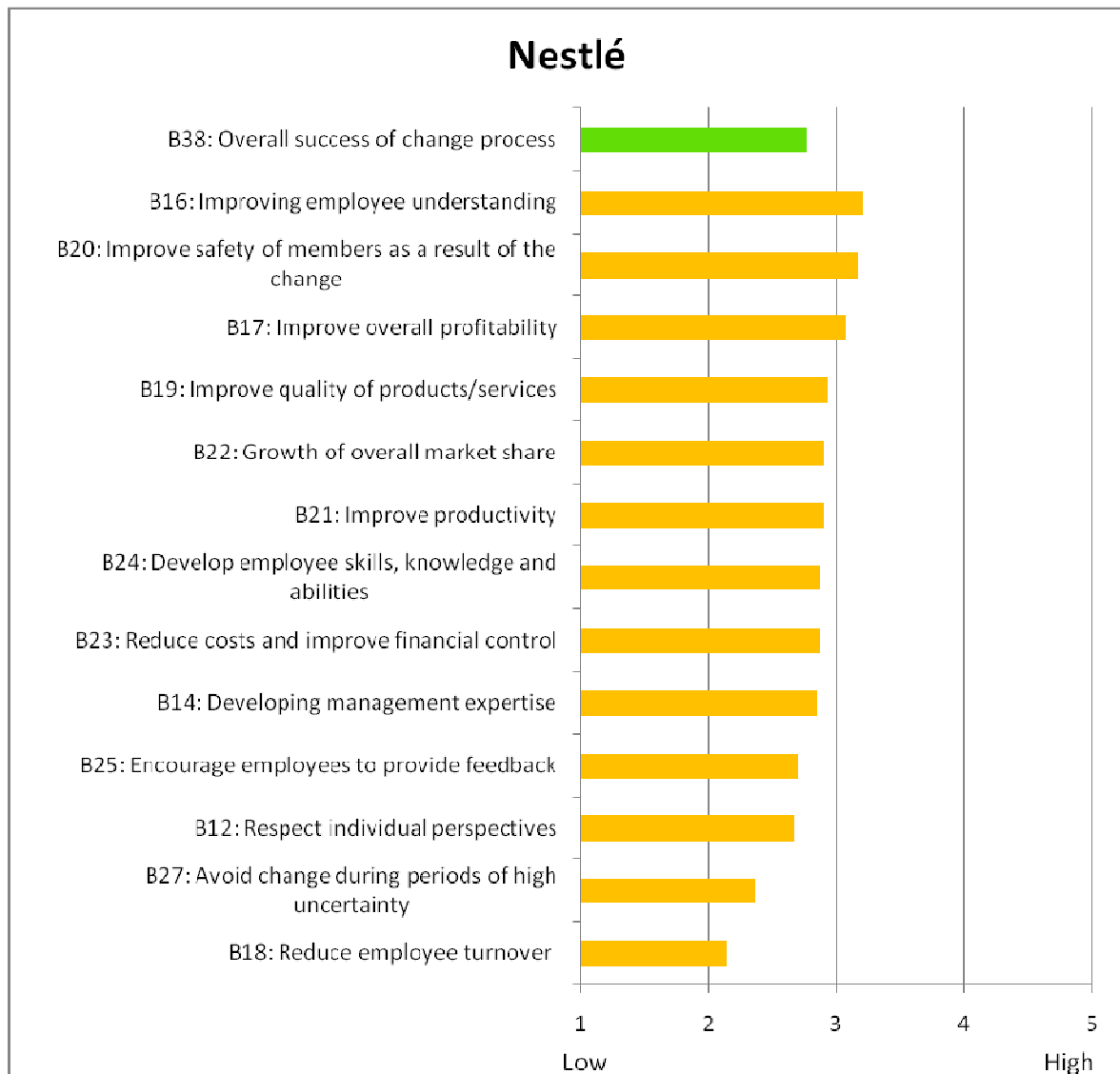
CS - Low Success Factors

'When it comes to setting of goals and the communicating of goals, Nestlé has been very successful! We have had a look at how we communicate on these items, and we have set up a monthly communications platform to communicate key messages at site – it is also acts as a good process to get feedback from our employees at the respective sites.', remarked one interviewee.

The following Low Success factors were identified for the Nestlé Case:

- **Common goal**
- **Management of communications**

- **Participation**
- **Acceptance of change**
- **Value of Human Resources**

This can be supported by Figure 6.20 shown below that highlights the perceived performance of the Nestlé case for the Low impact success factors.

Figure 6.20 - Nestlé perceived performance on Low Impact success factors
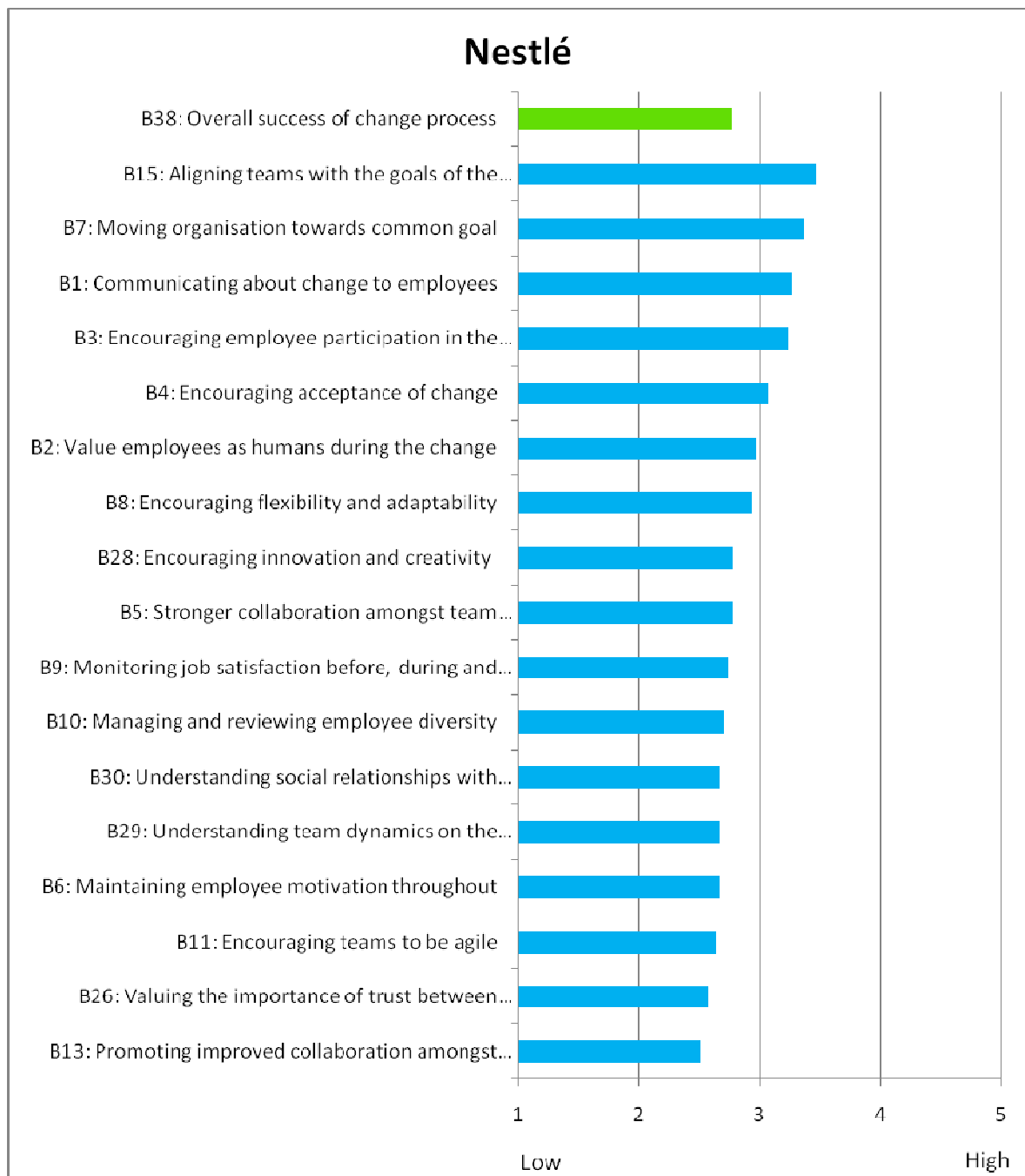
CS – Change Stakeholder Management

"At Nestlé, we make good use of mission-directed work teams to help us to drill down and identify problems, and find solutions to the problems – in a real and practical manner", reported an interviewee.

The following Change Stakeholders were identified for the Nestlé Case:

- **Change sponsor**
- **Change feedback**
- **Change leadership**
- **Diverse change stakeholders**
- **Stakeholder community**

This can be supported by Figure 6.21 shown below that highlights the perceived performance of the Nestlé survey participants for Change Stakeholder management.

Figure 6.21 - Nestlé perceived performance on Stakeholder Management
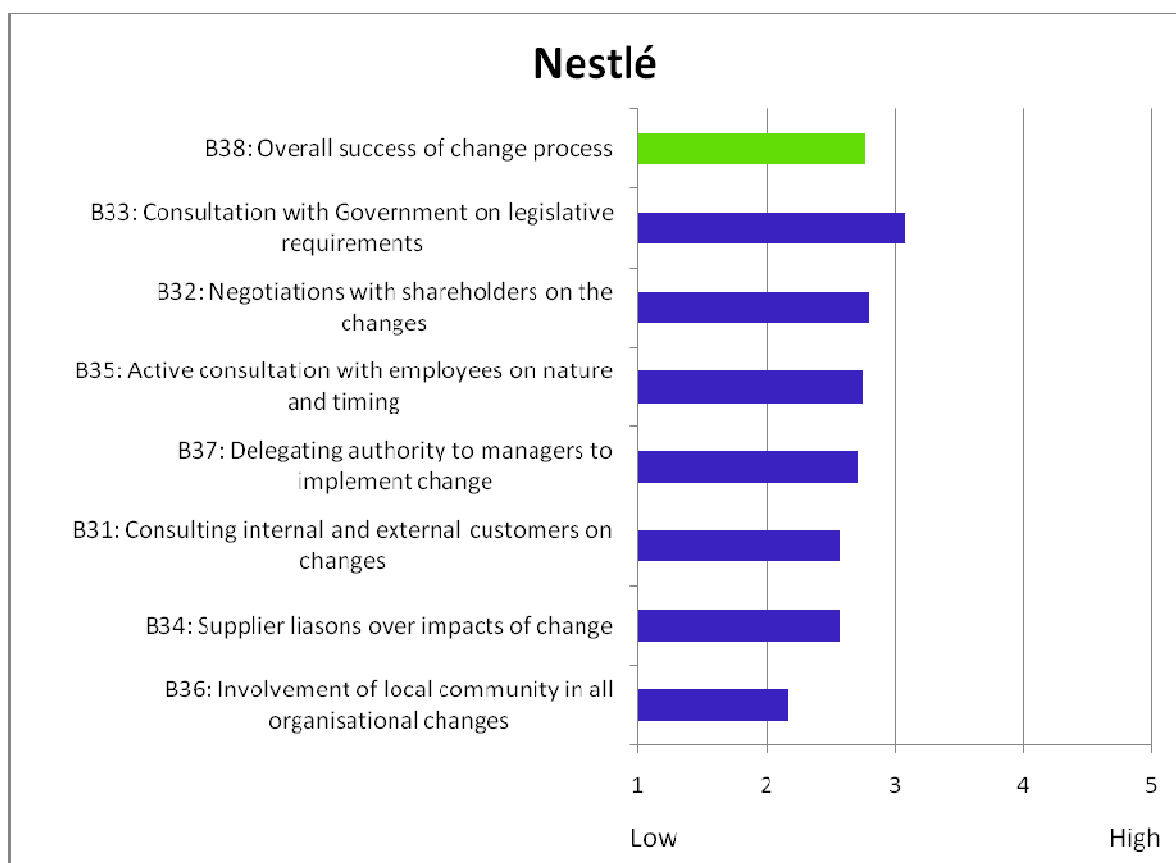
Change Framework and Processes

The following interesting highlights around the Nestlé organisational change processes were shard by several interviewees:

'It is crucial to create the case for change – this helps you to start the journey before you commence with the implementation thereof.

At Nestlé we needed to develop the mission, vision and values first as this would help us to determine where we wanted to go. I must admit that this was one of the biggest areas of change for the business.

From an M&A perspective, it will always depend on the nature and size of the merger. Our biggest challenge was in 1988 / 89 when we merged with Wilson-Rowntree – they were as big as us in terms of the total number of people, but they had a different set of values and an entirely different culture. Wilson-Rowntree was largely a British culture whilst Nestlé' has a Swiss Culture. Indeed, there were some interesting challenges, but in the end we did overcome them.

In the case of smaller mergers, it is often easier for Nestlé as the people are often exposed to the more dominant culture of our organisation. The biggest area of work is TRUST. If there is no sharing of information, you will eventually end up with a-them-an-us scenario, and this can be counter-productive to the entire change initiative.

Early on we acknowledged that we did not have the capacity to develop a Change Leadership team with smaller sub-teams. We found it very difficult to implement. This led to the creation of the PPDU – where Nestlé brought external consultants into the organisation to assist with the change leadership process. We generally do not prefer to make use of consultants, but in this instance we decided to deploy these consultants as part-time employees or members of the Nestlé transformation team.

To date the PPDU has been largely successful in driving through the communication processes. Nestlé leadership still communicate, however the PPDU simply creates the correct channels – this has subsequently led to the appointment of a dedicated Communications department.

It is vital to keep communicating the change process as it is important to inform people on how well we are doing. These messages should be shared all the way down to the shopfloor.

At Nestlé we have a strong support and commitment for Living the Nestlé Values. These values provide a clear set of principles and behaviours that everyone supports and understands, namely:
- Trust
- Diversity
- Quality

- *Integrity'*
                    ,

The following Change Management Framework and Processes were identified for the Nestlé Case:

- **CF & P – Preparing for change**
    - Understanding the reason for change
    - Understanding the climate for change
    - Developing a change plan
    - Understanding the need for change
    - Developing a change vision
- **CF & P – Change Metrics and structure**
    - The importance of measuring change
    - The importance of communicating the change
    - The importance of celebrating small wins
    - The importance of a change plan for the management of long term change
    - The importance of systems and structure for change
- **CF & P – Lessons learned**

One interviewee provided the following key insights into the lessons learned:

"One of our main lessons learned is that organisational change involves a commitment for the long term – it is not a quick fix! In addition to the organisation and employee's commitment, the alignment of the country and company has also helped – this has helped us to adapt from the change of where we were to where we want to get to – one good example includes the introduction of BEE!"

"In Nestlé there is an understanding that there will always be constant change, and that there is no such thing as I have fixed it and it will be fine. It is a question of – Things are changing and we need to keep ahead of what those changes are, hence the saying of keeping the knowledge in the organisation – ahead of the rate of change!"

This can be supported by Figure 6.22 that highlights the perceived importance for the Nestlé survey participants for future Change processes.

Figure 6.22 - Nestlé perceived importance of future change processes
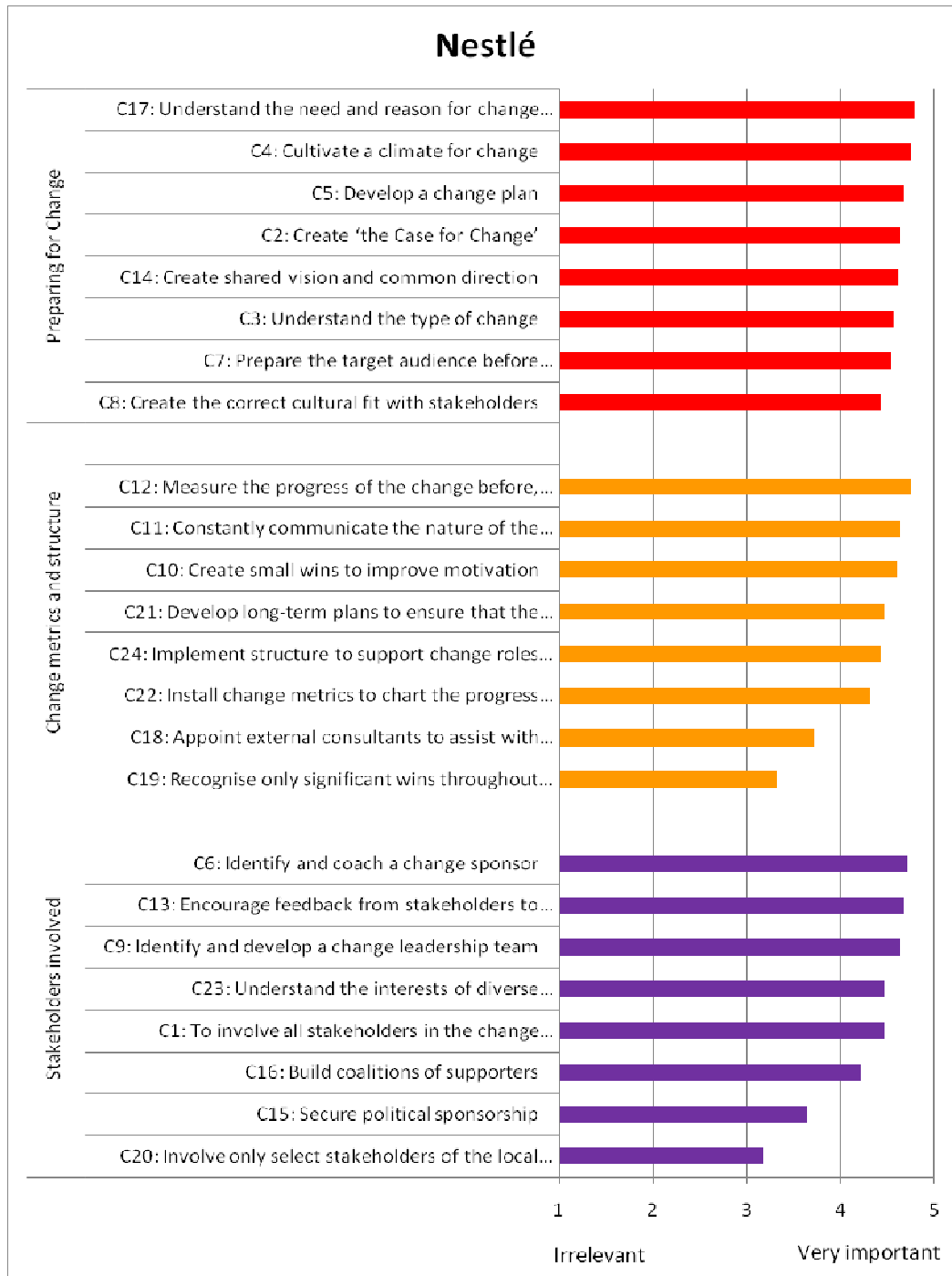
In summary when it comes to developing a change framework, an interviewee highlighted the importance for the development of the Business Case for change:

'When busienss enters a big transfomration programme there is a definite need to develop a summary of the case for change. The Nestlé business case for change has emerged from the following business challenges / problem areas:

- *the lack of business alignment*
  - *We ask ourselves – what needs to be done? We need to align the business through the Power to CARE initiative*
- *The need for skills development*
  - *We ask ourselves – what needs to be done?We need to develop leadership capabilities through our skills development programmes*
- *Ensuring transformation relationship capabilities up to team leader level*
  - *We ask ourselves – what needs to be done? Put transformation programmes in place to develop our people in their transformation relationship capabilities*
- *A blame culutre – a lack of ownership'*
  - *We ask ourselves – what needs to be done? Encourage a high performance culture through an engaged workforce*
- *Inadequate talent attraction and development*
  - *We ask ourselves – what needs to be done? We need to develop the best in class talent management and development plans*
- *HR not capacitating at the right level*
  - *We ask ourselves – what needs to be done? We need to form an efficient and effective HR Community.*

The above business challenges were reviewed with the leadership of Nestlé through mutliple workshops, where input was gathered to help develop the Nestlé Transformation model that delivers results, and focuses on the following five stategic goals from 2007 onwards:

- *Improve business alignment*
- *Develop leadership*
- *Create and environemnt of engagement*
- *Embrace HR*
- *Identify and develop Talent in the organisaiton*

Change Scorecard

An interviewee provided an overview of the current measurement approach followed by Nestlé:

'Nestlé use to have the old mindset – you do not tell the people anything. The financial information is private and should not be shared. I am pleased to report that over the past few years this mindset has disappeared completely – it has changed!

You need to ask yourself what the employees want to know, namely:
- *Employees want to know are we successful?*
- *Are we going to close tomorrow?*

'We have developed a set of KPI's that focus on the following key measures:
- *Real internal growth, which indicates that volumes are growing and that the change is not as a result of the price increases*
- *What are your structural costs? This helps to indicate that we are moving forward*
- *When we make investments we share the information; we tell everyone about the investment*
- *Every five (5) years we are required to present a market-business strategy that must be presented at Switzerland*
- *We focus on identifying bottlenecks, and to do so we use our employees, and we ask them for feedback on possible improvement areas*
- *We take great pride in sharing our business strategy with our employees*
- *We create measures that make sense to the Business units so as to encourage buy-in on a monthly basis. For this reason we focus on the smaller more operational measures of line efficiencies and customer satisfaction levels*
- *Each month we provide feedback to the respective businesses on how well they are doing. It might sound like the same message some months, but it does help to sustain the comfort. It is important to be open and transparent – do not hide the results. It does not help to reveal sudden dramatic changes, when all long the message you have been communicating has been unchanging – the employees will not trust you, and this will simply lead to further questions and investigations.*
- *The measurement of change is important to Nestlé – it helps us to understand how we are doing as company!'*

Another employee presented us with the Nestlé – Power to CARE *initiative:*

'The CARE acronym stands for:
- *C = Competitiveness*
- *A = Attitude*
- *R = Responsibility*
- *E = Execution*

The initiative focuses on the organisations POWER TO CARE the organisational mission, vision and values, and how this affects or impacts each Business Unit. When it

comes to CARE, it is important to acknowledge that the Nestlé mission remains the same; the ambition remains the same, and the four pillars (1. Preferred Corporate Citizen, 2. Preferred Employer, 3.Preferred products and 4. Preferred supplier) remain the same.'

The following Change Scorecard Measures and Performance Measurements were identified for the Nestlé Case:

- **CSC – Change input measures - Delivering Value**
  - o The total Rand value of Human Resources provided for a change initiative
- **CSC – Change efficiencies - Operational Excellence**
  - o The total number of stated change business case objectives achieved
  - o The total percentage progress against the original change scope
- **CSC – Change activity based – Change outputs - Change Partnership**
  - o Change activity based
    - ▪ The improved organisational integration as a result of the change
  - o Change outputs
    - ▪ The improved employee participation as a result of the change
- **CSC – Change outcomes - People Commitment**
  - o The total percentage of increased retention of employee talent as a result of the change
  - o The total reduction in the number of employees leaving the organisation

This can be supported by Figure 6.23 that highlights the perceived importance of performance change measures in similar change future change initiatives.

Figure 6.23 - Nestlé perceived importance of performance change measures in similar future change initiatives

Nestlé

Activity based
- D10: Improved organisational integration
- D12: Increased new business process creation
- D11: Better knowledge sharing across business processes

| 1 | 2 | 3 | 4 | 5 |

Unsuccessful — Extremely successful
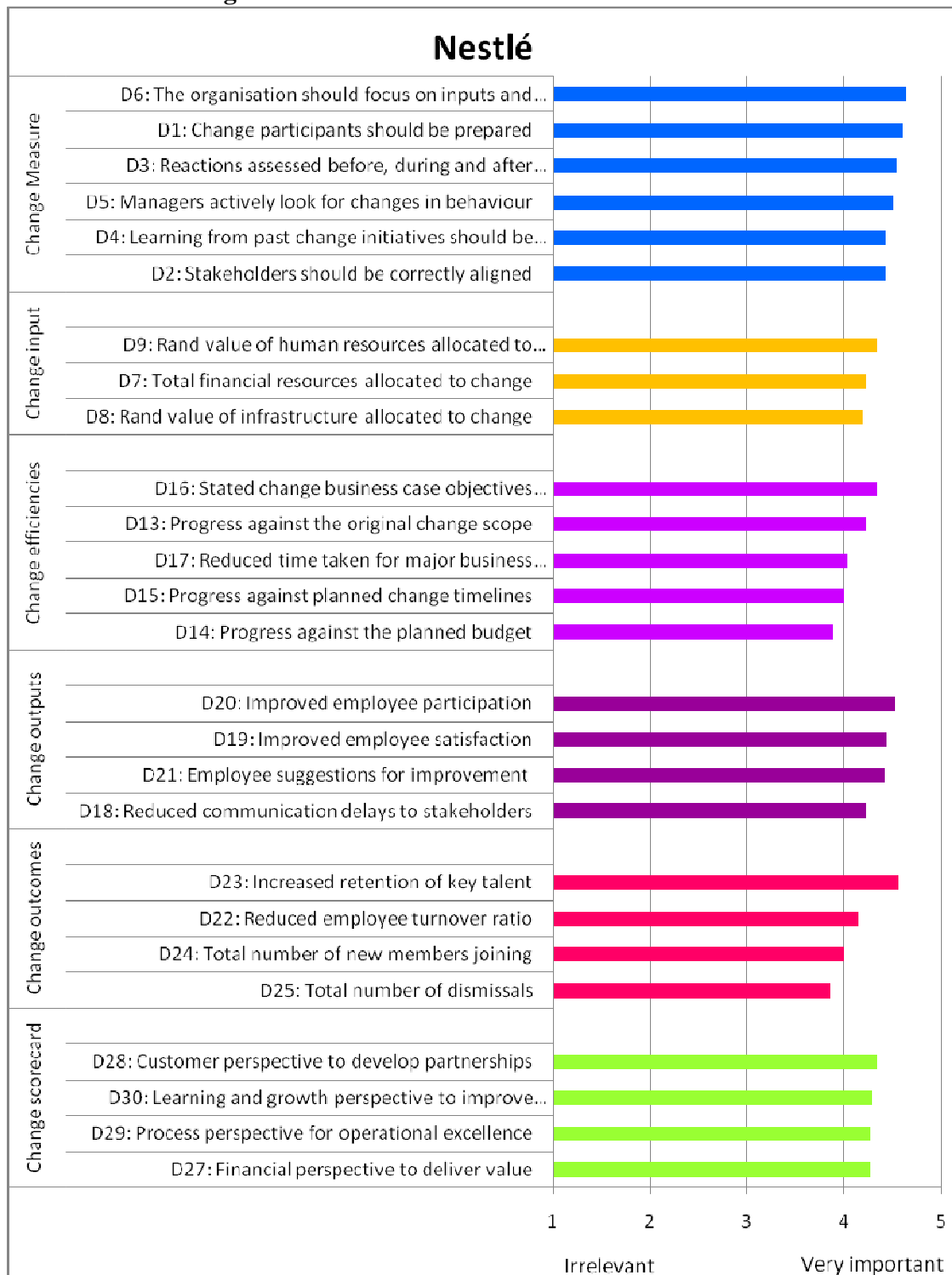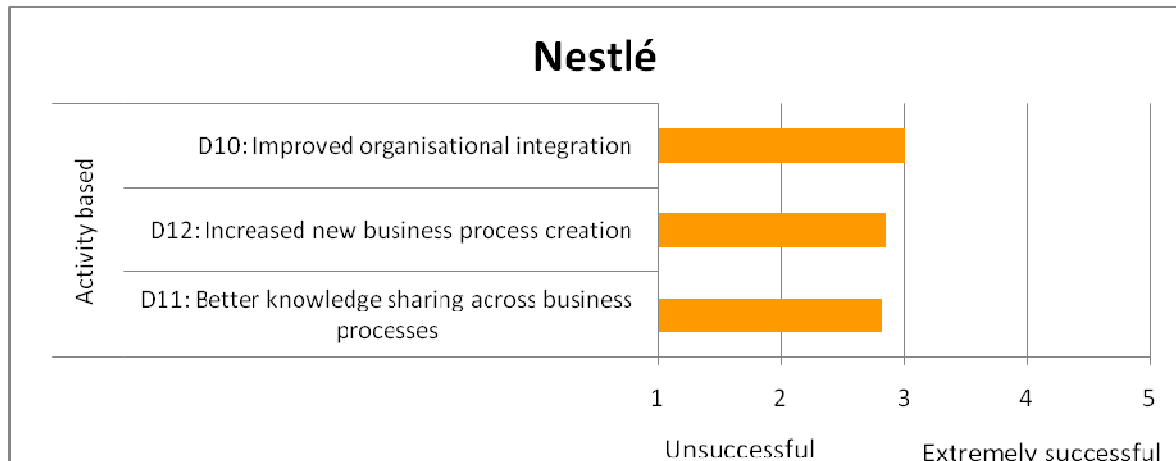
Change Outputs

'Nestlé understands the importance of successful organisation change! We believe that should not simply change for the sake of changing; to change you must have a good business rationale. Very simply put – CHANGE IS OUR LICENCSE TO TRADE!' as reported by an interviewee.

Another interviewee supported this comment:

'The workforce must be engaged; they should understand what we are trying to do and how we are trying to do it!

Change must be re-enforced more constantly as it is dynamic. If the organisation has changed then it will no longer be the same. If there is no fit – during or after the change process, people may want to leave. We regard this as part of the change process – we should respect that those who leave may not necessarily want to be part of the change process anymore.'

The following perceived Change Outputs were identified for a successful change initiative within the Nestlé Case:

- **CO - Change Outputs – Tangible**
  - Reduced employee turnover and increased retention of talent
  - The provision of improved services to both our internal and external customers
  - Better management / utilization of resources for the organisation
  - Improved allocation of skilled resources
  - Improved financial controls for the organisation

- **CO - Change Outputs – Non-tangible**
  - Improved change communications for the organisation through the change initiative

- Better and or improved organisational alignment to strategy and objectives
- Improved stability for the organisation
- Building the talent profile of the organisation as a result of the change initiative
- Improved or increased flexibility / adaptability for the organisation
- Improved or increased innovation / creativity for improvements within the organisation

'In summary, if the following outputs are present at Nestlé; then we will know that we have changed:
- *Organisational commitment has improved*
- *Organisational leadership has improved*
- *Supervision has improved*
- *Work team functioning has improved*' – exclaimed one interviewee.

This can be supported by Figure 6.24 that highlights the perceived tangible and intangible benefits of a recent change initiative.

Figure 6.24 - Nestlé perceived tangible and intangible benefits of a recent change initiative

Nestlé

Tangible

E2: Improved management commitment
E13: Improved service delivery within time frames
E25: Improved utilisation of organisational..
E1: Improved employee commitment
E20: Improved management of the supply and...
E19: Improved allocation of resources
E3: Improved employee satisfaction
E9: Improved business performance against budget
E6: Improved customer satisfaction
E10: Improved cost reduction against planned...
E15: Reduced customer complaints
E21: Improved growth opportunities into new...
E14: Reduced errors or need for re-work

Non-tangible

E12: Improved communication with external...
E11: Improved intra-organisational communication
E24: Alignment of organisational and employee..
E17: Improved stability and alignment with..
E5: Improved knowledge, skills and abilities
E18: Employee willingness to accept change
E16: Increased innovation/creativity of employees
E23: Improved agility to respond to change
E4: Reduced absenteeism
E22: Improved trust relationships for stakeholders
E8: Reduced employee grievances
E7: Reduced employee disciplinary actions

1   2   3   4   5

Unsuccessful   Extremely successful

Change recommendations emerging from the Nestlé Case for the South African environment

The following emerging change recommendations as shown in Table 6.17 were uncovered throughout the Research Study from evidence collected in the research interviews, focus group discussions and company documentation.

Table 6.17 – Emerging change recommendations from the Nestlé Case	
No	**Emerging Change recommendations for South Africa**
1	Management and retention of Key talent to support growth
2	Management of Diversity
3	Alignment of organisation to diverse Stakeholders – including the community

Summary of Case Evidence

Listed below is a summary overview of the case evidence that has emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.18 below:

Table 6.18 - Summary of Nestlé Case Evidence		
Sub-construct	**Categorization of Key Constructs**	**Summary overview of the most relevant / important sub-constructs**
CS - Top Success Factors	**CS – Success factors**	Employee expertise Low accident / injury rate Profitability Quality Growth
CS - Low Success Factor		Common goal Management of communications Participation Acceptance of change Value of Human Resources
CF&P – Context for Change	**CF & P – Preparing for change**	Change reason Climate for change Change plan Change need Change vision
CF&P – Change Initiative / Type		
CF&P – Change Climate		
CF&P – Change Plan	**CF & P – Change metrics and structure**	Change measurement Change communication

CF&P – Change Sponsorship		Change small wins Change plan – long term Change system and structure
CF&P – Change audience		
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		
CF&P – Change Wins – Celebrating Change	**CF & P – Stakeholders involved**	Change sponsor Change feedback Change leadership Change stakeholders – diverse Stakeholder community
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		
CSC – Delivering Value	**CS – Change Scorecard**	Change input measures - Rand value of Human Resources
CSC – Change / Operational Excellence		Change efficiencies - Stated Change business case objectives achieved - Progress against the original scope
CSC - Change Partnership		Change – activity based - Improved organisational integration Change Outputs - Improved employee participation
CSC - Change / People Commitment		Change outcomes - Increased retention of talent - Reduced employee turnover
CO - Change Outputs – Tangible	**CO – Change Outputs**	Turnover / Retention Improved services Management / Utilization of resources Allocation of resources Financial controls
CO - Change Outputs – Non-tangible		Change communications Organisational alignment Improved stability

		Building talent Flexibility / Adaptability Innovation / Creativity
Emerging Change recommendations for SA		Management and retention of Key talent to support growth Management of Diversity Alignment of organisation to diverse Stakeholders – including the community

Emerging Change Success Factors, Change Framework, Change Scorecard Measures, Change Outputs and Themes from the Case evidence

Listed below is a summary overview of the case evidence and the Emerging Themes that have emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.19 below:

Table 6.19 - Emerging Organisational Change Framework and Change Scorecard for the Nestlé Case Study

	Emerging Change Success Factors	Emerging Change Framework	Emerging Change Scorecard Measures	Emerging Change Outputs	Emerging Themes
Item 1	**CS – Top Success** Employee expertise Low accident / injury rate Profitability Quality Growth	**CF & P – Preparing for change** Change reason Climate for change Change plan Change need Change vision	**CSC - Change input measures** - Rand value of Human Resources	**CO – Tangible** Turnover / Retention Improved services Management / Utilization of resources Allocation of resources Financial controls	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Item 2	**CS – Low Success** Common goal Management of communications Participation Acceptance of change Value of Human Resources	**CF & P – Change metrics and structure** Change measurement Change communication Change small wins Change plan – long term Change system and structure	**CSC - Change efficiencies** - Stated Change business case objectives achieved - Progress against the original scope	**CO – Non-tangible** Change communications Organisational alignement Improved stability Building talent Flexibility / Adaptability	Why and how do we want to change the organisation?

	Innovation / Creativity		
Item 3	**CF & P – Stakeholders involved** Change sponsor Change feedback Change leadership Change stakeholders – diverse Stakeholder community	**CSC - Change – activity based** - Improved organisational integration **Change Outputs** - Improved employee participation	**Stakeholder engagement throughout the change process** **Involvement of Communities and stakeholders**
Item 4		**CSC - Change outcomes** - Increased retention of talent - Reduced employee turnover	Retaining talent within the organisation

The Researcher will place the above research data that has emerged from the Nestlé Case study into a comparative table (Table 6.26) for the purpose of conducting a cross-case analysis (with Deloitte, Nampak and SASOL) of the emerging critical success factors, change framework and processes, change scorecard measures and change outputs so as to narrow and refine the emerging themes and research data into a comprehensive set of recommendations for the emerging South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

6.1.4 Case D – SASOL Case Study – "Navigating through Transformation"

'At SASOL we apply our leading expertise and proven technology to provide cleaner global energy solutions and chemical building blocks for a wide range of products. As we build on our strong track record, we believe our ability to meet the needs of all our stakeholders will enable us to sustain high standards of performance at home and abroad.

Our inclusive approach means we strive to transform our business and create shareholder value, achieve world-class standards of safety and productivity, drive performance and do so responsibly, and ensure sustainable profits and truly empowered people.

Through our commitment to business unit focus and functional excellence we aim to be a people-centered and a high-performance global company.'

The above quotation was extracted from the CEO's message to SASOL in the 2007 Annual report and is further operatonalized by the following interviewee comment:

'What you must understand about Transformation is that it is irreversible! There are some major steps involved in transforming a business like SASOL – it does not involve a step change; it involves a major mind shift change!' reported an interviewee.

With the arrival of the new CEO and the appointment of new SASOL Board members in 2005, the following key questions were raised and asked of senior managers and employees:
'(1) What got us here?
(2) Where do we go from here?
(3) What do we need to do differently?
(4) How are we going to drive it?'

The above four foundational questions have for the past three years since formed the transformational journey that SASOL has embarked upon. In addition these questions also provide significant support to the underlying constructs that have helped to form the proposed South African Change Framework within this research study.

Case Introduction

The history of SASOL began in 1927 when a White Paper was tabled in Parliament to investigate the establishment of a South African oil-from-coal industry.

It was later realised then that since South Africa did not have crude oil reserves, the country's balance of payments would have to be protected against increasing crude oil imports. So after many years of research and international negotiations, the South African Coal Oil and Gas Corporation was formed in 1950.

It is highlighted that from its first eight drums of creosote to the acquisition of the German CONDEA Group in 2001, that SASOL is a company whose success has been founded on innovative thinking. Some of the Major milestones for SASOL include the first automotive fuel (1955), the construction of the National Petroleum Refiners of South Africa (1967) and the establishment in 1990 of the first international marketing company, SASOL Chemicals Europe, which has since then helped to pave the way for SASOL's globalisation programme.

SASOL has developed world-leading technology for the conversion of low grade coal into value-added synfuels and chemicals. Today SASOL's operational footprint extends to more than 20 countries and exports to over 100. SASOL is one of the top five publicly listed companies in South Africa and is quoted on the JSE and the NYSE.

Investing in South Africa

As the country's largest liquid fuels supplier, private investor and tax payer, SASOL has a significant impact on the economy. SASOL employs over 34 000 people locally and the direct and indirect contribution to South Africa's GDP is around 3% annually. Of the over R50 billion in capital SASOL has invested over the past ten years, three-quarters has been in South Africa.

The focus group discussion highlighted the importance of SASOL technology, and it ability to integrate through and within each of SASOL's business units:

'SASOL is an integrated energy and chemicals company. We add value to coal, oil and gas reserves, using these feed stocks to produce liquid fuels, fuel components and chemicals through our unique, proprietary technologies. We mine coal in South Africa and produce gas in Mozambique and oil in Gabon, and our chemical manufacturing and marketing operations span the globe. In South Africa we refine imported crude oil and retail liquid fuel products through our network of retail convenience centres. We also supply fuels to other distributors in the region and gas to industrial customers. Based in South Africa, SASOL is represented in some 30 countries, and in response to the growing international interest in our coal-to-liquids (CTL) and gas-to-liquids (GTL) offerings, we continue to expand our international presence. In the last year, we increased capacity in our offices in Beijing, China, and Mumbai, India.'

The Chairperson of SASOL reported as follows: "Investing in our people goes hand in hand with effective capital investment."

SASOL's key research and development facilities are based in South Africa, comprising the largest team of research scientists in industry in Africa, including some 200 PhDs. SASOL's leadership in developing and commercialising technology is a major competitive advantage for SASOL, but is contingent on SASOL's ability to continuously improve its skills base.

Continuing to add to their many education and training initiatives, SASOL announced a R140 million investment in an industry-wide artisan skills development programme, in cooperation with the South African government and organised labour representatives. SASOL's focus is on deepening the national skills pool, thereby supporting fixed capital formation and future growth. SASOL has also continued to channel considerable resources into improving the teaching of mathematics and science at school level; a skill set that is so often under-developed or ignored by young learners because it is seen as difficult. These skills are critical to improve, over time, the competitiveness the company's labour resource in a technology-driven global environment. Whilst all initiatives are designed to enable SASOL to maintain its competitive advantage, there is an acknowledgement by Leadership of the need for all stakeholders to invest in creating additional capacity for the country as a whole.

Transforming the SASOL business

The CEO of SASOL highlights the importance of transforming the business:

"Our desire to be a national champion drives not only our economic contribution, but also our desire to make a commensurate impact on developmental priorities, including the transformation of South Africa to an equitable economy and society."

A primary component of building a sustainable democratic South Africa is meaningful black economic empowerment (BEE), to which SASOL is deeply committed. SASOL is committed to BEE in its most broad-based form and over the past year have continued to advance employment equity, preferential procurement, skills development, enterprise development and community involvement."

Following the BEE transactions at SASOL Oil and SASOL Mining in the prior year, and subject to shareholder approval, SASOL intends undertaking a significant SASOL Limited BEE ownership equity transaction in 2008.

The transaction would entail the sale of a proposed 10% of SASOL Limited's issued share capital and will be the single largest broad based BEE ownership transaction to date in South Africa. 'Besides demonstrating SASOL's commitment to meeting the objectives set out in the Department of Trade and Industry's Codes of Good Practice for Broad-Based BEE, gazetted in February 2007, the transaction is designed to generate benefits for both SASOL and South Africa on a sustainable basis. Besides the size of the proposed

transaction, it is also groundbreaking in its overarching ambition to create a legacy of skills development and capacity building in the local economy', remarked the CEO (Source: SASOL, Annual Report, 2007).

Confronting major socio-economic issues

The CEO responds to the importance of confronting major socio-economic issues:

"We continue to allocate resources to managing HIV/Aids though our integrated SASOL HIV/Aids Response Programme (SHARP), launched in September 2002. This initiative focuses on reducing the rate of HIV infection of our employees in our South African operations, and extending the quality of life of infected employees by providing managed healthcare."

Business units, trade unions, community representatives and independent experts all contributed to the design of SHARP. In the last year SASOL extended the provision of HIV/Aids services to include on-site service providers and SASOL franchisees.

Crime remains a serious concern for all South Africans, and has a high profile within the international community. In the most recent global competitiveness index published by the World Economic Forum in 2008, South Africa fell six places to 46th, with crime cited as a main constraint to the business environment. 'As sobering as this may be, over the past year I have been impressed by the willingness of government and business to engage frankly on this issue, and by the constructive partnerships that have been formed to marshal resources.', remarked the CEO.

SASOL is active in a number of ways in the drive to make South Africa a safer place, notably by partnering with Business Against Crime, a non-profit organisation mandated to support government in the fight against crime. The organisation plays a pivotal role by harnessing the resources and skills of business, and aims to facilitate a close working relationship between government and industry bodies. SASOL also ensures the alignment of business-wide and other relevant NGOs' crime-fighting initiatives.

New dynamics and new opportunities

'The mounting calls for cleaner transport fuels amid growing concerns about the security of supply of crude oil are becoming a global issue.' was the concern expressed by the CEO.

As a consequence, gas-to-liquids (GTL) and coal-to-liquids (CTL) alternatives are expected to feature prominently in the energy mix of the future. SASOL, with its proprietary technology and track record, has an important role to play.

The opportunities for SASOL to commercialise its' CTL technology both in South Africa and globally are considerable. China, India and the USA have large populations and are

rich in coal and deficient in oil and gas. CTL allows value to be added to plentiful coal deposits in providing cost effective energy solutions.

The CEO points out the importance of creating opportunities:

"Similarly, our involvement in developing the world's first GTL projects, alongside strong international and local partners, is allowing gas-rich countries like Qatar and Nigeria to monetise gas reserves and unlock economic value."

The pursuit of these opportunities requires a considered and courageous long-term strategic approach by SASOL. We have not escaped the global skills shortages that have put pressure on the schedule and budgetary expectations of capital projects worldwide. We have also experienced our share of teething problems implementing new technologies in the last year."

The importance of values, ethics and the SASOL brand

One interview reiterated the importance of values, ethics and the SASOL brand to all stakeholders within the organisation:

"SASOL's dynamic brand and corporate image are underscored by the values we promote worldwide in all our stakeholder engagements."

This is further supported by the following key statements that are entrenched within SASOL:

- *"reaching new frontiers by living our values"*

- *"Founding behaviour on shared values"*

- *"SASOL is a customer-focused company. We believe in winning with people and, for all of us, safety is our foremost priority. We aim to achieve excellence in all we do, while believing we can continuously improve. We also subscribe to integrity and transparency throughout our business."*

The following six SASOL values are entrenched within the daily work ethic of the organisation as follows:

Customer focus
We meet customers' needs by providing world-class service, optimal product performance and efficient support systems.

Winning with people
We respect and encourage individuals to grow as unique contributors to their teams. We reward performance and promote sharing and the harnessing of diversity.

Safety
We commit to eliminate all incidents and work to world-class safety standards.

Excellence in all we do
We pursue world-class business and operating standards and superior performance within a framework of sound governance and internationally accepted health and environmental standards and practices.

Continuous improvement
Our innovative spirit drives us as we continuously improve our performance.

Integrity
We maintain the highest level of ethics, fairness and transparency in our interaction with each other, customers and all other stakeholders.

One interviewee remarked:

"Values form part of our mandatory employee performance management system. Employees are encouraged to anonymously report fraud and other deviations from ethical behaviour to an independent ethics hotline."

Promoting good ethics

The SASOL code of ethics is based on four fundamental principles, namely: responsibility, honesty, fairness and respect – and comprises 15 ethical standards. These cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination.

SASOL has an ethics forum to monitor and report on ethics best practices and compliance requirements, and to recommend developing a dynamic brand.

The Focus Group discussion pointed out the value of the SASOL brand:

"The corporate brand reinforces SASOL's dynamic, innovative and entrepreneurial culture, our vision and the changing macroeconomic environment in which we compete."

This was further supported by the following statement around the importance of the SASOL shared values:

"Our shared values provide the foundation for our brand characteristics that define who we are and what we most aspire to be:
- dynamic
- ambitious
- innovative
- reliable
- inspiring

- dedicated"

Black economic empowerment

The Focus Group discussion highlighted the importance SASOL places on Black Economic empowerment:

"SASOL believes sustainable economic growth is a necessary condition for a peaceful and prosperous South Africa and that it is also a key requirement for our company's future success. We are committed to promoting and enhancing the participation of historically disadvantaged South Africans in our mainstream activities. Accordingly, we seek to build sustainable empowerment partnerships."

SASOL was regarded as the catalyst in establishing one of South Africa's most successful black economic empowerment (BEE) fuel retailers, Exel Petroleum, in 1997. Shortly afterwards, they contributed to the development of South Africa's first BEE charter, the Liquid Fuels Charter.

SASOL has since initiated projects to implement empowerment partnerships in the liquid fuels, gas, mining and chemical sectors. In May 2006 SASOL announced that it had appointed Rand Merchant Bank to advise on its BEE equity ownership strategy and the implementation of a further major BEE transaction or transactions.

One interviewee echoed the following sentiment:

"BEE and socio-economic transformation are strategic, business and moral imperatives for SASOL. There are compelling business and economic reasons for promoting BEE in South Africa."

All South Africans should have the opportunity to contribute to the national economy and to enjoy the rewards of their contribution. SASOL continue to advance employment equity in their South African operations in line with the Employment Equity Act of 1998. By mid-2005, 39% of their South African managerial, professional and supervisory posts were held by people from designated groups: blacks (Africans, Coloureds and Indians), women of all races and people with disabilities. SASOL intends to increase this to 50% over the next few years.

Human Resources Development – 'unlocking a human treasure chest'

The Focus Group discussion highlighted the importance SASOL places on human resources development:

"We strive to be an employer of choice and to build highly motivated and world-class teams of talented people."

SASOL has long recognised the importance of investing in the development of human talent to support not only their growth, but also that of the economies in which they operate. This challenge has grown in magnitude, particularly in South Africa, where SASOL is increasing its efforts to develop people from historically disadvantaged groups.

SASOL's inception as a high-technology company more than fifty years ago has helped the business to concentrate on developing, maintaining and optimising the organisation's skills base. From a pure human resource perspective SASOL mines coal and explores for, and produces, natural gas and crude oil; this means that SASOL operates in more than 20 petrochemical and chemical sites around the world.

'To ensure their ongoing productivity, safety and reliability, these operations need thousands of well-trained and motivated people with world-class skills, innovative ideas and a commitment to living our shared values.', reported a fellow HR Practitioner.

SASOL has helped to evolve a culture of lifelong learning and encourages all of its employees to maintain a personal career development programme based on continuous learning and development. During the four financial years to June 2005, SASOL invested more than R530 million in employee development and training. This covered in-house technical training and mentoring, self-learning centres and undergraduate bursaries.

Integrating talent management

SASOL has further consolidated its human resources efforts through a talent management strategy. This integrated approach allows SASOL to identify and develop high-calibre leadership, and to fill critical and new positions quickly and with confidence.

One interviewee remarked:

"We remain committed to the fast-track development of high-potential employees from historically disadvantaged groups. A total of 48 high-potential, historically disadvantaged people from different disciplines would have completed our successful Accelerated Leadership Development Programme in South Africa, at the end of the current third intake."

Building better relations

SASOL maintains a best-practices performance management system. All line managers worldwide undergo training to promote performance management, mentoring and the sharing of best practices in leading and coaching people

An interviewee highlighted:

"More than 50% of our employees in South Africa belong to trade unions."

SASOL enjoys constructive relationships with representative unions. Joint forums have been established between trade unions and management to address important issues, including wages, conditions of employment, occupational health and safety, training and development, community care and HIV/Aids.

All representative unions and pensioners are represented on the SASOL medical scheme board of trustees and employees serve on the boards of union retirement funds.

In line with SASOL's commitment to the United Nations Global Compact, we uphold the requirements for:

- eliminating all forms of forced and
- compulsory labour;
- recognising the right to collective bargaining;
- abolishing child labour; and
- eliminating employment discrimination

SASOL Intellectual capital and Innovation

SASOL established their research and development (R&D) facilities in Sasolburg in 1957, two years after commencing commercial operations.

Since then, SASOL has maintained a university undergraduate bursary programme to nurture future generations of scientists, engineers and technologists. Today, SASOL Technology employs more than 800 full-time engineers, scientists, technologists and related professionals, 490 of who are professional engineers.

The Focus Group discussion re-iterated the importance of innovation to SASOL:

"To optimise our technology custodianship, we retain beneficial ties with a large number of organisations, including universities, colleges and technology companies. We partner with some of the world's most respected technology players, including Air Liquide, Chevron, Engelhard, Foster Wheeler, Haldor Topsøe, Lurgi, Linde and Stone & Webster."

SASOL also builds partnerships with technology companies involved in coal, oil and gas exploration and production. Some of SASOL's graduate engineers and scientists are sent to Europe and North America to work for technology and engineering companies to gain specialised knowledge and experience. SASOL also encourages their employees to undertake postgraduate studies.

Sustaining in-house research

The overarching goal of the SASOL Research and Development and innovation programmes are to sustain competitive advantage by pursuing technological excellence.

SASOL strives to nurture a culture of international best practices in science, engineering and technology.

Underlying these aspirations is SASOL's drive to: safeguard and appreciate intellectual capital; evolve unique technologies that promote this vision and business strategy; add greater value to raw materials and feedstocks; reduce plant operating and maintenance costs; increase process productivity; enhance process safety, eco-efficiency and emissions reduction; and supply customers with products that fulfill their requirements.

SASOL continues to invest in their most vital technology resources: well-qualified scientists, engineers and technologists supported by the facilities needed to undertake value-adding research and innovation.

Funding university research

SASOL is also involved in research and innovation programmes with leading universities, including St Andrews in Scotland and Twente in the Netherlands.

SASOL has established SASOL-owned research facilities at St. Andrews and Twente. SASOL also undertakes research activities at various South African universities, including the universities of Cape Town, the Free State, KwaZulu-Natal, the North West, Stellenbosch, Pretoria, Johannesburg and the Witwatersrand.

"The late politician and African National Congress leader, Govan Mbeki, once said:

'Our South African youth must study mathematics and science in order for us to be a winning nation.' With these words, he also inspired the start of the Govan Mbeki Mathematics Development Programme at the Nelson Mandela Metropolitan University. By sponsoring this initiative, aimed at the advancement of mathematical competency and problem-solving skills, SASOL is playing an invaluable role in securing a better tomorrow for the youth of South Africa." (Professor Werner Olivier, School of Mathematics, Nelson Mandela Metropolitan University, Port Elizabeth).

SASOL in the community

The Focus Group discussion remarked that SASOL had a significant role to play in the community:

"The challenge in both South Africa and neighbouring Mozambique is to eradicate poverty and related issues, including illiteracy, hunger, disease, poor sanitation, infrastructural backlogs, overcrowding and crime.

In partnership with these Governments, SASOL is helping tackle poverty-alleviation and social development challenges."

Supporting education

To promote mathematics, science and technology education in South Africa, SASOL sponsors, among others, SASOL SciFest in Grahamstown, the SASOL Techno X science and technology exhibition in Sasolburg and the award-winning community educational resource centres of Boitjhorisong in Sasolburg and Osizweni near Secunda.

Boitjhorisong and Osizweni play an important role in helping teachers and pupils to increase their skills and achieve better results in national school-leaving examinations. SASOL has significantly increased the Mathematics pass rate through these centres.

This was achieved by strengthening teachers' skills and knowledge in line with South Africa's revised national school curricula.

SASOL – INZALO – building a legacy

An Executive director of SASOL illustrates the importance of Inzalo – in building a legacy:

'The vision of The SASOL Inzalo Foundation is to contribute to the sustainable economic growth of South Africa by focusing on skills development, through:

- **alleviating schooling bottlenecks**
  - A SASOL Mathematics and Science Academy will provide access to high quality schooling for the historically disadvantaged.
  - SASOL will partner with other Mathematics, science and technology initiatives and schools and drive broader social benefit through teacher training programmes and peer networks.

- **boosting the vocational skills pool**
  - SASOL will support selected colleges and use retired artisans as coaches. In addition, we will fund a skills 'think tank' and specific research projects at industry level to create alignment between the needs of business and the education system.

- **creating tertiary opportunities**
  - SASOL will collaborate with selected tertiary institutions to create 'centres of excellence' and provide funding, bursaries and bridging programmes for needy students'.

Creating jobs and capacity

SASOL supports initiatives aimed at creating jobs and building greater economic capacity in communities. An example of such an initiative is the SASOL BirdLife SA training programme, which enables black bird watching guides to earn a living as independent operators nationally.

SASOL also support Secunda's Highveld Ridge Business Development Centre. This was established in 1995 to help emerging small businesses in the Highveld Ridge region of Mpumalanga to participate in the regional economy. The centre has become one of the SASOL community success stories by empowering hundreds of people, many of whom were previously unemployed.

During the 2004 and 2005 financial years, SASOL granted R8 million to The Business Trust as part of a R20 million commitment over five years to enable this South African business initiative to create new jobs. At Sasolburg, the organisation sponsors the skills training of unemployed people.

Caring for the environment

SASOL sponsors conservation and environmental education initiatives in South Africa, including birdcall recordings, books on birds and natural history topics, bird watching facilities and wildlife conservation.

SASOL conservation efforts are focused on endangered species such as Wild Dogs, vultures and Ground Hornbills.

The SASOL Schools Cleanup Project educates schoolchildren in Sasolburg and Secunda on the importance of maintaining a clean and healthy environment. Financial rewards presented to participating schools have enabled them to buy computers and books, improve sport facilities and build new classrooms. stakeholder relations keeping stakeholders informed.

SASOL endeavours to build open and engaging relationships with stakeholders throughout their global operations.

SASOL shares information and opinions with stakeholders worldwide across a broad spectrum of issues. In addition, SASOL also maintains well-resourced communication, government relations, investor relations, corporate social investment, sponsorship and brand management teams.

SASOL presents its half-yearly and annual financial results to the financial community and media. In addition to the presentation of financial results, SASOL also continuously issues media releases and investor updates, which are published through the SASOL website. Stakeholders are invited to participate in mine and plant visits, as well as plant and project openings and other SASOL events around the world.

Developing and empowering SASOL's people

Guided by the SASOL shared value of "winning with people", the organisation has accelerated its investments in focused skills development and talent management initiatives.

The Focus Group discussion remarked:

"We know that to build sustainable capacity and win with people, we need to strengthen our organisational culture.

We want to make sure that SASOL is a fulfilling place to build a career; that it is recognised as an empowering environment where shared values bind us, and the efforts of all employees make a real contribution to realising challenging strategic ambitions."

Like many other businesses and institutions worldwide, SASOL faces a shortage of skills; and this is particularly acute in South Africa in part due to the skills required to deliver the country's extensive infrastructure development programme. With skills development of particular importance to the country in achieving higher growth rates, it is worth noting that SASOL has increased learnership and apprentice training two-fold since 2004. Furthermore, SASOL's comprehensive skills development programme, Project TalentGro, is a multi-pronged approach aimed at improving the organisations internal skills development capability as well as contributing to external skills development initiatives, in partnership with government and other employers.

A major risk to building sustainable capacity is health-related risk, including HIV/Aids.

One interviewee reported:

"It is pleasing to report that our SHARP initiative, designed in collaboration with relevant stakeholders to respond comprehensively to HIV/Aids, achieved one of the highest uptakes for voluntary counselling and testing in South Africa. By year end, 80% of our employees in South Africa had undergone voluntary testing.

To date, 7% of our South African employees have tested HIV - positive, well below our estimated actuarial prevalence rate of 19%. "

All permanent employees in South Africa were provided with access to medical aid in the year. With all employees having access to health insurance, we were able to move away from providing on-site treatment, giving employees greater choice in health services

Investing in renewing SASOL's existing assets

During 2005, SASOL reported that they had embarked on Project DNA, aimed at developing a business structure to support their global growth plans as a multi-product international organisation, which is based on an extensive diagnostic review of SASOL's business model that the Leadership team has begun to implement as a result of the recommendations provided.

One of the recommendations provided to the Leadership team was to cluster the SASOL businesses along common business drivers. Clustering, which involves creating logical linkages between related businesses allowing for strategic consistency and operational

efficiency, has been increasingly adopted by world-class companies to become recognised best practice.

One interviewee highlighted:

"In the last year we formalised the group's structure into three focused business clusters – South African energy cluster, international energy cluster and chemical cluster – and our reporting this year follows this structure."

The leadership change

The Chairman of the Board reported:

"After a highly successful 34-year career at SASOL, Pieter Cox retired as chief executive on 30 June 2005. During his eight-year tenure at the helm, SASOL became a truly globalised group. He led many exciting and beneficial initiatives, including: a substantial expansion of our chemical operations; the commencement of our GTL projects in Qatar and Nigeria, which will spearhead the growth of SASOL in future years; the Mozambique Natural Gas Project, which brought gas into the industrial heartland of South Africa; and the listing of SASOL on the New York Stock Exchange (NYSE).

Pieter's contributions were recognised in many ways, including being elected the Sunday Times Businessman of the Year in 2002 and receiving an honorary doctorate from the University of St Andrews in Scotland. Pieter will succeed me as chairman of SASOL Limited on 1 January 2006. I thank him for his immense contribution to the group and wish him much success in his new role. On 1 July 2005, Pat Davies succeeded Pieter as chief executive.

Pat has been with SASOL for 30 years and has held various positions in engineering design, project management, operations management and corporate affairs. He has been responsible for the group's oil and gas businesses and SASOL Technology, and has served on the boards of most major companies in the group. He is well equipped to lead the group as it embarks on a further growth path that will be dominated by the global deployment of our GTL technology, a responsibility which has also fallen to Pat."

The SASOL ENTERPRISE Initiative

The SASOL Enterprise initiative is a wide-reaching culture change programme that aims to embed a values-driven leadership style across the group, and evolve an ethos suitable for success in today's business environment. This initiative is one of SASOL's most important group initiatives that challenges each and everyone to change their behaviour as leaders and evolve their leadership style to give everyday meaning to SASOL's values.

The CEO reported:

"I am pleased to note the positive change already evident among SASOL's top management and the higher awareness of how important values-driven leadership is to SASOL's future. The shifting demands on leaders in rapidly changing operating environments will mean that this initiative will require ongoing focus."

The Philosophy of the SASOL ENTERPRISE BU (Business unit) Engagement Model

With the implementation of the Enterprise BU Engagement model it is worth noting that the majority of the cultural interventions that have taken place were at the BU level. Enterprise is responsible for developing BU capacity, and setting up systems to ensure ongoing shared learning of the people involved within the initiative, with special reference to the tracking of key changes within the overall BU and organisation as a whole.

The following initiatives form part of the Enterprise Model:

- BU capacity development includes the training of Navigators, HR partners, Change champions and Workshop Facilitators

- MD's and Navigators design the BU programme to include interventions relevant to their context

- Systems and processes that ensure ongoing learning will include knowledge networks for the Navigators and MD's

- Enterprise assists the BU's to set up systems to track the cultural changes

The timing of engagement with the BU's is largely dependent on the BU state of readiness and the impact it's change programme with have on overall SASOL culture

The Training programmes within the Enterprise initiative have developed different roles and initiatives, namely:

- **Navigators** – in this role the individual is expected to play the role of
    - Expert advisor
    - Shaper and driver / influencer
    - Change facilitator
- **Change champions** – in this role the individual is expected to play the role of
    - Coach and Facilitator
    - Informal leader/ influencer
    - Change implementer, tester / piloter
- **HR Partners** – in this role the individual is expected to play the role of:
    - Educator / Enabler
    - Implementer
    - Coach and thought partner

- **Facilitators** – in this role the individual is expected to play the role of
  - Facilitator

With an awareness of the required change roles, the Navigator Training Programme would allow the SASOL Navigator to be able to design and develop their own change programme for each individual Business unit as shown in Figure 6.25 illustrated below:

Figure 6.25 – SASOL Navigator Training Programme Overview
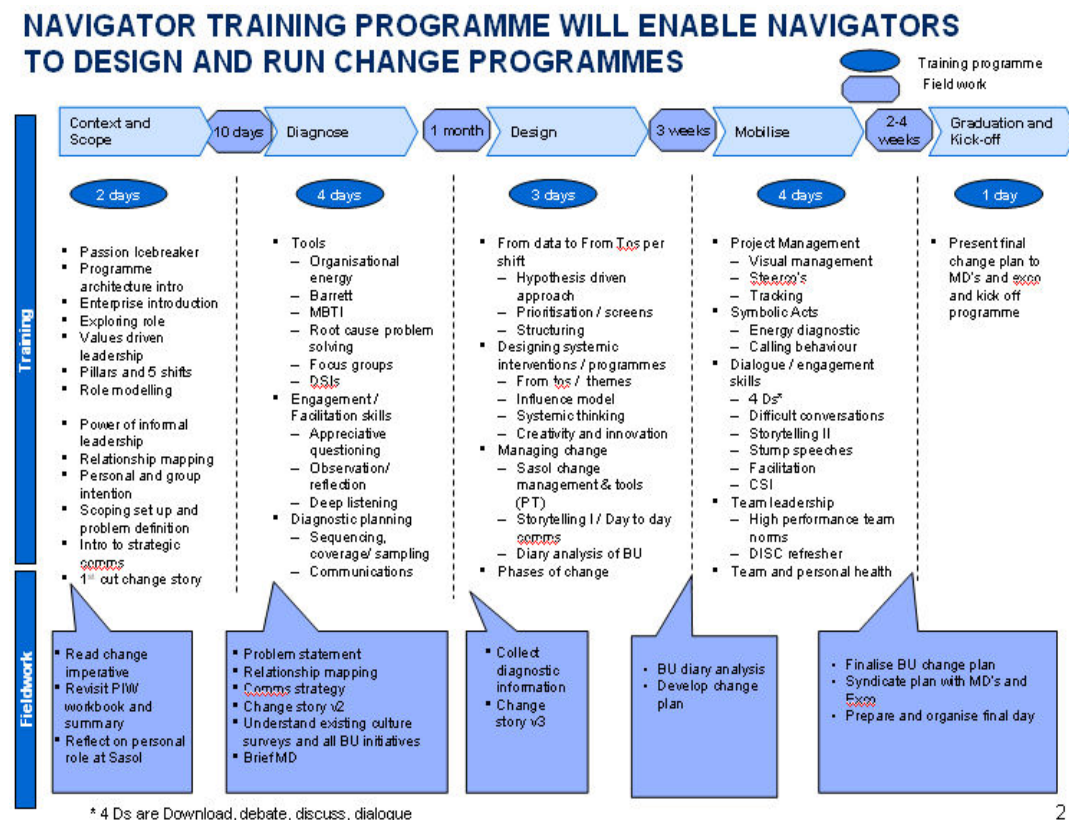
(Source: SASOL, Navigator presentation – NavRolePtation)

The Navigator has access to a collection of top 20 interventions from which to select a specific intervention for the purpose of creating a beneficial change programme that meets the requirements of the individual business unit, dependent on the relevant phase that it finds itself in at the time, namely:

- **Alignment**
  - Deep structure interviews
  - Change story
  - Vision and mission setting – vision collage
  - MBTI /making your mask
  - Social network analysis

- o Team charter
- o Performance and culture pledge
- **Energise**
  - o Peak performance exercise
  - o Go see, go feel
  - o Hothouse coaching
  - o Relevant games (lean, supply chain, etc)
  - o Viral communications
- **Execute**
  - o Diary analysis
  - o Zero tolerance/symbolic acts
  - o Role modelling
  - o Division cafes
  - o 50 day plans
- **Renew**
  - o Behavioural ERP
  - o Meeting observation and feedback
  - o Performance dialogues
  - o Team barometer
  - o Celebrating success

The two views expressed by the interviewees listed below provide a snapshot of the current value and benefits being experienced by the Enterprise programme:

"Undoubtedly, the SASOL Navigator plays an instrumental role in helping to shape the transformation initiatives within each business unit, set against the SASOL strategic objectives.", remarked an interviewee.

"The ability of the Navigator to remain agile amidst the dynamic business environment, and their ability to provide business driven solutions based on the SASOL values and leadership principles – has earned my respect!", remarked another interviewee.

The Transformation imperative - 2005

In 2005, SASOL was keenly awaiting the decision of the Competition Tribunal on the proposed Uhambo Oil joint venture between their liquid fuels business and Engen. Following the approval, the merged business has become a national champion in the South African fuel industry. It has provided an exciting equity empowerment opportunity, across an entire value-chain in this industry, i.e. from refinery to the fuel pump.

The model developed by SASOL, together with their empowerment partners, achieved broad-based ownership from gender and geographic perspectives. The deal was financially facilitated by SASOL in an imaginative manner, to the benefit of its prospective new partners, without prejudicing the rights of its existing shareholders. This is clearly explained through the following quote taken from the 2005 Annual Report:

"The transformation imperative is clear and we must progress within an overall commitment to protecting or enhancing the competitiveness of our businesses … in the interest of our economy and all our people"

Safeguarding a successful strategy

The CEO reminds us of the following:

"The group's strategic framework dating back to the late 1990s remains resilient and appropriate. SASOL's ability to withstand changing currency and market cycles against the backdrop of global markets that have become more competitive is further testimony that we have the required vision, values, leadership and investments to stay focused on achieving growth and improvement."

(Source: SASOL, Annual Report, 2005)

SASOL's growth drivers remain unchanged as follows:
• commercialising and expanding the Fischer-Tropsch gas-to-liquids (GTL) and coal-to-liquids (CTL) technology;
• growing the chemical portfolio in selected areas; and
• exploiting upstream hydrocarbon opportunities.

Reviewing SASOL's Business model

The Focus Group discussion pointed out:

"Our strategy is reviewed annually to ensure SASOL remains robust and competitive. In the year under review, we amended our statement of purpose to recognise the integral role of our chemical businesses in the group's sustainable growth, alongside our energy businesses. SASOL is now described as an integrated energy and chemicals company."

SASOL's strategy is to leverage its core competitive advantages by replicating the successful SASOL business model as illustrated in Figure 6.26 that aims to create several integrated hubs based on natural gas as well as coal, thereby substantially growing the upstream, liquid fuels and chemical businesses, and by continuing to develop the existing SASOL asset base.

Figure 6.26 – Basic synopsis / overview of the SASOL business model

(Source: SASOL Annual Review, 2008)
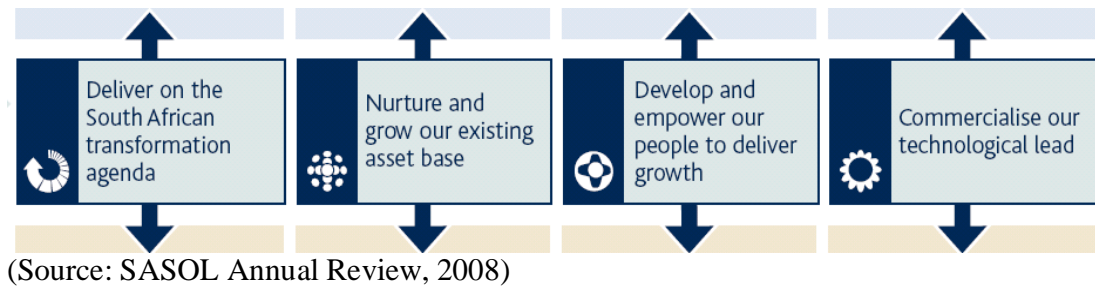
SASOL Priorities for 2009

The CEO has provided us with the following key priorities for SASOL in 2009 and the years that lie ahead:

- Safety

Reduce our RCR by 10% for the year, moving towards a target of less than 0.3 by June 2013.

- Performance management

Embed new performance management system.

- Operational excellence

Complete first-phase rollout of operations excellence initiative.

- Environment

Continue to reduce our environmental footprint to reach energy efficiency and emissions targets by 2015.

- South African transformation

Complete SASOL Inzalo (*) share rollout and implement the group transformation strategy (employment equity and diversity plans).'

(*)"Inzalo is a powerful word representing birth, creation of life and new beginnings. For us, SASOL Inzalo symbolises a new era of broad-based share ownership, of contributing to skills development and of building our economic capacity." - Miaz Titus, senior clerk: Warehouse Syferfontein, SASOL Secunda Services.

The CEO re-affirms the above SASOL priorities through the following statement:

"SASOL provides positive energy in a world of change. Not only do we offer much needed alternatives in a fuel-hungry world, but we also contribute toward economic and social transformation, environmental stewardship, skills development and community upliftment as a proactive and caring corporate citizen. We also continue to create value for our shareholders through consistent earnings and dividend growth.

We look forward to doing the same for our new SASOL Inzalo investors. SASOL's six shared values – safety, customer focus, winning with people, excellence in all we do, continuous improvement, and integrity – underpin all our intentions and activities. I believe that our most important work is to truly entrench these values throughout our operations around the globe, thereby imbuing SASOL's culture with the strength and resilience to ensure the group excels and endures."

"It is our shared values that bind us", remarks the CEO. As SASOL pursues its ambitious expansion plans at home and abroad, interdependence between different teams, nations and cultures will become increasingly critical to sustaining and enhancing the performance and the health of the organisation.

The Mergers and Acquisitions that took place

SASOL acquires German Condea Group

During the 2001 year the SASOL Group completed its largest and most significant acquisition. SASOL concluded a substantial 11.3 billion rand asset and share purchase agreement with RWE-DEA Aktiengesellschaft für Mineraloel und Chemie (RWE-DEA) for that company's entire chemical business, Condea, with effect from 1 March 2001.

Employing about 4 500 people, Condea generated annual sales of more than 12.6 billion. The Condea operations, renamed SASOL Chemie, have excellent geographic coverage and world-class human capital and technology. Condea has enabled SASOL to exploit greater critical mass in the focused drive to diversify and expand its international portfolio of higher value chemicals. SASOL Chemie will in future provide a welcome hedge against movements of the international crude oil price and the rand. These Condea operations also provided a new platform for developing greater synergism within some of SCI's major operations, including the successful alpha olefins and solvents businesses.

A multidisciplinary international project team with a comprehensive programme helped to integrate SASOL Chemie into an expanded SCI. Based on its recent financial track record, the overall state of its current excellent operations and conservative growth projections; SASOL Chemie is expected to contribute substantially to future Group earnings.

Notwithstanding the beneficial impact that the acquisition of Condea (now SASOL Chemie), together with the Group's other chemical businesses will have on hedging of oil price movements, oil prices remain the key value driver affecting SASOL's financial performance

The acquisition helped to catapult SASOL's potential to a world-leading status, providing strong global market and manufacturing positions and opening up various synergistic opportunities with the established alpha olefin business. The surfactant part of Condea

was integrated with the Alpha Olefins division (now the Monomers business unit) and was renamed SASOL Olefins and Surfactants.

The continued integration of Condea remained high on the agenda with particular emphasis on achieving maximum synergy. Everything was well set for SASOL Chemie (the former Condea operations) to achieve the target of being earnings-neutral or better by the end of the 2002 financial year.

"SASOL's formation of strategically considered joint ventures and acquisition of key new businesses – including the former Condea operations, as well as Schümann SASOL, Merisol, SASOL DHB and SASOL Southwest Energy– have greatly emphasised the importance of maintaining and developing a strong foundation of highly skilled and superbly motivated people to serve a growing global network of customer-centric businesses that support the Group's growth objectives.", were the comments provided by the SASOL Leadership team.

(Source: SASOL, Annual Report, 2002)

Promoting black economic empowerment – Uhambo Oil

Besides investing in social upliftment and development programmes in communities around SASOL's operations, the current transformation initiatives centre on growing the organisation's black economic empowerment (BEE) programme.

SASOL's intention was to introduce the required BEE ownership to the organisation's liquid fuels business (LFB) and coal-mining business within the following year. The final structure and timing of the SASOL LFB transaction – which resulted in the formation of Uhambo Oil, a joint venture with Petronas – received the final approval from the South Africa's Competition Tribunal.

Engen is a major South African oil company controlled by Petroliam Nasional Berhad (Petronas) of Malaysia. The BEE partners in the planned Uhambo joint venture were Worldwide African Investment Holdings and Tshwarisano LFB Investment.

SASOL's investment in Uhambo was the single largest BEE investment across the fuel industry value chain and was broad based with significant gender and geographic representation. The Competition Tribunal reviewed the Uhambo transaction in October 2005, and provided their approval for the investment to proceed.

SASOL Mining also advanced plans with Eyesizwe Coal, which was selected in May 2004 as the organisation's lead BEE partner for their South African coal-mining activities.

Other BEE deals that were being explored at the time; albeit smaller ones were pursued through the renewed SASOL ChemCity initiative that focused on creating new

downstream businesses. This initiative was at the forefront of the SASOL drive to develop small, medium and micro enterprises in the South African chemical industry.

Creating a first-phase empowerment deal – Igoda Coal

During 2007, the SASOL Secunda coal-export operations were transferred to their newly formed empowerment venture, Igoda Coal, which was subject to the approval of the Department of Minerals and Energy and the receipt of new-order mining rights.

SASOL announced in March 2006, the first-phase implementation of their broad-based black economic empowerment (BEE) strategy through the formation of Igoda Coal, SASOL's 65:35 empowerment ventures with Eyesizwe Coal, a black-owned mining company.

As a result of this transaction, BEE-equity ownership in the SASOL mining business is now calculated at about 8%. SASOL were expediting plans to advance the second phase of their broad-based BEE strategy. This will enable SASOL to achieve a 26% BEE shareholding by 2014 in compliance with the required South African legislation.

SASOL Inzalo: South Africans share in a global opportunity

SASOL is truly committed to South Africa's transformation and to making broad-based black economic empowerment (BEE) a reality. SASOL's own transformation is underpinned by their ethos to reach new frontiers in all aspects of their business, as well as in their contributions to the communities in which they operate.

SASOL Inzalo ("a new beginning") is an example of their groundbreaking R24 billion broad-based BEE transaction, the largest such transaction in South Africa.

It has given millions of ordinary black South Africans the opportunity to own a part of SASOL and benefit from its success well into the future.

For more than 300 000 new shareholders, ranging from SASOL employees to the black public to women's groups, SASOL Inzalo will create significant economic opportunity. As a result of the transactions innovative structure, the legacy of this transaction will also extends to a major investment in skills development, critical for South Africa's future success.

SASOL – Enterprise programme – the road ahead

The CEO's commitment to transform the SASOL business is witnessed through the following statement:

"Our desire to be a national champion drives not only our economic contribution, but also our desire to make a commensurate impact on developmental priorities, including the transformation of South Africa to an equitable economy and society."

The above statement is closely integrated to the values and ethics that surround the SASOL brand as a whole. Values such as a strong customer focus, winning with people; safety first, excellence in all we do, continuous improvement and integrity underpin the need for SASOL to transform its business within the South African environment.

During 2005 the CEO and leadership team of SASOL sat down and reflected on the following key questions:
- What got SASOL here today as a business?
- Where should SASOL go from here as a business?
- What does SASOL need to do differently now and in the future?
- How are we as the leaders of SASOL going to drive the business into the future?

This led to the formation of the SASOL Enterprise initiative a wide-reaching culture change programme that aims to embed a values-driven leadership style across the group, and evolve an ethos suitable for success in today's business environment. This initiative is one of SASOL's most important group initiatives that challenges each and everyone to change their behaviour as leaders and evolve their leadership style to give everyday meaning to SASOL's values.

From the 2001 acquisition of the German Condea Group and the ground breaking Uhambo Oil joint venture; the SASOL organisation has driven fearlessly towards its transformation imperative of a truly transformed business. The question that SASOL asks is, "What is a truly transformed business within South Africa look like?"

Following a review of the SASOL strategy and business model, the following questions are raised for the future success of the business:
- How important is safety to our overall success and how can SASOL influence its stakeholders through better practices?
- Performance management is important for success, but how will SASOL embed its performance processes to drive the transformation initiatives?
- Have we achieved the required operational excellence necessary to transform our business within South Africa and abroad? Are we consistent in everything that we do?
- Through our transformation efforts are we impacting the environment in which we operate and pull our resources from?
- How can SASOL help to transform a country through its interaction with multiple stakeholders and in so doing add value to everyone's lives?

Researcher key observations and notes pertaining to the Case Study: an examination of the quantitative and qualitative research data

SASOL Case Highlights of Events

Listed below is an overview of some of the key SASOL Calendar of events as shown in Table 6.20 that have helped to contribute towards the shaping of the current change journey:

Table 6.20 – SASOL Calendar or Events	
Year	**Description of events**
2000	-
2001	Acquisition of the German CONDEA Group
2002	-
2003	-
2004	-
2005	Uhambo Oil joint venture between the SASOL liquid fuels business and EngenV
2006	BEE transactions at SASOL Oil and SASOL Mining successfully completed SASOL Mining announces formation of Igoda Coal, a black economic empowerment venture, with Eyesizwe Coal Inauguration of joint venture to build and operate Oryx GTL plant in Qatar
2007	March 2007 – SASOL announces the termination of the planned divestiture of SASOL O&S Tshwarisano LFB Investment acquires 25% interest in SASOL Oil
2008	SASOL Limited BEE ownership equity transaction introduced in 2008

Impact of the organisational change on the SASOL Organisation

Listed below are the actual impacts resulting from the organisational change activities as shown in Table 6.21 below:

Table 6.21 – Impacts of Organisational change on the SASOL Organisation	
Year	**Major impacts on Organisation**
2000	SASOL announces record profits – annual Group value addition exceeds R12,6 billion SASOL enters the new millennium by brining new generation gas-to-liquids (GTL) technology to the world

2001	-
2002	-
2003	On 9 April 2003 SASOL lists on the NYSE.
2004	SASOL is one of the first companies to be listed on the socially responsible investment index (JSE SRI) of the JSE Limited (JSE) Successful integration with Exel Petroleum and launch of SASOL delight!™ retail convenience centres.
2005	New SASOL CEO and Chairman appointed SASOL safety charter and improvement plan launched
2006	Project Enterprise launched Navigator teams trained and deployed throughout SASOL
2007	Comprehensive restructuring initiative is underway and will be completed over the next three to five years Black empowerment deals including Ixia Coal, are progressed.
2008	Celebrate the fifth anniversary of SASOL's listing on the New York Stock Exchange (NYSE) SASOL Inzalo – single largest broad-based BEE ownership transaction in South Africa to date, launched in June 2008 Nationalization of SASOL?

An investigation of the underlying Research Constructs within the Case

Listed below is a review of the data collected from the survey questionnaire, research interviews and company archival records validated through the process of data and methodological triangulation:

Critical success factors identified:

CS - Top Success Factors

One interview provided a set of key success factors for the SASOL environment:

"The following four key success factors stand out:

- *Leadership by the CEO is foremost; it shows ownership and that the senior management team is aligned to the change and regards the change as part of the strategy of the organisation.*
- *There should be a compelling story or a change imperative for the change initiative. This involves a change story – or something that we can buy into, after all organisational change is quite emotional. At SASOL we believe that organisational preparedness is not an issue, but if you build up the case, the*

argument for the change initiative – and you enter into the right dialogue / conversations, then people will understand the need for change!

- *The WHAT questions are very important for success! What is this change going to look like for SASOL! SASOL has always struggled with this concept*
- *Change starts with yourself! You cannot wait for your leaders as a significant amount of change starts with yourself!"*

Another interviewee provided an exceptional definition of the High Success Factor:

"These are the change imperatives. The high success factors are a consequence of the emotional stuff."

The following Top Success factors were identified for the SASOL Case Study:

- **Low accident / Injury rate**
- **Quality**
- **Profitability**
- **Employee expertise (retention of key talent)**
- **Financial control**

This can be supported by Figure 6.27 that highlights the perceived performance of the SASOL case for the High impact success factors

Figure 6.27 - SASOL perceived performance on High Impact success factors
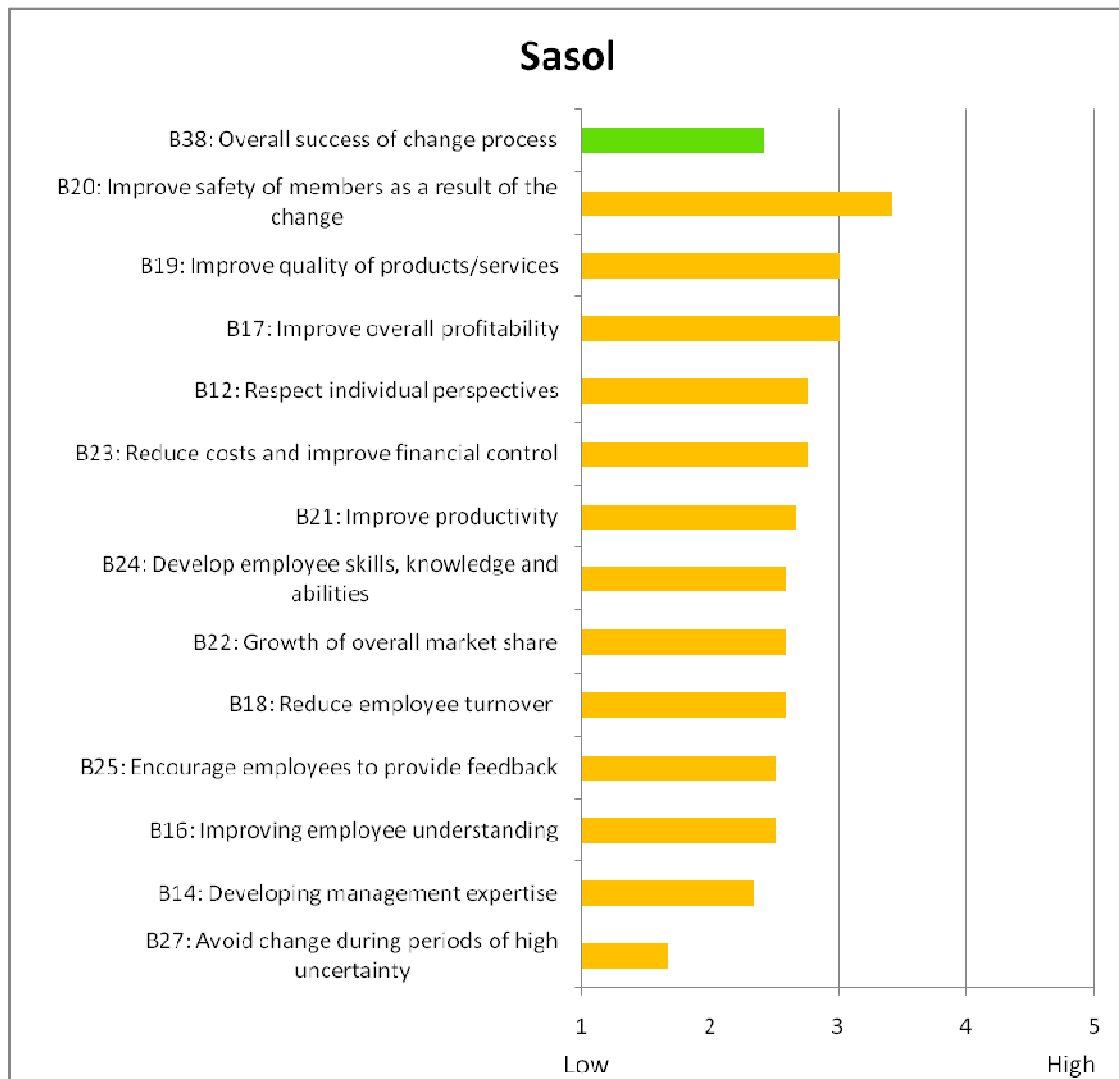
CS - Low Success Factor

One interviewee provided an exceptional insight into the nature and importance of the Low Success Factors for SASOL:

"This is the EMOTIONAL STUFF! We should always remember that we do not leave our heart and mind behind at the gate when we arrive at work in the morning – we bring it into the workplace. You must be engaged first! In the SASOL environment we believe and support the following:

- *PEOPLE AND PROFITS*
  - o *SASOL is traditionally task oriented – there is an inherent need to be tough on each other*

- *By getting the people engaged it helped us to develop the soul of SASOL*
- *There is always a higher purpose by being engaged – we need to make a difference in the lives of others, and this is what we consider as a sub-sector of engagement!"*

The following Low Success Factors were identified for the SASOL Case:

- **Common goal**
- **Participation**
- **Acceptance of change**
- **Value of Human Resources**
- **Cohesion**

This can be supported by Figure 6.28 that highlights the perceived performance of the SASOL case for the Low impact success factors.

Figure 6.28 - SASOL perceived performance on Low Impact success factors
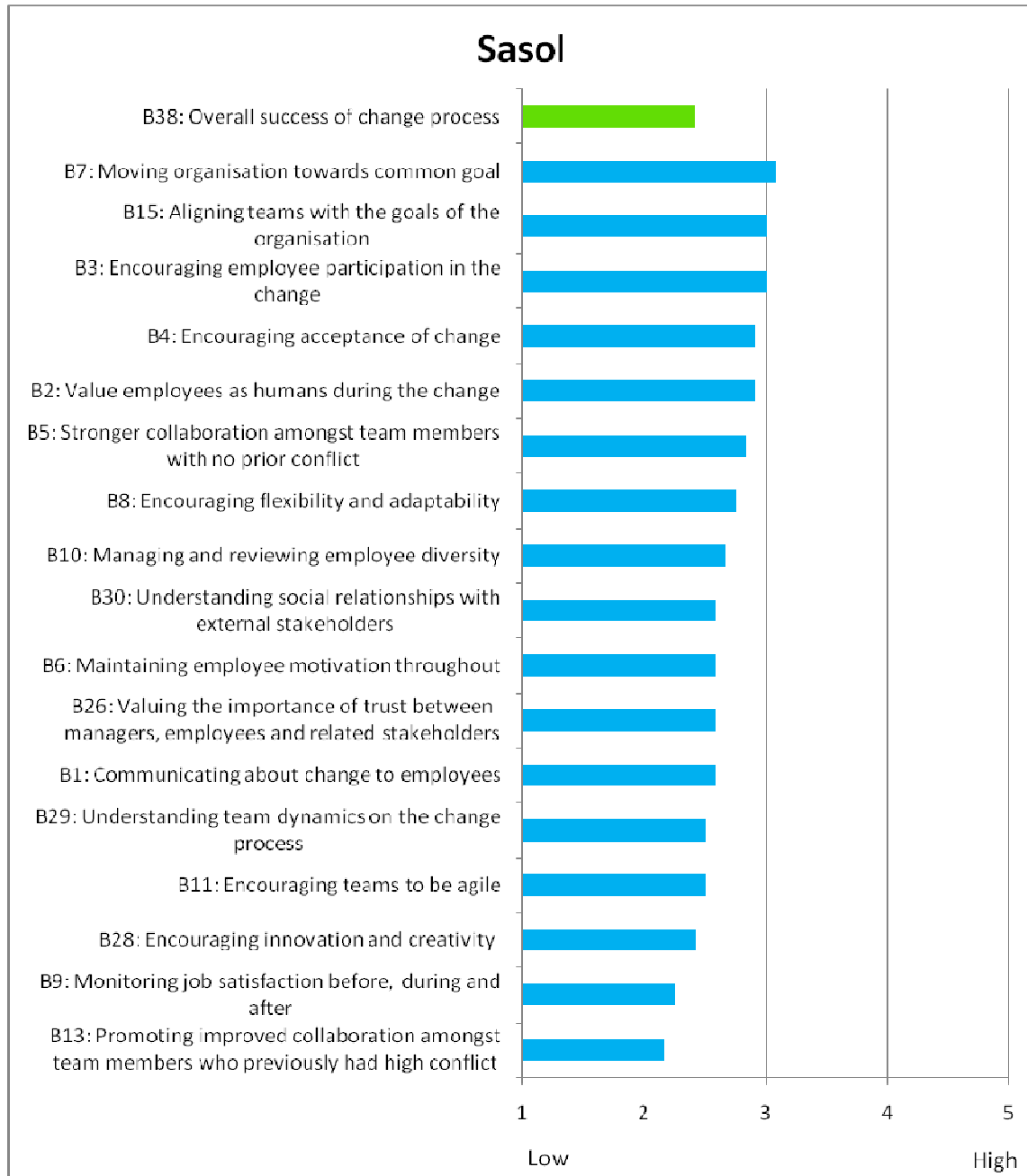
CS – Change Stakeholder Management

An interviewee highlighted the following:

"At SASOL our single biggest Stakeholder is Government – so we need to be mindful that consultation is often required on the significant organisational change initiatives!"

This is supported further by another interviewee's remark:

"We must acknowledge the importance and significance of the role of the Change Sponsor and Leader. At SASOL when we embark on an organisational change initiative – we must create small wins for the change to be successful. These small wins often turn out to be the biggest drive of success as whole, but, nonetheless, we need to get the role-modeling right first. We need to ensure that our Leaders are the first ones who are willing to change! This is aligned to our SASOL values."

The following change stakeholder performance management issues were identified for the SASOL Case:

- **Diverse change stakeholders**
- **Change sponsor**
- **Change coalition**
- **Change leadership**
- **Political sponsorship (as a result of Government being a key stakeholder for SASOL)**

This can be supported by Figure 6.29 that highlights the perceived performance of the SASOL survey participants for Change Stakeholder management.

Figure 6.29 - SASOL perceived performance on Stakeholder Management
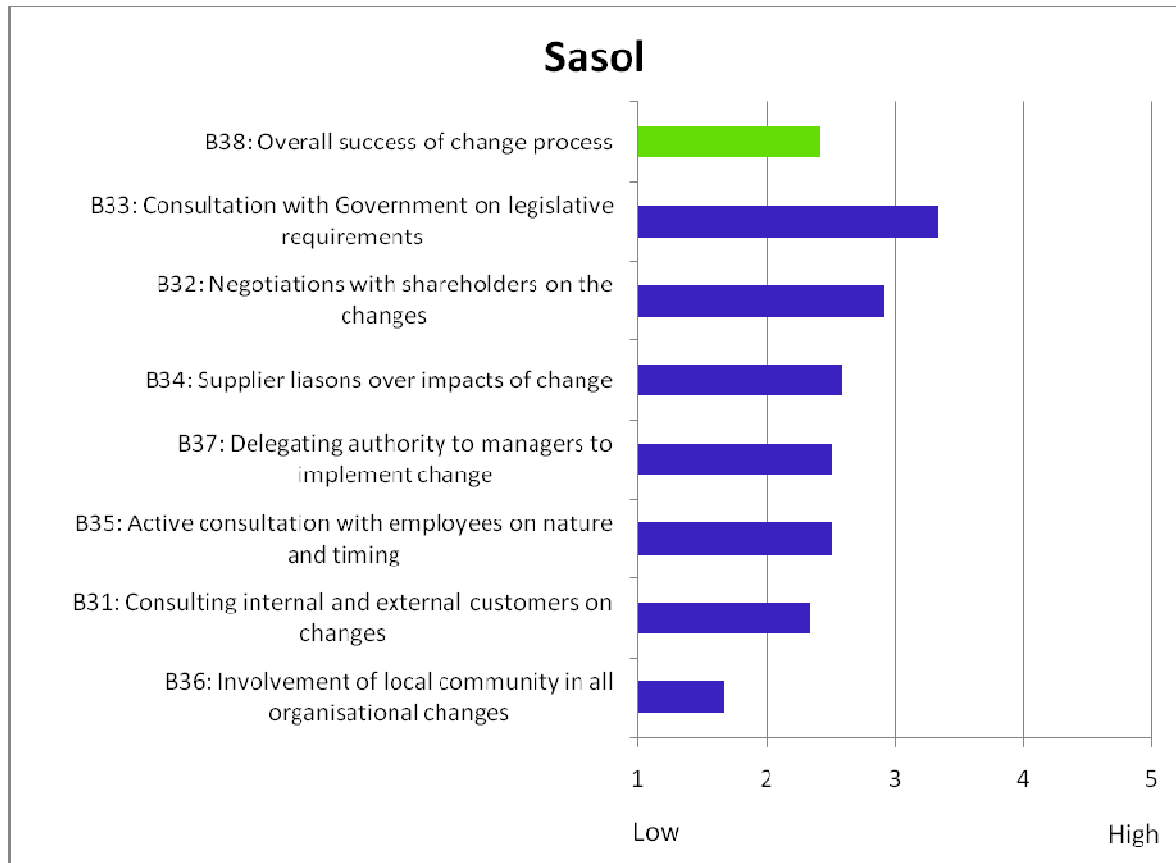
Change Framework and Processes

One interviewee responded to the proposed Change Framework as follows:

"The change process is definitely not linear – you have to iterate through the process; especially since teams may need to review change processes two years after starting, and a sequential model would be restrictive, rigid and inflexible.

From an iterative change process perspective, I would advise the following:
- *The idea and its context – we need to understand what the main drivers for change are. Where do you want to go? The pre-work is always vital, therefore steps 1 and 2 are essential – simply because it helps us to define what needs to be done*
- *When we define the change initiative – I need to know who I have on board, this part of the climate (context) for change*
- *My main worry with a change plan – is that it is linear, it most definitely needs to evolve as the environment is constantly changing*

- *The sponsor for change needs to be right up front in the framework. They are involved in defining the change initiative, and in defining the change context to ensure that there is alignment to the change leadership team*
- *When it comes to small-wins, we are of the opinion that this is a crucial but big step that mostly involves leadership. Here the leadership team needs to focus on getting the role-modeling for the organisation right from the onset. The leaders should look to themselves to be the catalyst for the start of the change initiative.*
- *Communicate-communicate-communicate – we must ensure that we communicate to the right place and the right people who are going to feel the change impact! In the beginning there should be a strong top-down approach when it comes to communicating*
- *Recycle the lessons that you have learned back to adapt the cultural fit and alignment processes"*

The following Change Management Framework and Processes were identified as important for the SASOL Case:

- **CF & P – Preparing for change**
  o Understanding the need for change
  o Understanding the nature or type of change
  o Understanding the reason for change
  o Developing a change vision
  o Understanding the climate for change
- **CF & P – Change Metrics and structure**
  o The importance of communicating the change
  o The importance of a change plan for the management of long term change
  o The importance of measuring change
  o The importance of celebrating small wins
  o The importance of systems and structure for change
- **CF & P – Lessons learned**

  One interviewee provided the following key insights into the lessons learned:

  "When it comes to learning from our past lessons, we are not there yet! It is important for us to have a systemic view of the framework as the change can sometimes take place without you realizing it! Tom make the change last, you will need to embed the change (stabilize it). What is important in the lessons learned process is being able to speak about both the good and the bad – it must be a conscious reflection of letting go of the past and moving forward."

  This can be supported by Figure 6.30 that highlights the perceived importance for the SASOL survey participants for future Change processes.

Figure 6.30 - SASOL perceived importance of future change processes

Sasol

Activity based		
D10: Improved organisational integration		
D12: Increased new business process creation		
D11: Better knowledge sharing across business processes		

1　　2　　3　　4　　5

Unsuccessful　　　　Extremely successful
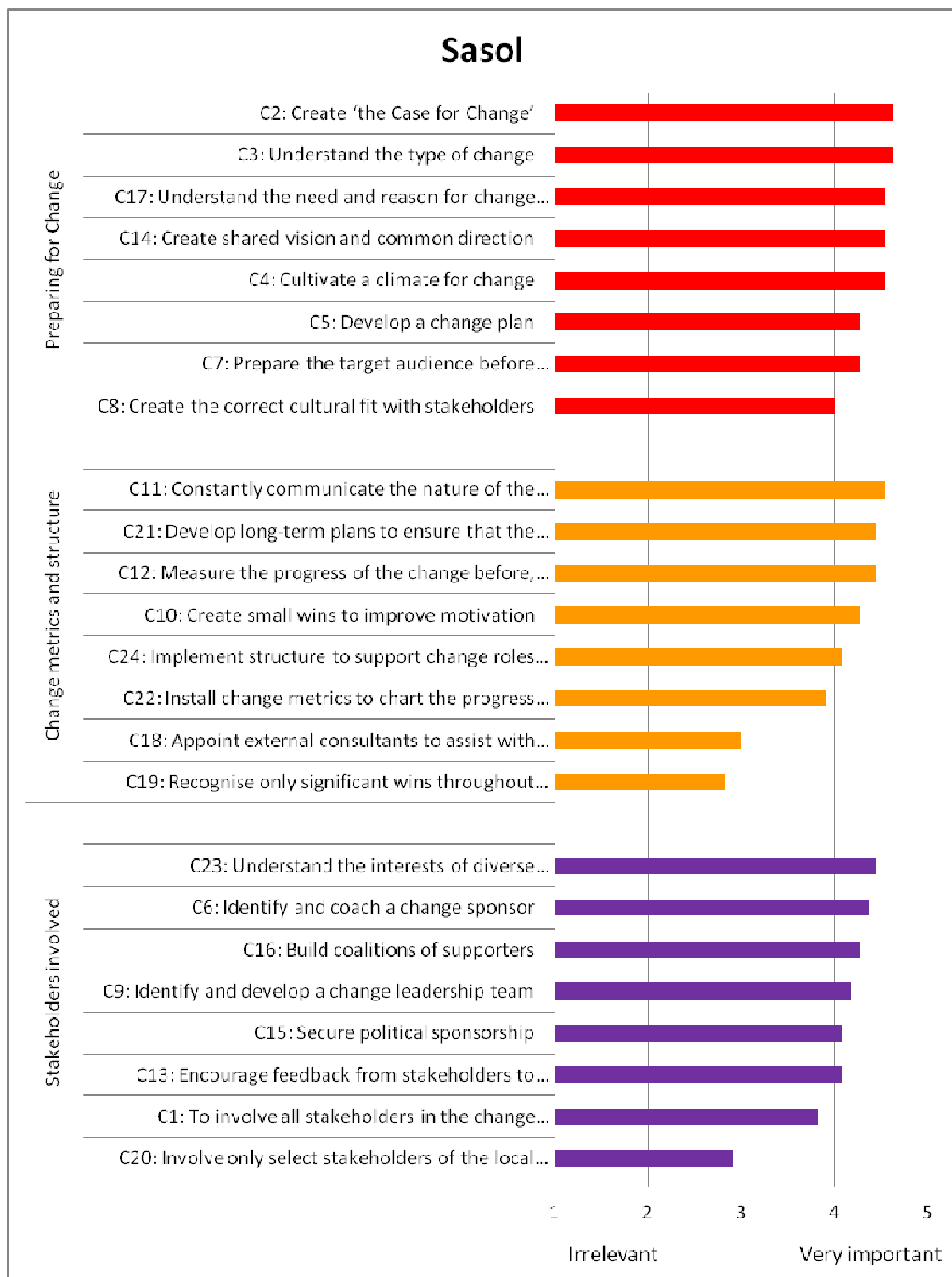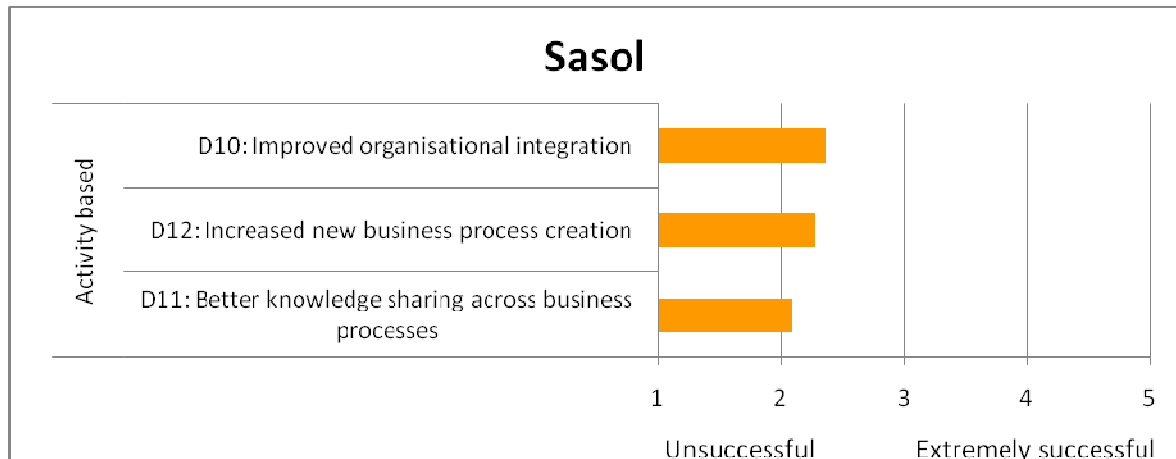
Change Scorecard

An interviewee provided some insight into the current change measurement practices that were currently taking place at SASOL:

"At present our measurement focus is largely internal, with little or no external measurement taking place. We are poor at measurement, and have realised the need for it.

The CEO's objective is, 'Where do we want to go?' and we need to ask ourselves through the process of measurement, 'Are we on the journey?'

At the moment our approach to measurement is quite simple, it involves two main approaches:
- *Use of an external perception inventory – it involves a one on one interview with stakeholders*
- *The other measure is a one of the culture as it stands in the organisation today, and a picture of where we want the organisation to go as well as the espoused organisational culture we want*

As a result of the above simple measurements, we are finding some obvious measures that have emerged. For example, in our Learning and Growth area of the business, we are measured based on the total learning activities – on a robot system, based on the numbers and percentages of people who have attended training or development activities. However, this only exposes whether or not we have moved in this space, it does not explore the actual reasons or obstacles for the change not taking place or proceeding according to the initial goals and objectives – so there is real danger that we could miss the overall picture. We need to develop an annual scorecard that measures progress over a period of time, where you need a measure to substantiate the value invested in the change initiative.

We need to understand the story behind the change – this is important – the robot or scorecard system helps to provide a clear story or conversation behind the nature and

context of the change, and this helps to reveal the important behaviours behind the change! The behaviour change should be articulated very clearly so that it helps to sustain the overall process."

The following Change Management Scorecard measures and Performance measurements were identified as important for the SASOL Case:

- **CSC – Change input measures - Delivering Value**
  The total Rand value of Human Resources provided for a change initiative
- **CSC – Change efficiencies - Operational Excellence**
  The total number of stated change business case objectives achieved
  The total percentage progress against the original change scope
- **CSC – Change activity based – Change outputs - Change Partnership**
  Change activity based
      Improved organisational integration as a result of the change
      Improved business process creation through continuous improvements that come about as a result of the change
  Change outputs
      Improved employee participation as a result of the change
      Improved employee satisfaction as a result of the change initiative
- **CSC – Change outcomes - People Commitment**
  The total percentage of increased retention of employee talent as a result of the change
  The total reduction in the number of employees leaving the organisation

This can be supported by Figure 6.31 that highlights the perceived importance of performance change measures in similar change future change initiatives.

Figure 6.31 - SASOL perceived importance of performance change measures in similar future change initiatives
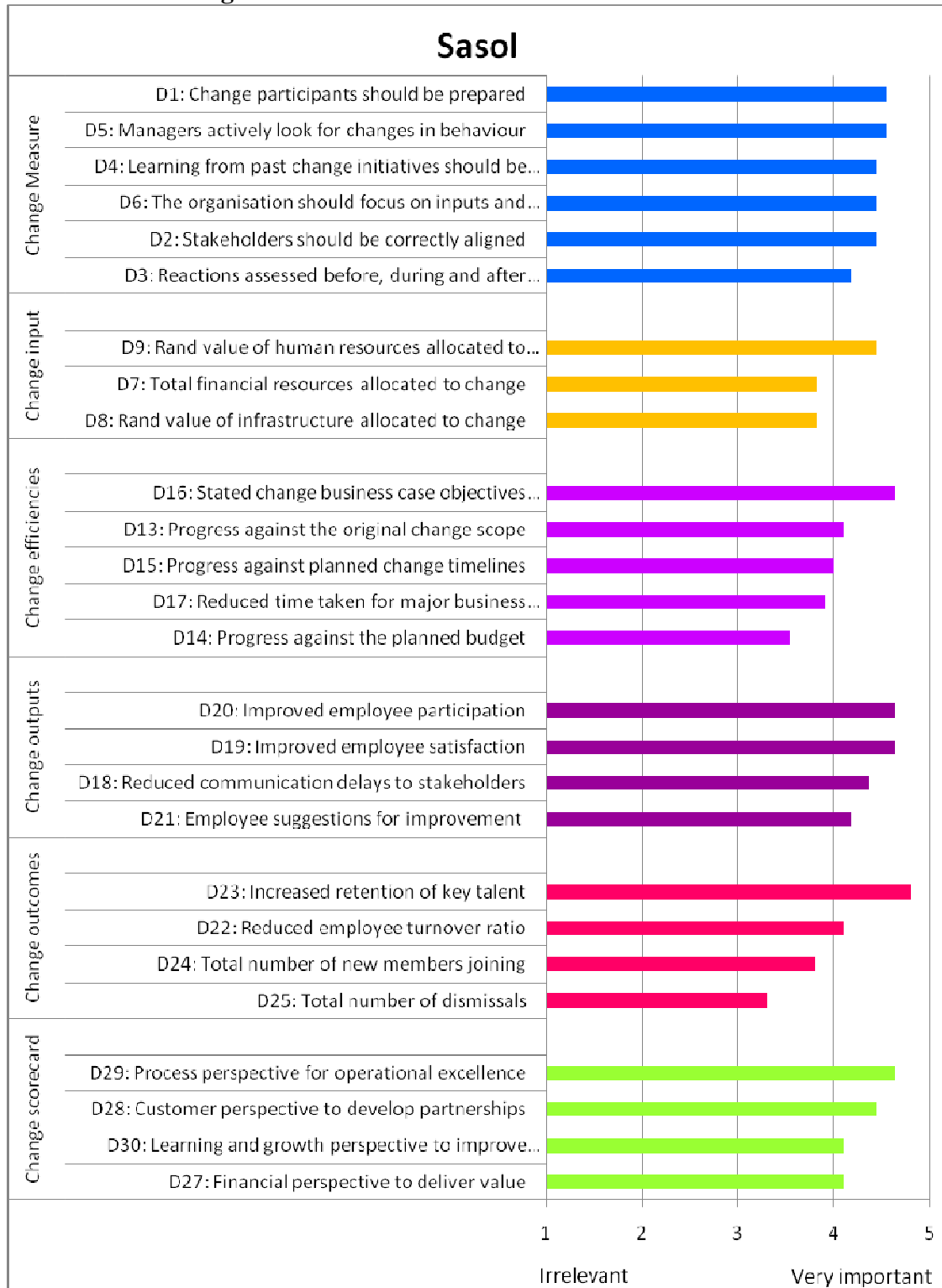
Change Outputs

'This is one area that does challenge SASOL – we do not have a clear answer on what change outputs we would expect or like to achieve for a successful change initiative. It is simply a function of so many other things – it is part of a much wider systematic approach to change!' remarked an interviewee.

The following perceived Change Outputs were identified for a successful change initiative within the SASOL Case:

- **CO - Change Outputs – Tangible**
    - Reduced employee turnover and increased retention of talent
    - Improved growth opportunities for the whole organisation
    - Improved financial controls for the organisation
    - The provision of improved services to customers
    - Increased sales performance

- **CO - Change Outputs – Non-tangible**
    - Better and or improved organisational alignment to strategy and objectives
    - Improved stakeholder trust
    - Improved change communications for the organisation through the change initiative
    - Improved or increased flexibility / adaptability for the organisation
    - Improved or increased innovation / creativity for improvements within the organisation

This can be supported by Figure 6.32 that highlights the perceived tangible and intangible benefits of a recent change initiative.

Figure 6.32 - SASOL perceived tangible and intangible benefits of a recent change initiative
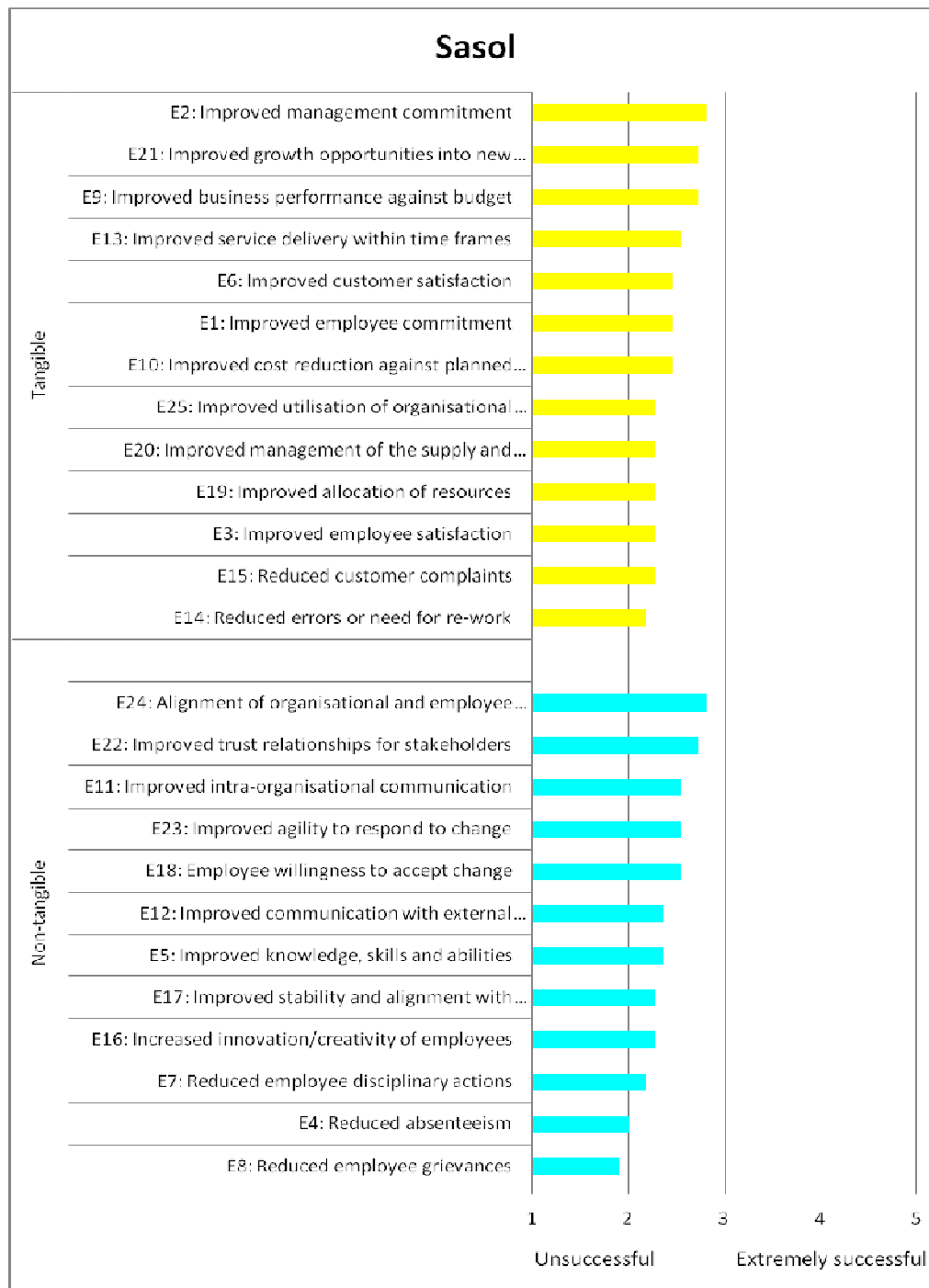
Change recommendations emerging from the SASOL Case study for the South African environment

The following emerging change recommendations as shown in Table 6.22 were uncovered throughout the Research Study from evidence collected in the research interviews, focus group discussions and company documentation.

Table 6.22 – Emerging change recommendations from the SASOL Case	
No	**Emerging Change recommendations for South Africa**
1	Management and retention of Key talent to support growth
2	Management of Diversity
3	Management of Stakeholder relations – including political power relationships with diverse stakeholders

Summary of Case Evidence

Listed below is a summary overview of the case evidence that has emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.23:

Table 6.23 - Summary of SASOL Case Evidence		
Sub-construct	**Categorization of Key Constructs**	**Summary overview of the most relevant / important sub-constructs**
CS - Top Success Factors	**CS – Success factors**	Low accident / injury rate Quality Profitability Employee expertise Financial control
CS - Low Success Factor		Common goal Participation Acceptance of change Value of Human Resources Cohesion
CF&P – Context for Change	**CF & P – Preparing for change**	Change need Nature / Type of change Change reason Change vision Climate for change
CF&P – Change Initiative / Type		
CF&P – Change Climate		
CF&P – Change Plan	**CF & P – Change metrics and structure**	Change communication Change plan – long term

CF&P – Change Sponsorship		Change measurement Change small wins Change system and structure
CF&P – Change audience		
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		
CF&P – Change Wins – Celebrating Change	**CF & P – Stakeholders involved**	Change stakeholders – diverse Change sponsor Change coalition Change leadership Political sponsorship
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		
CSC – Delivering Value	**CSC – Change Scorecard**	Change input measures - Rand value of Human Resources
CSC – Change / Operational Excellence		Change efficiencies - Stated Change business case objectives achieved - Progress against the original change scope
CSC - Change Partnership		Change – activity based - Improved organisational integration - Increased business process creation Change Outputs - Improved employee participation - Improved employee satisfaction
CSC - Change / People Commitment		Change outcomes - Increased retention of talent - Reduced employee turnover
CO - Change Outputs – Tangible	**CO – Change Outputs**	Turnover / Retention Growth Financial controls Improved services Increased sales
CO - Change		Organisational alignment

Outputs – Non-tangible		Stakeholder trust Change communication Flexibility / Adaptability Change communications
Emerging Change recommendations for SA		Management and retention of Key talent to support growth Management of Diversity Management of Stakeholder relations – including political power relationships with diverse stakeholders

Emerging Change Success Factors, Change Framework, Change Scorecard Measures, Change Outputs and Themes from the Case Evidence

Listed below is a summary overview of the case evidence and the Emerging Themes that have emerged from the research data collected, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.24:

Table 6.24 - Emerging Organisational Change Framework and Change Scorecard for the SASOL Case Study

	Emerging Change Success Factors	Emerging Change Framework	Emerging Change Scorecard Measures	Emerging Change Outputs	Emerging Themes
Item 1	**CS – Top Success** Low accident / injury rate Quality Profitability Employee expertise Financial control	**CF & P – Preparing for change** Change need Nature / Type of change Change reason Change vision Climate for change	**CSC - Change input measures** - Rand value of Human Resources	**CO – Tangible** Turnover / Retention Growth Financial controls Improved services Increased sales	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Item 2	**CS – Low Success** Common goal Participation Acceptance of change Value of Human Resources Cohesion	**CF & P – Change metrics and structure** Change communication Change plan – long term Change measurement Change small wins Change system and structure	**CSC - Change efficiencies** - Stated Change business case objectives achieved - Progress against the original change scope	**CO – Non-tangible** Organisational alignment Stakeholder trust Change communication Flexibility / Adaptability Change communications	Why and how do we want to change the organisation?

	CF & P – Stakeholders involved	CSC - Change – activity based		Stakeholder engagement throughout the change process
Item 3	Change stakeholders – diverse Change sponsor Change coalition Change leadership Political sponsorship	- Improved organisational integration - Increased business process creation **CSC - Change Outputs** - Improved employee participation - Improved employee satisfaction		
Item 4		**CSC - Change outcomes** - Increased retention of talent - Reduced employee turnover		Retaining talent within the organisation

The Researcher will place the above research data that has emerged from the SASOL Case study into a comparative table (Table 6.26) for the purpose of conducting a cross-case analysis (with Deloitte, Nampak and Nestlé) of the emerging critical success factors, change framework and processes, change scorecard measures and change outputs so as to narrow and refine the emerging themes and research data into a comprehensive set of recommendations for the emerging South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

6.2   Cross-Case Analysis

The purpose of the cross-case analysis is to help the Researcher in the identification and refinement of the key research constructs emerging from the case study data that has been discussed earlier. In addition to the refinement of the key research constructs, the Researcher will also be able to identify those specific areas where the research constructs converge and diverge, thereby providing greater support to the formulation of the emerging theoretical principles.

Note: The researcher has made use of data tri-angulation, where quantitative data discussed in Chapter 5 and the primary and secondary data as well as the research interviews and focus group discussions or qualitative data from Chapter 6 have been correlated to identify the respective points of convergence and divergence.

6.2.1   Summary Cross-case Analysis

Following a closer examination of each of the key research constructs (abbreviations for Case Constructs are reflected in Table 6.25 across the respective case studies, the Researcher has been able to identify which specific cases have shown significant evidence of the actual construct being present or evident within their organisational change landscape.

| Table 6.25 - Key to the Case Constructs ||
Abbreviation	Description
CS	Critical Success Factors
CF&P	Change Framework and Processes
CSC	Change Scorecard
CO	Change Outputs

Summary of the Cross-case evidence including the emerging Change Success Factors, Change Framework, Change Scorecard Measures, Change Outputs and Themes from all four Case studies combined

Listed below is a summary overview of the case evidence and the Emerging Themes that have emerged from the qualitative and quantitative research data collected across all four case studies, with special reference to the top 5 scoring sub-constructs per key construct as shown in Table 6.26 below

Table 6.26 - Emerging Organisational Change Framework and Change Scorecard for the Deloitte, Nampak, Nestlé and SASOL Case Studies

Sub-construct	Key Construct	Deloitte	Nampak	Nestlé	SASOL
CS - Top Success Factors	**CS – Success factors**	Employee expertise Profitability Low accident / injury rate Financial control Management of communications	Financial Control Quality Low accident / Injury Rate Productivity Profitability	Employee expertise Low accident / injury rate Profitability Quality Growth	Low accident / injury rate Quality Profitability Employee expertise Financial control
CS - Low Success Factor (precursor for change)		Common goal Management of communications Value of Human Resources Flexibility / Adaptability Job satisfaction	Management of communications Common goal Value of Human Resources Flexibility / Adaptability Cohesion	Common goal Management of communications Participation Acceptance of change Value of Human Resources	Common goal Participation Acceptance of change Value of Human Resources Cohesion
CF&P - Context for Change	**CF & P – Preparing for change**	Change vision Change reason Change target audience Change plan	Change reason Climate for change Change plan Change vision	Change reason Climate for change Change plan Change need Change vision	Change need Nature / Type of change Change reason Change vision
CF&P – Change Initiative / Type					
CF&P – Change					

Climate		Change need	Nature / Type of change		Climate for change
	CF & P – Change metrics and structure				
CF&P – Change Plan		Change communication	Change communication	Change measurement	Change communication
CF&P – Change Sponsorship		Change measurement	Change measurement	Change communication	Change plan – long term
CF&P – Change audience		Change system and structure	Change small wins	Change small wins	Change measurement
CF&P – Change Culture / Sustained Change		Change plan – long term	Change systems and structure	Change plan – long term	Change small wins
CF&P – Change Leadership / Team		Change small wins	Change plan – long term	Change system and structure	Change system and structure
	CF & P – Stakeholders involved				
CF&P – Change Wins – Celebrating Change		Change sponsor	Change leadership	Change sponsor	Change stakeholders – diverse
CF&P – Communicating Change		Change leadership	Change stakeholders diverse	Change feedback	Change sponsor
CF&P – Measurement of Change		Change stakeholders – diverse	Change sponsor	Change leadership	Change coalition
CF&P - Lessons learned – Knowledge of Change		Change feedback	Change feedback	Change stakeholders – diverse	Change leadership
		Stakeholder community	Stakeholder community	Stakeholder community	Political sponsorship
	CSC– Change Scorecard				
CSC – Delivering Value		Change input measures - Rand value of Human Resources	Change input measures - Rand value of Human Resources	Change input measures - Rand value of Human Resources	Change input measures - Rand value of Human Resources

CSC – Change / Operational Excellence	Change efficiencies - Stated Change business case objectives achieved	Change efficiencies - Reduced time taken for major business decisions - Stated change business case objectives achieved	Change efficiencies - Stated Change business case objectives achieved - Progress against the original scope	Change efficiencies - Stated Change business case objectives achieved - Progress against the original change scope
CSC - Change Partnership	Change – activity based - Better knowledge sharing across processes - Increased business process creation Change Outputs - Improved employee satisfaction	Change activity-based - Improved organisational integration Change outputs - Improved employee participation - Improved employee satisfaction	Change – activity based - Improved organisational integration Change Outputs - Improved employee participation	Change – activity based - Improved organisational integration - Increased business process creation Change Outputs - Improved employee participation - Improved employee satisfaction
CSC - Change / People Commitment	Change outcomes - Increased retention of talent - Reduced employee turnover	Change outcomes - Increased retention of key talent - Reduced employee turnover	Change outcomes - Increased retention of talent - Reduced employee turnover	Change outcomes - Increased retention of talent - Reduced employee turnover

	CO – Change Outputs			
CO - Change Outputs – Tangible	Growth Increased sales Turnover / Retention Improved services Management / Utilization of resources	Turnover / Retention Increased sales Management / Utilization of resources Growth opportunities Financial controls	Turnover / Retention Improved services Management / Utilization of resources Allocation of resources Financial controls	Turnover / Retention Growth Financial controls Improved services Increased sales
CO - Change Outputs – Non-tangible	Improved stability Organisational alignment Flexibility / Adaptability Innovation / Creativity Building talent	Organisational alignment Improved stability Flexibility / Adaptability Innovation / Creativity Change communications	Change communications Organisational alignment Improved stability Building talent Flexibility / Adaptability Innovation / Creativity	Organisational alignment Stakeholder trust Change communication Flexibility / Adaptability Change communications
Emerging Change recommendations for SA	Management and retention of Key talent to support growth Management of Diversity Global knowledge sharing and learning management – the learning organisation	Management and retention of Key talent to support growth Management of CSI – Corporate Social Investment – engaging and aligning with your community stakeholders	Management and retention of Key talent to support growth Management of Diversity Alignment of organisation to diverse Stakeholders – including the community	Management and retention of Key talent to support growth Management of Diversity Management of Stakeholder relations – including political power relationships with

				diverse stakeholders

The Researcher will now examine the emerging case constructs that have appeared across each of the respective Case studies for the purpose of redefining the context of each of the key constructs being examined within the research study. The re-definition of the key constructs will allow the Researcher to identify points of convergence and divergence that have emerged for the critical success factors, change framework and processes, change scorecard measures and change outputs so as to narrow and refine the emerging themes and research data into a comprehensive set of recommendations for the emerging South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

6.2.2   Redefining the context of the Constructs from the Cross-case analysis

Following a thorough analysis of the case evidence from the Cross-case analysis, the existing constructs can now be redefined as highlighted in Table 6.27 below:

Table 6.27 – Redefining the Case Constructs from the Cross-case analysis		
Sub-construct	**Categorization of Key Constructs**	**Redefining the Construct**
CS - Top Success Factors	CS – Success factors	**Change Imperative / pre-requisite success factors for organisational change** Low accident / Injury rate Profitability Quality Financial control Productivity
CS - Low Success Factor		**Emotional success factors needed for organisational change** Common goal Management of communications Value of Human Resources Acceptance of change Flexibility / Adaptability
CF&P – Context for Change	CF & P – Preparing for change	**Creating a climate for change** Change reason Change vision Change need
CF&P – Change Initiative / Type		
CF&P – Change Climate		
CF&P – Change Plan	CF & P – Change metrics and structure	**Engaging and enabling the whole Organisation** Change communication Change measurement Change small wins
CF&P – Change Sponsorship		
CF&P – Change audience		
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		

CF&P – Change Wins – Celebrating Change	CF & P – Stakeholders involved	**Implementing and sustain transformation** Change sponsor Change leadership Change stakeholders - diverse
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		
CSC – Delivering Value	CSC – Change Scorecard	**Delivering value from change** Rand value of Human Resources allocated
CSC – Change / Operational Excellence		**Operational excellence for change** Stated change business case objectives achieved Progress against the original change scope Reduced time taken for major decisions
CSC - Change Partnership		**Change partnerships** Improved organisational integration Improved employee participation Improved employee satisfaction
CSC - Change / People Commitment		**People commitment to change** (Change Outcomes) Retention of key talent Reduced employee turnover ratio
CO - Change Outputs – Tangible	CO – Change Outputs	**Tangible Change outputs** Turnover / Retention Growth opportunities Increased sales Improved services Financial Controls
CO - Change Outputs – Non-tangible		**Non-tangible Change outputs** Organisational alignment Change communications Improved stability Flexibility / Adaptability Building talent

6.2.3 Points of Convergence from the Cross-case Analysis

Following a detailed review of the research constructs emerging from the four case studies; the Researcher has found the following key points of convergence arising from the research constructs investigated:

Convergence around the emerging Change Success Factors

The following points of convergence appear for each of the four case studies based on the research data collected as shown in Table 6.28 below:

Table 6.28 – Points of convergence for the emerging Change Success Factors		
Case	**High success factors**	**Low success factors**
Deloitte Nampak Nestlé SASOL	Low accident / Injury rate Profitability Quality Financial control Productivity	Common goal Management of communications Value of Human Resources Acceptance of change Flexibility / Adaptability

Convergence around the emerging Change Framework and Processes

The following points of convergence appear for each of the four case studies based on the research data collected as shown in Table 6.29 as shown below:

Table 6.29 – Points of convergence for the emerging Change Framework and Processes			
Case	**Change Framework and Processes**		
	CF & P – Preparing for change	**CF & P – Change metrics and structure**	**CF & P – Stakeholders involved**
Deloitte Nampak Nestlé SASOL	Change reason Change vision Change need	Change communication Change measurement Change small wins	Change sponsor Change leadership Change stakeholders - diverse

Convergence around the emerging Change Scorecard

The following points of convergence appear for each of the four case studies based on the research data collected as shown in Table 6.30 below:

Case	Change Scorecard Measures and Performance Measurements			
	Change input measures	**Change efficiencies**	**Change – activity based & Change Outputs**	**Change outcomes**
Deloitte Nampak Nestlé SASOL	Rand value of Human Resources allocated	Stated change business case objectives achieved Progress against the original change scope Reduced time taken for major decisions	Improved organisational integration Improved employee participation Improved employee satisfaction	Retention of key talent Reduced employee turnover ratio

Table 6.30 – Points of convergence for the emerging Change Scorecard Measures and Performance Measurements

Convergence around the emerging Change Outputs

The following points of convergence appear for each of the four case studies based on the research data collected as shown in Table 6.31 below:

Case	Change Outputs	
	Tangible	**Non-Tangible**
Deloitte Nampak Nestlé SASOL	Turnover / Retention Growth opportunities Increased sales Improved services Financial Controls	Organisational alignment Change communications Improved stability Flexibility / Adaptability Building talent

Table 6.31 – Points of convergence for the emerging Change Outputs, both Tangible and Non-Tangible

Convergence around the Emerging Themes

The following points of convergence appear for each of the four case studies based on the research data collected as shown in Table 6.32 below:

Table 6.32 – Points of convergence for the Emerging Themes from each of the four Case Studies				
Emerging Themes	**Deloitte**	**Nampak**	**Nestlé**	**SASOL**
Theme 1	Understanding the Business case for change – what do we want to change and what are the resource requirements?	Understanding the Business case for change – what do we want to change and what are the resource requirements?	Understanding the Business case for change – what do we want to change and what are the resource requirements?	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Theme 2	Why and how do we want to change the organisation?	Why and how do we want to change the organisation?	Why and how do we want to change the organisation?	Why and how do we want to change the organisation?
Theme 3	Stakeholder engagement throughout the change process	Stakeholder engagement throughout the change process Involvement of Communities and stakeholders through Social Contracts	Stakeholder engagement throughout the change process Involvement of Communities and stakeholders	Stakeholder engagement throughout the change process
Theme 4	Retaining talent within the organisation	Retaining talent within the organisation	Retaining talent within the organisation	Retaining talent within the organisation

Based on the above Emerging themes the following core set of themes now emerge to guide the researcher in the formulation of the South African Organisational Change Framework and Scorecard for the measurement of organisational change in a mergers and acquisitions environment as shown in Table 6.33 shown on the following page.

Table 6.33 – Summary of the points of convergence for the Emerging Themes	
Emerging Themes	**Description**
Theme 1	Understanding the Business case for change – what do we want to change and what are the resource requirements?
Theme 2	Why and how do we want to change the organisation?
Theme 3	Stakeholder engagement throughout the change process Involvement of Communities and stakeholders through Social Contracts
Theme 4	Retaining talent within the organisation

6.2.4   Points of Divergence from the Cross-case Analysis

Following a detailed review of the research constructs emerging from the four case studies; the Researcher has found the following key points of divergence arising from the research constructs investigated:

(Note: The Researcher has used the points of divergence as a means of identifying any extraneous variables or factors that could skew or influence the overall qualitative data.)

Divergence around the emerging Change Success Factors

The following points of divergence appear for each of the four case studies based on the research data collected as shown in Table 6.34 below:

Table 6.34 – Points of divergence for the emerging Change Success Factors		
Case	**High success factors**	**Low success factors**
Deloitte Nampak Nestlé SASOL	Stability Employee turnover Management expertise Management of communications Employee expertise	Job satisfaction Cohesion Motivation Employee diversity Motivation

Divergence around the emerging Change Framework and Processes

The following points of divergence appear for each of the four case studies based on the research data collected as shown in Table 6.35 on the following page:

Table 6.35 – Points of divergence for the emerging Change Framework and Processes			
Case	**Change Framework and Processes**		
	CF & P – Preparing for change	**CF & P – Change metrics and structure**	**CF & P – Stakeholders involved**
Deloitte Nampak Nestlé SASOL	Change cultural fit Change target audience Nature / Type of change	Change large wins Use of consultants Change metrics	Select change stakeholder involvement Political relationship / sponsorship Change coalition

Divergence around the emerging Change Scorecard

The following points of divergence appear for each of the four case studies based on the research data collected as shown in Table 6.36 below:

Table 6.36 – Points of divergence for the emerging Change Scorecard measures and Performance measurements			
Case	**Change Scorecard Measures and Performance Measurements**		
	Change input measures	**Change efficiencies**	**Change – activity based & Change Outputs**	**Change outcomes**
Deloitte Nampak Nestlé SASOL	Rand value of infrastructure Total financial resources allocated	Progress against planned budget Progress against planned change timelines	Better knowledge sharing across business processes Reduce communication delays to stakeholders Employee suggestions for improvement	Total number of dismissals Total number of new members joining

Divergence around the emerging Change Outputs

The following points of divergence appear for each of the four case studies based on the research data collected as shown in Table 6.37 below:

Table 6.37 – Points of divergence for the emerging Change Outputs, both Tangible and Non-Tangible		
Case	**Change Outputs**	
	Tangible	**Non-Tangible**
Deloitte	Reduced waste	Change in behaviour
Nampak	Improved services	Productivity
Nestlé	Productivity	Innovation / Creativity
SASOL	Financial Controls	Stakeholder trust
	Allocation of resources	Flexibility / Adaptability

The researcher acknowledges the value of the points of divergence that have appeared across all four of the cases studied; and believes that these specific points have helped to create a unique set of factors that have helped to shape the organisational change landscape of each of the organisations.

Furthermore the researcher acknowledges that these points of divergence will provide valuable input to future researchers in their study of organisational change within the Southern African environment.

6.3 Legislative context for the biggest driver of organisational change within the South African Environment

This within case analysis prompted a need for deeper understanding of the context within which managers had to act in the four companies studied.

An intensive literature search was done to appreciate the key South African dimensions, regional dimensions and global dimensions that could have influenced the changes in the companies.

Emerging drivers and challenges of Organisational change within each of the Case Studies

Listed below is a brief overview of the emerging drivers and challenges that could have influenced the organisational change landscape of these four respective case studies as shown in Table 6.38 below.

Table 6.38 - Emerging drivers and challenges of Organisational change for each Case Organisation				
Emerging Drivers and Challenges	**Deloitte**	**Nampak**	**Nestlé**	**SASOL**
BBBEE	Mergers to cater for BBBEE transactions	Mergers to cater for BBBEE transactions	-	Mergers to cater for BBBEE transactions
Diversity Management	Yes – MCDP (Multi-cultural development programme / Destination Transformation	Yes – Nampak Graduate Development Programme	Yes – Nestlé Seven Pillars of BEE	Yes – ALDP – Accelerated Leadership Development Programme
Global markets and opportunities	Multi-national	Multi-national	Multi-national	Multi-national
Stakeholder engagement – sphere of influence	Both Private and Public Stakeholders	Mostly Private stakeholders	Mostly Private stakeholders	Government as main stakeholders
Organisational transformation – adjustment processes (Weston, 2001)	Expansion and growth Re-organisation / Restructuring Financial engineering and governance strategies	Expansion and growth Re-organisation / Restructuring Financial engineering and governance strategies	Expansion and growth Financial engineering and governance strategies	Expansion and growth Re-organisation / Restructuring Financial engineering and governance strategies

The Researcher will provide a brief summary of the main conclusions that can be extracted from Table 6.38 on the previous page:

- All four of the cases are multi-national organisations operating across several countries and continents, with Nampak and SASOL headquarters being based within South Africa
- Each of the four cases undertook some form of merger and acquisition activity during the period 2000 to 2008. The M&A activity for three of the cases was undertaken to allow for an alignment or improvement within their current BBBEE status
- Diversity management – all four cases have implemented the necessary Employment Equity measures and key activities to address and comply with the current requirements of South African Legislation – the Employment Equity Act
- Stakeholder engagement – this is perhaps one area where the four cases do differ, in that Nampak and Nestlé are mostly engaged with Private stakeholders, whilst Deloitte engages with both Private and Public stakeholders and SASOL mostly with Government – who is considered to be the biggest stakeholder
- All four of the case studies have made considerable use of alternative methods (adjustment processes – Weston, 2001) for value growth, whether through the implementation of one or many of the following strategies for change:
  - Expansion and growth
  - Re-organisation / Restructuring
  - Financial engineering and governance strategies

6.4   Chapter Summary

Each of the four distinct case studies from different industry sectors within the South African economy have experienced significant change and or transformation over the past few years.

Each case study provides some unique individual characteristics as summarised in Table 6.26, and immediately following a closer review of the points of convergence from Tables 6.28, 6.29, 6.30 and 6.31 it becomes clear that each of the cases provide sufficient qualitative evidence to support the research propositions and questions posed at the beginning of the research study.

When the Researcher combines the quantitative data from Chapter 5 with special reference to Tables 5.31, 5.32, 5.38 and 5.39 with the qualitative data of Chapter 6 it too become apparent that there is sufficient combined evidence to support the research propositions and questions posed at the beginning of the research study.

The Researcher will now provide a review of the quantitative and qualitative research findings in Chapter 7 as they relate to the design and development of the South African Change Framework and Scorecard within a Mergers and Acquisitions environment.

7.0   Chapter Seven: The Road to the South African Change Management Framework and Scorecard within a Mergers and Acquisitions environment

The main purpose of this Research Study was to explore the formulation of a South African Change Management Framework and Change Scorecard that could help to improve the current understanding, management and measurement of organisational change within South African organisations, wherein there is significant organisational change, of which mergers and acquisitions is a prevalent force for change.

Throughout the scope of this chapter the Researcher will provide insight into how the research study answered the research questions and propositions put forward in Chapter 3 based on the available literature review and whether or not the qualitative (Chapter 6) and quantitative research (Chapter 5) conducted supported or rejected the propositions proposed by the Researcher.

7.1   The Critical Success Factors for successful Organisational Change within a Mergers and Acquisitions environment

The following research results have emerged in response to the research question below:
- Research question two: What are the Critical Success Factors for Organisational Change Management to succeed in South Africa?
> *- Research proposition one: In the South African environment specific Critical Success Factors are needed in order for Organisational Change to be successful.*

Lombard and Crafford (2003), Veldsman (1996), Kotter (1995) and Jackson (1999) provide us with our first view of the high and low key success factors within a South African working environment. When you lay these key success factors alongside the work of Beer and Nohria (2000) who formulated the two archetypes of change, namely the Theory E (Hard approach to change) and Theory O (Soft approach to change), and looking at the research results that emerge from the within-case analysis in Table 6.28 and the quantitative data from Tables 5.7 and 5.8, the following Key Success factor classifications as well as the actual success factors emerge as shown in Table 7.1 below:

Table 7.1 - Emerging Key Success Factors – extracted and validated from Tables 5.7 and 5.8 as well as Table 6.28.				
High / Low Key Success factors	**Key Success Factors (Lombard and Crafford, 2003 [L&C]; Jackson, 1999 [TJ], Veldsman, 1996 [TV] and Kotter, 1995 [JK])**	**Emerging Success factors classification**	**Theory E & Theory O – Hard and Soft approach to change Beer and Nohria (2000)**	**Emerging Key Success Factors from the Research study**
High success	TJ: Quality L&C: Effective	Imperative for / consequences	Hard approach to change – shareholder	Change imperative – Quality, monitoring

	monitoring and control L&C: Focus on customer TV: Sequencing	of change	value	and control
High success	TJ: Growth L&C: Structure to support strategy achievement JK: Anchor the changes in the corporate culture JK: Create urgency TV: Translation	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative – Growth, structure and strategy to add value
High success	TJ: Financial control L&C: Business case for change JK: Build on the change JK: Create urgency TV: Translation	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Financial control, understanding and urgency (understanding = cont. improvement)
High success	TJ: Productivity L&C: Business case for change JK: Build on the change JK: Create urgency TV: Translation	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative – Productivity, understanding and urgency to add value (understanding = cont. improvement)
High success	TJ: Turnover L&C: Business case for change JK: Build on the change JK: Create urgency TV: Translation	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Turnover, understanding and urgency to add value (understanding = cont. improvement)
High success	TJ: Stability L&C: Business case for change JK: Build on the change JK: Create urgency TV: Coherence	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Stability, understanding and urgency (understanding = cont. improvement)
High success	TJ: Management expertise	Imperative for / consequences	Hard approach to change – shareholder	Change imperative – Leadership and

	L&C: Leadership TV: Intactness	of change	value	Management roles and expertise
High success	TJ: Profit L&C: Business case for change JK: Build on the change JK: Create urgency TV: Coherence & Translation	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Profit, understanding and urgency (understanding = cont. improvement)
High success	TJ: Employees' expertise L&C: People development TV: Learning, Intactness & Coherence	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Employees' development, roles and expertise
High success	TJ: Low accident rate JK: Build on the change	Imperative for / consequences of change	Hard approach to change – shareholder value	Change imperative - Low accident rate and understanding (understanding = cont. improvement)
High / Low success	TJ: Communication management L&C: Effective communication JK: Communicate the vision	Imperative for / consequences of change Emotional side of change	Hard approach to change – shareholder value / Soft approach to change – develop corporate culture, capability and organisational learning	Change imperative - Communication and sharing a common vision Emotional change – Communication and sharing a common vision
Low success	TJ: Value of human resources L&C: Build on the change	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Value and understanding of human resources (understanding = cont. improvement)
Low success	TJ: Low absenteeism JK: Build on the change TV: Commitment	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Low absenteeism and understanding thereof (understanding = cont. improvement)
Low success	TJ: Acceptance in community	Emotional side of change	Soft approach to change – develop	Emotional change – Acceptance in

			corporate culture, capability and organisational learning	community through coalitions and understanding (understanding = cont. improvement)
	JK: Form a powerful coalition JK: Build on the change			
Low success	TJ: High cohesion/low conflict L&C: Overcoming managerial / employee resistance to change JK: Build on the change JK: Remove obstacles TV: Sustainability	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Manage resistance to change and the understanding thereof throughout the implementation process (understanding = cont. improvement)
Low success	TJ: High employee morale JK: Build on the change TV: Commitment	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – High employee morale, commitment and understanding thereof (understanding = cont. improvement)
Low success	TJ: Goal consensus L&C: Mutually agreed performance goals JK: Create short-term wins TV: Translation	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Mutually agreed performance goals that add value
Low success	TJ: Flexibility/adaptability L&C: Structured implementation of change JK: Build on the change TV: Flexibility	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Flexible / adaptable and structured approaches to change – including lessons learnt.
Low success	TJ: Employee motivation L&C: Build on the change TV: Commitment	Emotional side of change	Soft approach to change – develop corporate culture, capability and organisational learning	Emotional change – Employee motivation and understanding (understanding = cont. improvement)
Low success	TJ: Job satisfaction JK: Build on the change TV: Commitment	Emotional side of change	Soft approach to change – develop corporate culture, capability and	Emotional change – Job satisfaction and understanding thereof (understanding = cont.

| Low success | TJ: Success of affirmative action L&C: People development JK: Build on the change | Emotional side of change | Soft approach to change – develop corporate culture, capability and organisational learning | Emotional change – Success of affirmative action and people development |
| | | | | |

When aligning this to the ten danger signs of choosing an organisational intervention as identified by Veldsman (2007) in Table 7.2 below:

Table 7.2 - Ten danger signs of a poor choice of Organisational intervention Veldsman (2007)
Danger sign one: poor organisational leadership that is accompanied by destructive organisational politics and hidden agendas
Danger sign Two: stakeholders form an underdeveloped / biased interpretative framework upon which to understanding the to-be-changed organisation with its stakeholders
Danger sign Three: the change need is either misunderstood or too superficially debated and as a result is wrongly scoped or under-scoped in terms of the required scoping dimensions
Danger sign Four: incorrect engagement of stakeholders based on the level of complexity of the scope of change
Danger sign Five: the organisational conceptual / interpretative framework is not adequately discussed or explained to stakeholders
Danger sign Six: A wrong/weak change navigation intervention strategy affects the manner in which the intervention will be rolled out
Danger sign Seven: the intertwined, interdependent nature of the change strategy and intervention strands with their respective stages are ignored
Danger sign Eight: ignoring the embedded interdependency governing principle, wherein the different layers of interventions and their dimensions, focal points and modes are ignored.
Danger sign Nine: the tyranny of fads and fashions – the organisation should be convinced that it is doing the right things for the right reasons
Danger sign Ten: often the tracking and assessment of the organisational change only covers the realisation of hard benefits such as the meeting of project milestones and deadlines, instead of focusing on the change outcomes (resulting from the change process)
Source: adapted from Veldsman (2007)

the following key observations, revelations and highlights have emerged in the form of critical success factors from the research study:

(1) Adopting a long term vision for organisational change.

Across all four of the case studies researched the central theme of a long term vision and or approach to organisational change has emerged. It is clear that organisations who are prepared to commit to the change process of a merger and acquisition are more likely to experience a greater acceptance that those who implement short-term or damage-control practices. Arguably change initiatives take time to iteratively refine and the processes may even require an adjustment for best fit, and organisations that manage and commit to this process can increase their chance of success during a merger and acquisition.

(2) Agreeing on mutually accepted performance goals for organisational change.

All four case studies researched arguably believed in the importance of building in performance metrics with which to measure the change process; these measurements help to provide a framework for benchmarking the overall change process during a merger and acquisition.

(3) Strong organisational leadership and management.

The four case studies researched reported that a strong organisational leadership and management influence was needed if a merger and acquisition was to succeed. It could be argued that if the organisation's leadership set the mandate and that if they failed to adhere to the initial goals and objectives; then the organisational employees of recipients of change would start to assume that the goals and objectives for the merger and acquisition were no longer true, relevant or important. For this reason it is fundamentally important for the organisational leadership and management to 'champion the cause' and remain accountable through the organisational change process.

(4) Commitment to the learning, growth and development of employees throughout the organisational change.

Undoubtedly, employee learning, growth and development were identified as a key success factor for all four of the cases studied. A simple technology process change or a major change such as a merger and acquisition would require the workforce to be empowered so as to reduce their fear of failure, and facilitate the overall success of the change process by educating the relevant persons affected by the change.

(5) The need for a clear organisational or interpretative framework to manage the change process.

The presence of a clear and well-defined structure with which to manage and facilitate organisational change such as a merger and acquisition was ranked as equally important for all four of the cases studied. This is what Veldsman (1996) termed as the 'sequencing' of the organisational change process.

7.2 *The South African Change Framework for the Management of Organisational Change within a Mergers and Acquisitions environment*

The following research results have emerged in response to the research question below:

- Research question three: What should the Organisational Change Management Framework for the management and measurement of organisational change processes and initiatives look like in the South African environment?
> *- Research proposition two: In the South African environment the existence of a Change Management Framework is essential for the successful management and measurement of Organisational change.*

Following a review of all the qualitative and quantitative data gathered from the four respective case studies, including the research interviews, survey questionnaire data and focus group discussions; the Researcher has found that the overall nature of the organisational change management framework within the South African environment is somewhat different within the broader context of large complex and dynamic organisational change and transformation initiatives, wherein mergers and acquisitions are but one of the key adjustment processes for continued expansion and growth.

According to Weston (2001), organisations experiencing complex and dynamic change as in the case of the four case studies represented within this Research Study, would be required to make certain adjustment processes to manage organisational change more effectively. Weston (2001) identified three broad categories of adjustment processes that have been discussed earlier within the Literature review section, namely:

1. Expansion – A major objective of mergers, tender offers, and joint ventures is to achieve expansion and growth
2. Restructuring and reorganisation – Asset redeployment to improve revenue growth and efficiency
3. Financial engineering and governance strategies – typical adjustment processes here include share repurchases, ESOP's – Employee Stock Ownership Plans and Takeover defences

Based on the factors that emerged from the Exploratory Factor Analysis of Section C of the Survey data as shown in (*) Tables 5.31 and 5.32 (* further detailed quantitative data can be found in Tables 5.13, 5.14 and 5.15) as well as the qualitative data from Table 6.29, the next table highlights the relative importance of the four factors within the organisational change framework shown in Table 7.3 on the following page:

Table 7.3 - Cronbach's Alpha and percentage of variance explained, indicating relative importance of factor			
Factors	**Cronbach's Alpha**	**Percentage variance explained**	**Cumulative Percentage variance explained**
Factor 1: Preparing for change [What?]	0.844	19.86	19.86
Factor 2: Implementing structure and change metrics [How?]	0.809	12.23	32.09
Factor 3: Building support for change [Why?]	0.729	10.38	42.47
Factor 4: Creating vision and direction [Where?]	0.762	10.13	52.60

The emergence of these four factors, help to further support the emerging organisational change categories and themes, namely:

(1) Preparing for change – **the What?**
(2) Implementing structure and change metrics – **the How?**
(3) Building support for change – **the Why?**
(4) Creating vision and direction – **the Where?**

Upon examination of earlier research conducted by Kotter (2000), four common mistakes that have caused the most failures within organisations trying to transform themselves within their modern business environments were identified, and these included the following:

- Writing a memo instead of lighting a fire.
- Talking too much and saying too little.
- Declaring Victory before the War is over.
- Looking for Villains in all the wrong places.

Kotter (2000) highlights that these common mistakes require three essential tasks from Change Leaders if they are to overcome them:

- Essential task one: Managing multiple timelines.
- Essential task two: Building coalitions.
- Essential task three: Creating a Vision.

In support of Kotter's (1995, 1996, 2000) research, Glazer (2005) remarked that there are seven essential areas for Change Leaders to focus on when setting the stage for organisational change. These seven areas include the following:

- Communication styles: Are the company's communication styles open and healthy? Workers should be comfortable and skilled at interacting.

- Recognition: Does the company praise positive efforts? Organisations that dwell on negatives discourage enthusiasm for growth.

- Communication: Do company leaders embrace and communicate the organisational mission? Visions for growth and positive change need champions at the top level.

- Networking within the organisation: Do employees network effectively throughout the organisation? Companies that silo workers may discourage the interaction needed to innovate and grow.

- Support: Are workers mutually supportive? Employees who are encouraged to build on each others' ideas can create powerful momentum for the organisation.

- Company Culture: Does the company culture encourage a team mindset? Companies that communicate a collaborative atmosphere encourage engagement.

- Learning culture: Does the corporate culture foster excitement about learning? Without a commitment to ongoing development, an organisation cannot hope to create a dynamic environment that embraces change.

Kotter (1996) echoes the ideas of Bennis (1994) who states, 'we have raised a generation of very talented people to be managers, not leader / managers, and vision is not a component of effective management. The management equivalent to vision creation is planning.' Kotter (2000) continues to state that leaders are different from managers. 'They don't make plans; they don't solve problems; they don't even organise people. What leaders really do is prepare organisations for change and help them cope as they struggle through it.'

For this reason, Kotter (2000) identified three areas of focus for leaders and contrasts these with the typical focus areas of a manager:

- Focus area: setting direction versus planning and budgeting;
- Focus area: aligning people versus organizing and staffing;
- Focus area: motivating people versus controlling and problem solving.

Based on the above three focus areas and the research results from the case study data in Table 6.29, the Researcher has found that the following three organisational change process categories and themes have emerged within the context of the organisational change framework and are aligned to the change management building blocks of Veldsman (1995) and the change framework processes put forward by Mento *et al.* (2001) as highlighted in the Table 7.4 on the following page:

Table 7.4 - Emerging Organisational Change categories and themes extracted and validated from Tables 5.31 and 5.32 as well as Table 6.29.

Organisational Change essential building blocks (Veldsman, 1995)	Emerging Organisational change category and theme	Organisational change descriptions and examples from Cases	Organisational change processes (Mento et al., 2002)
The **"WHAT"** building block - This block represents the choices that the organisation has at its disposal concerning the most appropriate way in which the entity could be changed. The **"WHERE"** building block - Since Organisations exist within time and space, this block represents those choices that the organisation has to make about where it will have to draw its space and time boundaries.	**Category one: 'What' and 'Where'** content of change **Theme: "Creating a climate for change"**	What are we trying to change? What must change if we are to survive? Where are we going to move with this change? Where do we want to be as an organisation if we make this change?	The idea and its context Define the change initiative Evaluate the climate for change
The **"HOW"** building block - This block represents the most appropriate change action mode for the organisation and the approach that will be used to close the gap between the "what is" and "what must be" changed within the organisation.	**Category two: 'How to'** change processes **Theme: "Engaging and enabling the whole Organisation"**	How do we change as an organisation? How do we move from our present state to our future state?	Develop a change plan Find and cultivate a sponsor Prepare your target audience Create the cultural fit – making the change last Develop and choose a change leader team
The **"WHY"** building block - This block represents the context for change which helps to create the defined time and space location for the organisation with the rationale (reason / need) for the change.	**Category three: 'Why do we'** people side of change **Theme: "Implementing and sustaining transformation"**	Why do we need to change as an organisation?	Create small wins for motivation Constantly and strategically communicate the change Measure the progress of the

change effort
Integrate lessons learned

From the above tabular analysis, the following change processes as identified by Mento *et al.* (2002) are suggested for the South African change environment based on the emerging organisational change categories, themes and examples provided above:

- **The idea and its context.**
- **Define the change initiative.**
- **Evaluate the climate for change.**
- **Develop a change plan.**
- **Find and cultivate a sponsor.**
- **Prepare your target audience.**
- **Create the cultural fit – making the change last.**
- **Develop and choose a change leader team.**
- **Create small wins for motivation.**
- **Constantly and strategically communicate the change.**
- **Measure the progress of the change effort.**
- **Integrate lessons learned.**

Based on the above change categorization and themes that have emerged, the Researcher has applied the above findings (change categorizations) to four prominent change models of Lewin (1947), Jick (1991), Kotter (1996) and Garvin (2000) as shown in Table 7.5 shown on the following page:

Table 7.5 – Emerging Change processes (high level) aligned to four prominent Change theories and Models (which is further supported by the data that are extracted and validated from Tables 5.31 and 5.32 as well as Table 6.29).

Kurt Lewin – Classical Change Model (1947)		Jick's Tactical Ten Step Model (1991)		Kotter's Eight step process for successful transformation (1996)		GE – Seven-step change acceleration process model (Garvin, 2000)		Emerging Change processes (high level)
Change Process	Categorization of processes	Change Process	Categorization of processes	Change Process	Categorization of processes	Change Process	Categorization of processes	Categorized change processes
Unfreezing	Creating a climate for change	Analyse the organisation and its need for change	Creating a climate for change	Establish a sense of urgency	Creating a climate for change	Leader behaviour	Creating a climate for change	Creating a climate for change
Implementation	Engaging and enabling the whole Organisation	Create a shared vision and common direction	Creating a climate for change	Create a powerful guiding coalition	Creating a climate for change	Creating a shared need	Creating a climate for change	Engaging and enabling the whole Organisation
Refreezing	Implementing and sustain transformation	Separate from the past	Creating a climate for change	Creating a vision	Creating a climate for change	Shaping a vision	Creating a climate for change	Implementing and sustaining transformation
		Create a sense of urgency	Creating a climate for change	Communication of the vision	Engaging and enabling the whole Organisation	Mobilizing commitment	Creating a climate for change / Engaging and enabling the whole Organisation	
		Support a strong leader role	Creating a climate for change	Empowering others to act on the vision	Engaging and enabling the whole Organisation	Making the change last	Implementing and sustain transformation	
		Line up political sponsorship	Creating a climate for change	Planning for and creating short term wins	Engaging and enabling the whole Organisation	Monitoring progress	Implementing and sustain transformation	

	Draft an implementation plan	Engaging and enabling the whole Organisation	Consolidating improvements – Producing more change	Implementing and sustain transformation	Changing systems and structures	Implementing and sustain transformation
Develop enabling structures		Engaging and enabling the whole Organisation	Institutionalizing new approaches	Implementing and sustain transformation		
Communicate, involve people and be honest		Engaging and enabling the whole Organisation				
Reinforce and institutionalize the change		Implementing and sustain transformation				

The following thee core (high level) change processes have emerged based on a review of current literature as well as the emerging organisational change categories and themes from the case study evidence (Table 6.29) and summarised quantitative data in Tables 5.31 and 5.32) as illustrated in Figure 7.1 on the following page:

- Change process (high level): **Creating a climate for change.**
- Change process (high level): **Engaging and enabling the whole Organisation.**
- Change process (high level): **Implementing and sustaining transformation.**

The core change processes are suggested as high level for the following reasons:

(a) Change is continuous (Booysen and Beaty, 1997; Booysen, 2007 and Nkomo and Kriek, 2011).

(b) Organisational change is more an open-ended and continuous process than a set of pre-defined or discrete and self-contained events (Burnes, 1996, 2004):

   a. This is further supported by four phased model of planned change proposed by Bullock and Batten (1985) and Burnes (2004) with four distinct change processes, namely: exploration, planning, action and integration

(c) The emergent approach to change emphasizes that change should not be perceived as a series of linear events within a given period of time, but as a continuous, open-ended process of adaptation to changing circumstances and conditions (Burnes, 1996, 2004 and Dawson, 1994).

Figure 7.1

The emerging South African Change Management Framework

SA Change Management Framework 'the 3 Core Change Processes'

Engaging and Enabling the whole Organisation
"How to"
Change processes

Creating a Climate for Change
"What must?" & "Where to"
Content of Change

Implementing and Sustaining Change / Transformation
"WHY do we need?"
People Change

Change Management Framework

Mento et al. (2002)

A **Change Management Framework** consists of the following change processes:

- The idea and its context
- Define the change initiative
- Evaluate the climate for change
- Develop a Change Plan
- Find and cultivate a sponsor
- Prepare your target audience
- Create the cultural fit – Making the change last
- Develop and choose a change leader team
- Create small wins for motivation
- Constantly and strategically communicate the change
- Measure the progress of the change effort
- Integrate lessons learned
- Stabilize the Change
- Embed the change

(d) The combination of the planned and emergent models to change would help to create an eclectic framework that supports the above three core change processes in facilitating and managing organisational change within a mergers and acquisitions environment.

Veldsman (1995) comments on the importance of the "Who" - building block for change; and when this is aligned to the following change action roles as described by O'Neill (2000) and Jick (1993), the Researcher has found from the case evidence that the following Emerging Change Action roles have emerged as highlighted in Table 7.6 below:

Table 7.6 – Emerging Change action roles aligned to Veldsman (1995), O'Neill's (2000) and Jick's (1993) Change Action Roles

Organisational Change essential building blocks (Veldsman, 1995)	O'Neill's Change Action Roles (2000)	Jick's Change Action Roles (1993)	Emerging Change Action Roles
The **"WHO"** building block - This block represents the contributions that the change will require from persons, parties and or institutions to satisfy the change needs that require execution for the organisation to change.	Sponsor	Change Strategist	Change Sponsor
	Sustaining sponsor	Change Implementer	Change Leader
	Implementer	Change Recipient	Change agents / Navigators
	Change agent		change Recipients

7.3   The South African Change Scorecard for the Management and Measurement of Organisational Change in a Mergers and Acquisitions environment

The following research results have emerged in response to the research question below:

- Research question four: What are the relevant recommendations for the development of an Organisational Change Management Scorecard?
   - Research proposition three: In the South African environment the presence of specific or identifiable Success Factors, and a clearly defined Change Management Framework, which is supported by an articulated Change Management Scorecard with identifiable change outputs will facilitate the management of successful organisational change.

The Balanced Scorecard - Translating Strategy into Action – Kaplan and Norton (1996, 2005) provide us with a conceptual framework of scorecard constructs. Following a review of the case evidence resulting from the cross-case analysis in Table 6.30 and summarised quantitative data in Tables 5.38 and 5.39, the following Change Scorecard perspectives and suggested measurements have emerged.

Organisational Change Scorecard perspectives:

The emerging organisational change scorecard perspectives are built upon the earlier work of Kaplan and Norton (1996, 2005), and have been altered to reflect the cross-case evidence in Table 6.30 and suggestions for improvement from the resultant survey questionnaire data in Table 5.22 are shown in Table 7.7 below.

Table 7.7 – Emerging Organisational change scorecard perspectives relative to Kaplan and Norton (1996, 2005)		
Scorecard Perspective (Kaplan and Norton (1996, 2005)	**Emerging Organisational Change Scorecard perspectives**	**Comments**
Financial perspective	**Delivering value from change**	Case evidence suggests the need to focus on the creation and delivery of value resulting from organisational change initiatives, especially in those instances where the organisations where spending in excess of 15 % of the total project budget on the organisational change programmes. The cases have acknowledged an overwhelming reliance and support on the

		Change imperative / pre-requisite success factors identified earlier on.
Customer perspective	**Partnering for change**	Case evidence suggest that all change stakeholders should be seen as partners and should be actively engaged in the organisational change initiative, both before, during and after the change event.
Process perspective	**Operational excellence for change**	Case evidence reveals the support for a set of common change processes that could be used to drive and sustain operational excellence before, during and after the change event.
Learning and Growth perspective	**People commitment for change**	Case evidence suggests that people are the most critical element for any organisational change initiative, and their commitment towards a change event would ultimately determine its success or failure. Several of the cases have conducted surveys to understand this vital component in the puzzle of organisational change, and are now beginning to place greater emphasis on the Emotional success factors highlighted earlier on.

Organisational Change Scorecard suggested measures and change performance measurements:

Based on the factors that emerged from the Exploratory Factor Analysis of Section D of the Survey data in (*) Tables 5.38 and 5.39 (* further detailed quantitative data can be found in Tables 5.18, 5.19. 5.20 and 5.21), the following table highlights the relative importance of the six factors within the organisational change scorecard shown in Table 7.8 shown on the following page:

Table 7.8 - Cronbach's Alpha and percentage of variance explained, indicating relative importance of factor			
Factor Descriptions	**Cronbach's Alpha**	**Percentage variance explained**	**Cumulative Percentage variance explained**
Factor 1: Change metrics for the proactive management of change initiatives	0.841	14.45	14.45
Average of items D1, D2, D3, D4, D5 and D6			
Factor 2: Aligning change outcomes to Stakeholder expectations	0.782	11.33	25.77
Average of items D13, D14, D15 and D16			
Factor 3: Resources allocated to change	0.890	10.80	36.57
Average of items D7, D8 and D9			
Factor 4: Balanced scorecard categories / themes	0.801	9.81	46.39
Average of items D27, D28, D29 and D30			
Factor 5: Managing change communications based on past lessons learned	0.767	9.27	55.65
Average of items D17, D18, D20 and D21			
Factor 6: Employees' behaviour and reactions to the change process	0.733	8.50	64.15
Average of items D19, D22, D23, D24 and D25			

The emergence of these six factors, help to further support the emerging organisational change measures and measurements, namely:

- **Factor 1: Change metrics for the proactive management of change initiatives.**
- **Factor 2: Aligning change outcomes to Stakeholder expectations.**
- **Factor 3: Resources allocated to change.**
- **Factor 4: Balanced scorecard categories / themes.**
- **Factor 5: Managing change communications based on past lessons learned.**
- **Factor 6: Employees' behaviour and reactions to the change process.**

In support of the revised organisational change scorecard perspectives highlighted above, the case evidence gathered from the research interviews, focus group discussions and company documentation and as summarised in Table 6.30 have uncovered a number of emerging organisational change measurements (redefined) as shown in Table 7.9 on the following page.

Table 7.9 – Emerging Organisational Change Measures	
Typical Organisational change measures suggested by the four cases	**Emerging Organisational Change Measures from the research study**
Change participants should be prepared for the change	Readiness for change
All Change Stakeholders should be correctly aligned	Stakeholder alignment
The reactions of change participants should be assessed before, during and after the change initiative	Change participants reactions
Learning's from past change initiatives should be used in future change initiatives	Change lessons learned
managers should actively look for changes in behaviour as a result of a change initiative	Change behaviours
The organisation should focus on inputs and outputs for change	Change outcomes

Based on the above evidence, the Researcher believes that four new Change scorecard perspectives have emerged from the Research Study as follows:

(1) Financial perspective → **Delivering value from Change**
(2) Customer perspective → **Change partnerships** (Activity based and Change outcomes)
(3) Internal process perspective → **Operational excellence for Change** (Change efficiencies)
(4) Learning and growth perspective → **People commitment for Change**

In addition to the organisational change measures categorized above, the Research Study has uncovered a set of new key Change Performance Measurements as shown in Table 7.10 on the following page.

Note: The organisational change scorecard performance measurements below are common and generic to the four cases studied; however they do not reveal the exact change measurements as this is regarded as privileged or competitive advantage data.

Table 7.10 – Emerging Organisational change performance measurements relative to Kaplan and Norton (1996, 2005)		
Balanced Scorecard Framework measures and performance measurement constructs (Norton and Kaplan, 1996, 2005)	**Emerging Scorecard Framework measurements and performance constructs**	**Emerging organisational change performance measurements**
Financial perspective: • Revenue growth and mix o New products o New applications o New customers and markets o New relationships o New product and service mix o New pricing strategy • Cost reduction / productivity improvement o Increase revenue productivity o Reduce unit costs o Improve channel mix o Reduce operating expenses • Asset utilization / investment strategy o Cash to cash cycle o Improve asset utilization	**Delivering value from change** **Change Inputs:** • **Financial resources for organisational change** • **Organisational infrastructure required for organisational change** • **Human resources required for organisational change**	In descending order of relevance: Rand value of human resources allocated to the change initiatives Total value of the financial resources allocated to change initiatives Rand value of infrastructure allocated to change initiative
Customer perspective: • Market segmentation o Market share o Customer retention o Customer acquisition o Customer satisfaction o Customer profitability • Measuring customer value proposition o Product and service attributes o Customer relationship	**Change Partnership** **Activity-based change:** • **Organisational integration** • **Knowledge sharing** • **Business process adoption**	In descending order of relevance: Improved organisational integration – Reduced time taken to solve queries Improved knowledge sharing – Increased service delivery as a result of reduced follow up calls, meetings or requests for assistance Improved business process

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o Image and Reputation		adoption – Reduced delays or downtime throughout the business value chain In descending order of relevance:
	Change outcomes: • **Reduced employee turnover** • **Improved retention of key talent** • **Total number of new recruits** • **Total number of dismissals**	Increased retention of key talent Reduced employee turnover ratio Total number of new members joining the organisation Total number of dismissals

Internal Process (value chain) perspective:
• Innovation process
  o Identify the market
  o Create the product / service offering
• Operation process
  o Build the products / services
  o Deliver the products / services
• Post-sale service process
  o Service the customer
	Operational excellence for CHANGE
	
	Change efficiencies:
	• **Progress against original scope of organisational change**
	• **Progress against planned budget for organisational change**
	• **Progress against planned timeline for organisational change**
	• **Stated change case objectives achieved**
	• **Reduced time taken to make decisions**
		In descending order of relevance:
		
		Percentage of stated change business case objectives achieved
		
		Percentage of progress achieved against the original change scope
		
		Total reduced time taken for major business decisions
		
		Percentage progress against planned change timelines
		
		Percentage progress against the planned budget for the change initiatives

Learning and Growth perspective:
• Employee Capabilities
  o Employee satisfaction
    ▪ Involvement with decisions
	People Commitment for CHANGE
	
	Change outputs:
	• **Improved communication**
		In descending order of relevance:
		
		Improved employee participation in company

▪ Recognition of doing a good job
▪ Access to sufficient information to do the job well
▪ Active encouragement to be creative and use initiative
▪ Overall satisfaction with the company
○ Employee retention
   ▪ Percentage of key staff turnover
○ Employee productivity
   ▪ Enhancing employee skills and morale
   ▪ Innovation
   ▪ Improving internal processes
   ▪ Satisfying customers
• Information System Capabilities
○ Accurate and timely information
○ Strategic information availability
○ Available feedback
○ Access to information
• Motivation, empowerment and alignment
○ Measures of suggestions made and implemented
○ Measures of improvement
○ Measures of individual
	• **Improved employee satisfaction**
	• **Improved employee participation**
	• **Improved employee innovation / creating**
	• **Improved training and development**
	• **Improved performance through adoption / acceptance of organisational practices**
		activities, initiatives and projects
		Improved employee satisfaction index
		Increased employee suggestions for improvements to help reduce waste, cost and time inefficiencies
		Reduced communication time delays to all stakeholders in the process

and organisational alignment o Measures of team performance		

Of particular interest to the Researcher is the emergence of specific measures within the Learning and Growth perspective or People Commitment to Change section of the scorecard:

- Emotional and political resistance creates a significant impact on an organisation during a change process or initiative, and for this reason Kotter and Schlesinger (2008) suggest that training, education, communication, participation and involvement initiatives should form a vital part of the learning and growth activities of an organisation.
- Dunphy and Stace (1993) suggest that organisational change should be perceived as a process of learning and that by creating organisational awareness amongst recipients, organisations are more likely to change and cope with complexity and uncertainty if the organisation becomes an open learning system.

The Organisational Change Scorecard that emerges from the case evidence from the four respective case studies is illustrated on the following page in Figure 7.2.

Figure 7.2

The emerging South African Change Scorecard incorporating the change performance measurements

Delivering value for change (Measures)

Rand value of human resources allocated to the change initiatives
Total value of the financial resources allocated to change initiatives
Rand value of infrastructure allocated to change initiative

Change Partnerships (Measures)

Improved organisational integration – Reduced time taken to solve queries
Improved knowledge sharing – Increased service delivery as a result of reduced follow up calls, meetings or requests for assistance
Improved business process adoption –
Reduced delays or downtime throughout the business value chain
Increased retention of key talent
Reduced employee turnover ratio
Total number of new members joining the organisation
Total number of dismissals

Operational excellence for change (Measures)

Percentage of stated change business case objectives achieved
Percentage of progress achieved against the original change scope
Total reduced time taken for major business decisions
Percentage progress against planned change timelines
Percentage progress against the planned budget for the change initiatives

**People
Commitment to change (Measures)**

Improved employee participation in company activities, initiatives and projects
Improved employee satisfaction index
Increased employee suggestions for improvements to help reduce waste, cost and time inefficiencies
Reduced communication time delays to all stakeholders in the process
Improved training and development
Improved performance through adoption / acceptance of organisational practices

7.4 The suggested Tangible and Non-Tangible Organisational Change Outputs resulting from the South African Organisational Change Framework Scorecard for the Management and Measurement of Organisational Change in a Mergers and Acquisitions environment

From the cross-case evidence reviewed from the four respective case studies in Table 6.31 as well as the quantitative data in Tables 5.24 and 5.25, the Researcher has uncovered the following suggested organisational change outputs that would be realized after the successful implementation of an organisational change initiative.

These change outputs can be divided into both Tangible and Non-tangible outputs as highlighted in Table 7.11 below:

Table 7.11 – Emerging Change outputs	
Organisational Change outputs	**Emerging Change Outputs**
Tangible Change outputs (in descending order of relevance)	Improved: - management commitment - growth opportunities into new markets - customer satisfaction - service delivery within specified timeframes - business performance against budget - employee commitment - utilization of organisational resources - cost reduction against planned budget - employee satisfaction Reduced: - customer complaints - errors or need for rework
Non-Tangible Change outputs (in descending order of relevance)	Better alignment of organisational and employee values Improved: - intra-organisational communication - stability and alignment with objectives - agility to respond to change - communication with external subsidiaries, product groups, region etc. - knowledge, skills and abilities - trust relationships for stakeholders Employee willingness to accept change Increased innovation / creativity of

| | employees

Reduced:
- absenteeism
- employee disciplinary actions
- employee grievances |

The above data is further supported through the research of Lombard and Crafford (2003) that identified specific characteristics that were considered to be crucial for successful change. If properly managed these characteristics would impact on the change outputs of an organisational change initiative:

a. **Overcoming managerial resistance to change.**
b. **Business case for change.**
c. **Focus on the customer.**
d. **Effective communication.**
e. **Leadership.**
f. **People development.**
g. **Structured implementation of change.**
h. **Effective monitoring and control.**
i. **Structure to support strategy achievement.**
j. **Mutually agreed performance goals.**

Based on all the resultant case evidence, and the discussions provided around the emerging success factors, emerging organisational change framework and scorecard and resultant change outputs, the South African Change Management framework for the management and measurement of organisational change within a mergers and acquisitions environment is discussed and illustrated in the next section.

7.5 *The revised South African Change Management Framework and Scorecard for the management and measurement of Organisational Change in a Mergers and Acquisitions environment*

The following research results have emerged in response to the research question below:

- Research question one: What is the nature of organisational change management in South Africa [with special reference to Mergers and Acquisitions as the major force for change]?

The Researcher has subsequently updated / amended the proposed South African Organisational Change Management Framework and Scorecard proposed earlier in the Literature Review in Figure 3.5 based on the qualitative and quantitative research findings that has emerged from the Research Study.

The emergence of the South African Organisational Change Framework

The emergence of the South African core change processes illustrates the iterative or circular nature of organisational change process within organisations, by directing the attention and focus of the Change Practitioner on three core (high level) change processes as illustrated in Figure 7.3 on the following page.

(1) Core change process: Creating a Climate for Change – 'What must change?' and 'Where to?'

> The twelve (12) activities **Change Management Framework** is as follows:
> - Activity 1: The idea and its context
> - Activity 2: Define the change initiative
> - Activity 3: Evaluate the climate for change
> - Activity 4: Develop a Change Plan
> - Activity 5: Find and cultivate a sponsor
> - Activity 6: Prepare your target audience
> - Activity 7: Create the cultural fit – Making the change last
> - Activity 8: Develop and choose a change leader team
> - Activity 9: Create small wins for motivation
> - Activity 10: Constantly and strategically communicate the change
> - Activity 11: Measure the progress of the change effort
> - Activity 12: Integrate lessons learned

(2) Core change process: Engaging and Enabling the whole organisation – 'How to change?'
(3) Core change process: Implementing and Sustaining Change – 'Why do we need to change?'

Each of the above three core change processes should be flexible enough to accommodate each of the twelve step processes proposed by Mento *et al.* (2002). This supports the literature and research findings of Booysen and Beaty (1997), Burnes (1996, 2004), van

Tonder (2004a), Nkomo and Kriek (2011) and Dawson (2004), which states that change processes cannot be managed as linear programmes / processes within a change intervention, instead they should be iterative or circular in nature thereby allowing sufficient flexibility within the change process to accommodate the nature and type of change being implemented, the types of change stakeholders involved and the environment in which the organisation finds itself.

Furthermore, when the twelve (12) activities are linked to each of the three core change processes and aligned to the research of Bullock and Batten (1985) and Burnes (2004) with special reference to the phased model of planned change wherein four distinct processes were identified, namely:

Exploration → Planning → Action → Integration

and, the work of Smith (2007) with special reference to the PDCA model as listed below in Figure 7.4;

Figure 7.4 – PDCA – Plan-Do-Check-Act Cycle
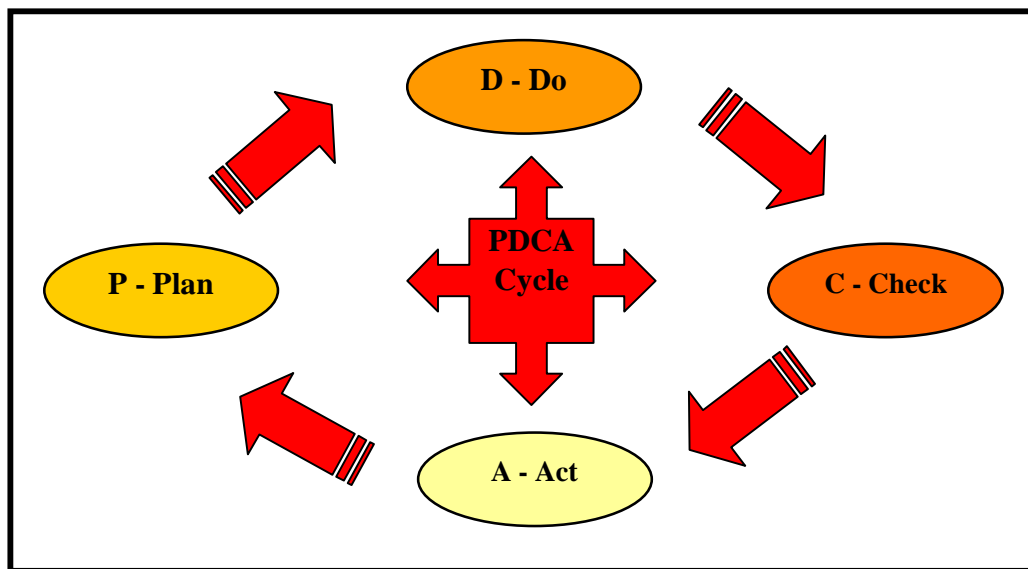
the Researcher is of the opinion that the PDCA (Plan Do Check Act) cycle should be introduced to manage the application of the open-ended and iterative twelve (12) change activities within each of the three core change processes for the following reasons:

- **the change Practitioner or Leader would be prevented from implementing a linear change process that is inflexible to the surrounding circumstances and conditions in the environment,**
- **maintain a circular and open-ended process to organisational change,**
- **avoid many of the pitfalls associated with celebrating successful change too early as highlighted by Kotter (2000).**

Figure 7.3 – Three Key Change Processes for organisational change in South African organisations

SA Change Management Framework (Mento, 2002)

The twelve (12) activities Change Management Framework is as follows:
Activity 1: The idea and its context
Activity 2: Define the change initiative
Activity 3: Evaluate the climate for change
Activity: Develop a Change Plan
Activity 5: Find and cultivate a sponsor
Activity 6: Prepare your target audience
Activity 7: Create the cultural fit – Making the change last
Activity 8: Develop and choose a change leader team
Activity 9: Create small wins for motivation
Activity 10: Constantly and strategically communicate the change
Activity 11: Measure the progress of the change effort
Activity 12: Integrate lessons learned

SA Change Management Framework 'the Core Change Processes'

(*) Creating a Climate for Change
"What must" & "Where to"
Content of Change

(*) Engaging and Enabling the whole Organisation
"How to"
Change processes

(*) Implementing and Sustaining Change / Transformation
"WHY do we need"
People Change

P.D.C.A

Creating a Climate for Change
"What must" & "Where to"
Content of Change

Engaging and Enabling the whole Organisation
"How to"
Change processes

Implementing and Sustaining Change / Transformation
"WHY do we need"
People Change

The twelve (12) activities Change Management Framework is as follows:
Activity 1: The idea and its context
Activity 2: Define the change initiative
Activity 3: Evaluate the climate for change

The twelve (12) activities Change Management Framework is as follows:
Activity 1: The idea and its context
Activity 2: Define the change initiative
Activity 3: Evaluate the climate for change

The twelve (12) activities Change Management Framework is as follows:
Activity 1: The idea and its context
Activity 2: Define the change initiative
Activity 3: Evaluate the climate for change

Twelve activities linked to each of the three Core Change Processes
'Iterative – continuous – open-ended set of activities'

(*) Footnote: The three core change processes are super-imposed above the twelve change activities of Mento et al. (2002) to illustrate the iterative nature of requirements for a South African Change Management Framework

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The emergence of the South African Organisational Change Scorecard

The emergence of the South African Change Scorecard that places particular emphasis on the following key change scorecard perspectives where change performance can or could be measured, as illustrated in Figure 7.5 below.

(1) Financial perspective ➜ Delivering value for change
(2) Process perspective ➜ Operational excellence for change
(3) Customer perspective ➜ Change partnerships
(4) Learning and Growth perspective ➜ People commitment to change

Figure 7.5 – The four organisational change performance measures for the measurement and management of organisational change in South African organisations
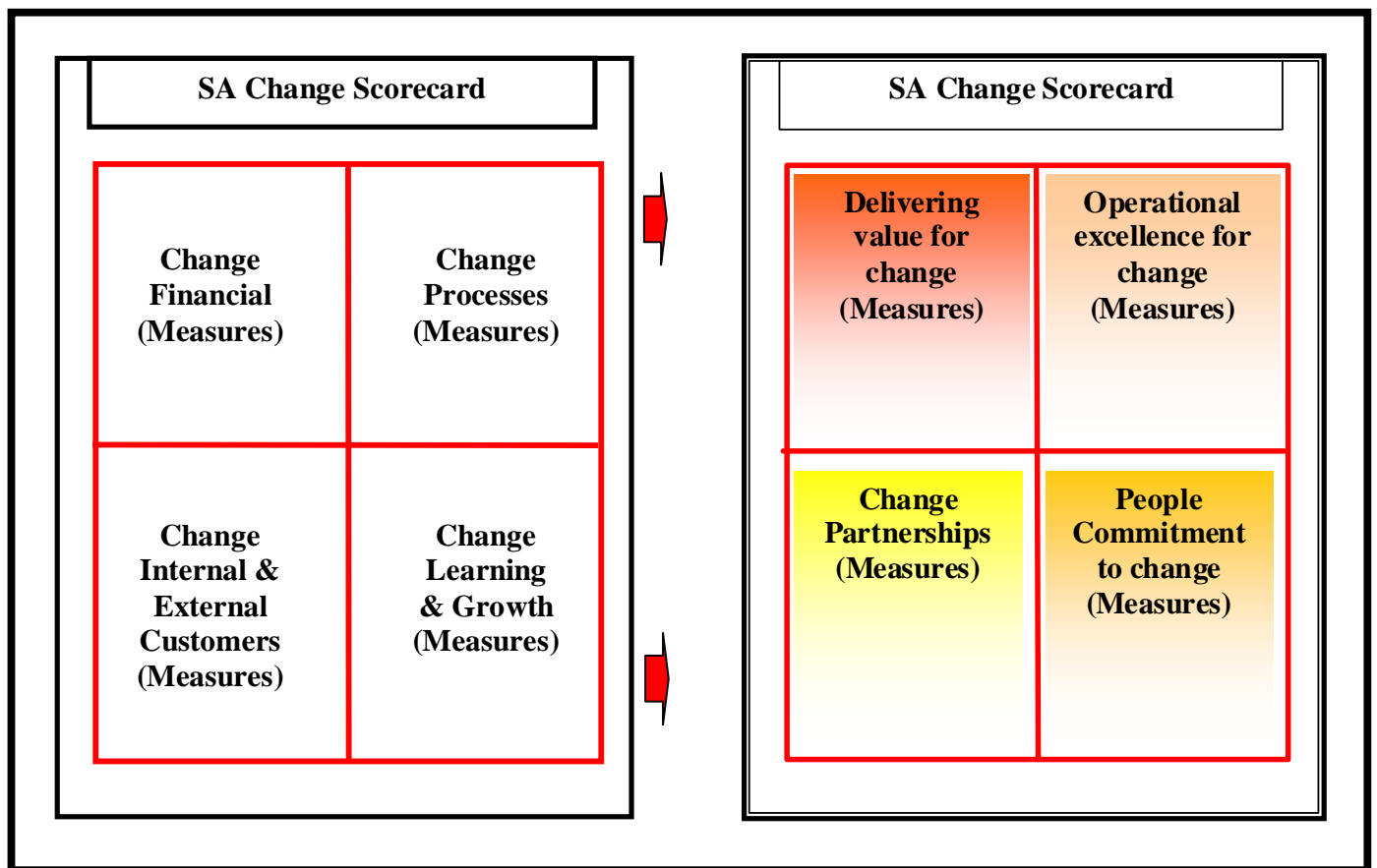
Figure 7.6 on the following page clearly illustrates the updates or amendments that have been applied to the revised South African Organisational Change Framework and Scorecard is illustrated below:

Figure 7.6 [as amended from Figure 3.5] – South African Change Management Framework and Scorecard
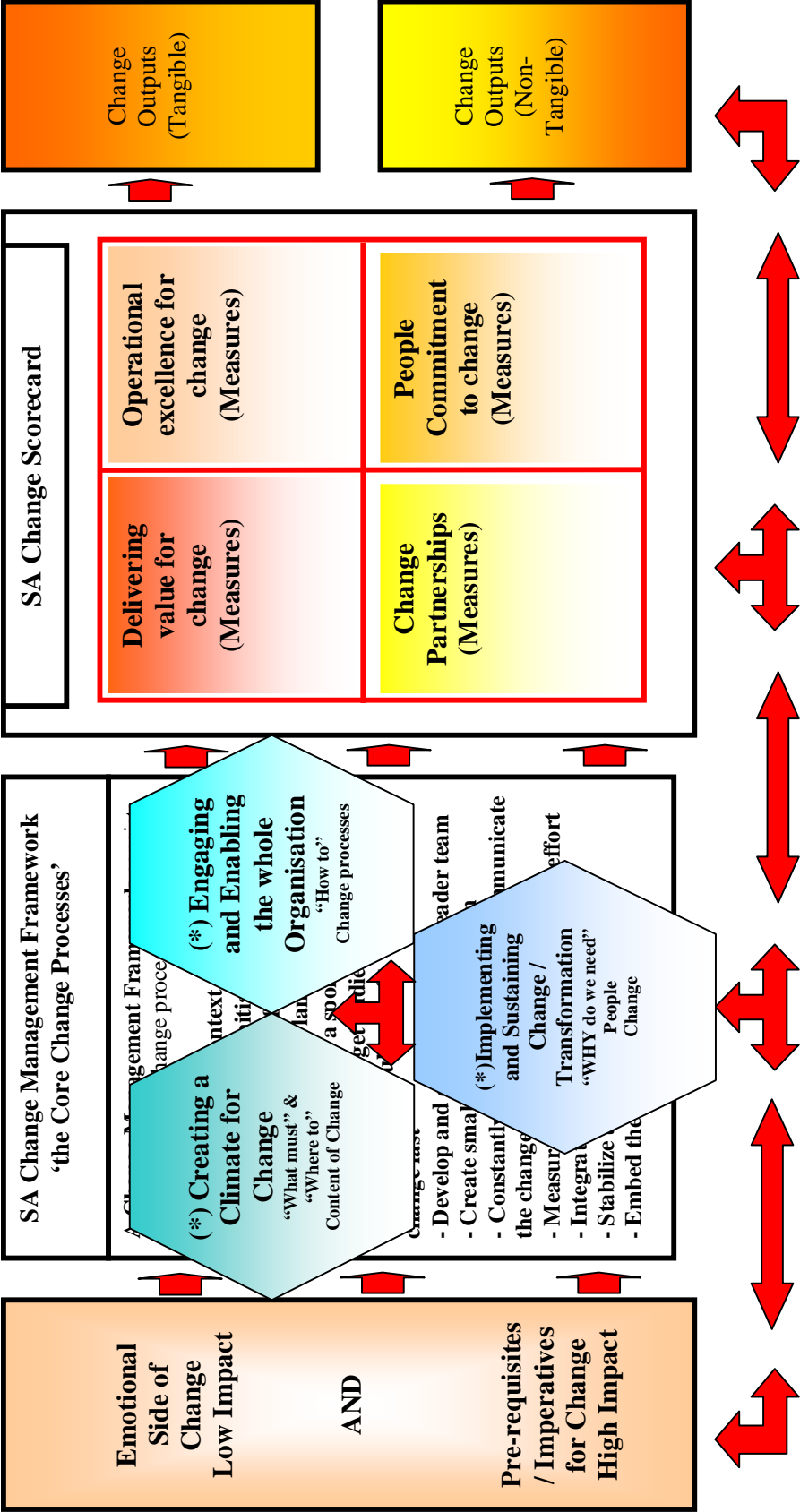
Change Outputs (Tangible)

Change Outputs (Non-Tangible)

SA Change Scorecard

Operational excellence for change (Measures)

People Commitment to change (Measures)

Delivering value for change (Measures)

Change Partnerships (Measures)

SA Change Management Framework 'the Core Change Processes'

(*) Engaging and Enabling the whole Organisation
"How to" Change processes

(*) Creating a Climate for Change
"What must", & "Where to" Content of Change

(*)Implementing and Sustaining Change / Transformation
"WHY do we need" People Change

Emotional Side of Change Low Impact

AND

Pre-requisites / Imperatives for Change High Impact

(*) *Footnote: The three core change processes are super-imposed above the twelve change activities of Mento et al. (2002) to illustrate the iterative nature of requirements for a South African Change Management Framework*

7.6   Chapter Summary

The following broad revelations emerge from the research findings highlighted within this chapter, namely:

- A proper identification and understanding of the critical success factors for successful organisational change within a Mergers and Acquisitions environment is essential
- An iterative and or circular approach is required when designing and developing a Change Framework with which to manage change within a Mergers and Acquisitions environment
- There is a definite need to manage and measure change through the introduction of a Change Scorecard
- A proper and thorough understanding of the Change Outputs, both Tangible and Non-tangible is important for the management of change within a mergers and acquisitions environment

The Researcher will now provide an overview of the research findings and results, some general observations and conclusions, the significance of the research results, recommendations for future research, recommendations to Organisational Change Practitioners and the final research conclusions that have emerged from the research data collected from the four case studies.

8.0   Chapter Eight: Conclusions and Recommendations

This Chapter provides a summary overview of the Research Findings and Results uncovered from the case evidence of the four respective case studies, and provides final clarity over the refinement of the research constructs studied as well as the research conclusions, research recommendations and prospects for future research.

8.1   Summary overview of Research Findings and Results

Listed in the table below is an overview of the refined constructs that have been uncovered through this Research Study.

The Critical Success factors – High and Low required for organisational change to succeed in South Africa

The research study has produced a list of identifiable success factors that are considered to be critical for the successful management of organisational change in South Africa. These high and low success factors are revealed in Table 8.1 below:

Table 8.1 – Critical success factors – Top and low for the South African organisational change environment		
Construct	**Underlying principles and elements of the Construct**	**Refined Construct applicable to South African environment**
CS - High Success Factors	Quality Growth Financial control Productivity Turnover Stability Management expertise Profit Employees' expertise Low accident rate	**Change Imperative / pre-requisite success factors for organisational change** Low accident / Injury rate Profitability (*) Quality, monitoring and control Financial control (*) Productivity (*) (*) = to enhance value through continuous improvement
CS - Low Success Factor	Communication management Value of human resources Low absenteeism Acceptance in community High cohesion/low conflict High employee morale Goal consensus Flexibility/adaptability Employee motivation	**Emotional success factors needed for organisational change** Mutually agreed performance goals (*) Communication and sharing a common vision Value of Human Resources Acceptance in community through coalitions (*)

	Job satisfaction Success of affirmative action	Flexible / Adaptable and structured approaches to change – including lessons learnt (*) = to enhance value through continuous improvement

The core change processes required for the formulation of the South African Change Framework

The research study has helped to identify three recognizable core change processes albeit at a high level for the management of organisational change within an open-ended / iterative or continuous framework that understands the surrounding environment in which the organisation finds itself. These three core change processes are revealed in Table 8.2 below:

Table 8.2 – Change processes for the management of organisational change in the South African environment		
Construct	**Underlying principles and elements of the Construct**	**Refined Construct applicable to South African environment**
CF&P – Context for Change	**CF & P – Preparing for change**	**Creating a climate for change**
CF&P – Change Initiative / Type		
CF&P – Change Climate		Change reason Change vision Change need
CF&P – Change Plan	**CF & P – Change metrics and structure**	**Engaging and enabling the whole Organisation** Change communication Change measurement Change small wins
CF&P – Change Sponsorship		
CF&P – Change audience		
CF&P – Change Culture / Sustained Change		
CF&P – Change Leadership / Team		
CF&P – Change Wins – Celebrating Change	**CF & P – Stakeholders involved**	**Implementing and sustain transformation** Change sponsor Change leadership Change stakeholders – diverse
CF&P – Communicating Change		
CF&P – Measurement of Change		
CF&P - Lessons learned – Knowledge of Change		

The components of the South African Change Scorecard

The research study has helped to identify and align four scorecard components somewhat similar in nature to the work of Kaplan and Norton (1996, 2005) where clearly defined and suggested measures are proposed for the measurement of successful change in the South African environment. These four scorecard components are revealed in Table 8.3 below:

Table 8.3 – The scorecard components required for the measurement and management of organisational change in the South African environment		
Construct	**Underlying principles and elements of the Construct**	**Refined Construct applicable to South African environment**

CSC – Delivering Value	**Financial perspective:**
	Revenue growth and mix
	• New products
	• New applications
	• New customers and markets
	• New relationships
	• New product and service mix
	• New pricing strategy
	Cost reduction / productivity improvement
	   o Increase revenue productivity
	   o Reduce unit costs
	   o Improve channel mix
	   o Reduce operating expenses
	Asset utilization / investment strategy
	   o Cash to cash cycle
	   o Improve asset utilization
		Delivering value from change
		Rand value of Human Resources allocated

CSC – Change / Operational Excellence	**Internal Process (value chain) perspective:** Innovation process • Identify the market • Create the product / service offering	**Operational excellence for change** Stated change business case objectives achieved Progress against the original change scope Reduced time taken for

	Operation process • Build the products / services • Deliver the products / services Post-sale service process • Service the customer	major decisions
CSC – Change Partnership	**Customer perspective:** Market segmentation • Market share • Customer retention • Customer acquisition • Customer satisfaction • Customer profitability Measuring customer value proposition • Product and service attributes • Customer relationship • Image and Reputation	**Change partnerships** Improved organisational integration Improved employee participation Improved employee satisfaction

CSC – Change / People Commitment	**Learning and Growth perspective:**
	Employee Capabilities
	• Employee satisfaction
	   o Involvement with decisions
	   o Recognition of doing a good job
	   o Access to sufficient information to do the job well
	   o Active encouragement to be creative and use initiative
	   o Overall satisfaction with the company
	• Employee retention
	   o Percentage of key staff turnover
	• Employee productivity
	   o Enhancing employee skills and
		People commitment to change
		(Change Outcomes)
		Retention of key talent
		Reduced employee turnover ratio

	morale	
	○ Innovation	
	○ Improving internal processes	
	○ Satisfying customers	
	Information System Capabilities	
	• Accurate and timely information	
	• Strategic information availability	
	• Available feedback	
	• Access to information	
	Motivation, empowerment and alignment	
	• Measures of suggestions made and implemented	
	• Measures of improvement	
	• Measures of individual and organisational alignment	
	• Measures of team performance	
	• Improved training and development	
	• Improved performance through adoption / acceptance of organisational practices	

The change outputs that should be expected from South African Organisational Change interventions

The research study has helped to identify distinctly recognizable change outputs that should result from the successful management of organisational change interventions within the South African environment. These change outputs are revealed in Table 8.4 below:

Table 8.4 – Change outputs that should result from the successful management of organisational change in the South African environment		
Construct	**Underlying principles and elements of the Construct**	**Refined Construct applicable to South African environment**
CO - Change Outputs – Tangible	Improved management commitment	**Tangible Change outputs**

	Improved growth opportunities into new markets Improved customer satisfaction Improved service delivery within specified timeframes Improved business performance against budget Improved employee commitment Improved utilization of organisational resources Improved cost reduction against planned budget Improved employee satisfaction Reduced customer complaints Reduced errors or need for rework	Turnover / Retention Growth opportunities Increased sales Improved services Financial Controls
CO - Change Outputs – Non-tangible	Better alignment of organisational and employee values Improved intra-organisational communication Improved stability and alignment with objectives Improved agility to respond to change Improved communication with external subsidiaries, product groups, region etc. Improved knowledge, skills and abilities Employee willingness to accept change Improved trust relationships for stakeholders Increased innovation / creativity of employees Reduced absenteeism Reduced employee disciplinary actions Reduced employee grievances	**Non-tangible Change outputs** Organisational alignement Change communications Improved stability Flexibility / Adaptability Building talent

The emerging change recommendations from the Research study undertaken

The research study has helped to identify specific change recommendations for Change practitioners / Leaders operating within the South African environment. These change recommendations are revealed in Table 8.5 shown on the following page:

Table 8.5 – Emerging change recommendations for the South African environment		
Construct	**Underlying principles and elements of the Construct**	**Refined Construct applicable to South African environment**
Emerging Change recommendations for SA	Formulation of organisational change categorizations for the management of organisational change within a Change Framework – an adaptation to the traditional Liner organisational change model	**Recommendations for South African organisational change** Change Categorization Framework (three core change processes) for the management of organisational change in South Africa
	The development and implementation of an Organisational Change Scorecard for the management and measurement of change	The introduction of a Organisational Change Scorecard for the management and measurement of Organisational Change
	Increased and improved focus on the emotional success factors for organisational change	The importance of Emotional success factors in the management of organisational change in South Africa
	The use of a Mergers and Acquisitions Phase model to construct a Change Framework for the management and measurement of change in a mergers and acquisitions environment	The Mergers and Acquisitions Change Framework for the management and measurement of change in a mergers and acquisitions environment

8.2 *General conclusions and observations - Gaps, anomalies, deviations in the data*

The following general conclusions were recorded by the Researcher following the completion of the Research Study as highlighted in Table 8.6 below:

No	General Conclusions from the Research Study	Reasons / Comments
	Table 8.6 – General conclusions recorded at the end of the Research Study	
1	The use of quantitative techniques such as the Survey questionnaire greatly enhances the data triangulation process	Qualitative data helps to validate the Researcher conclusions by enhancing the data and methodological triangulation processes
2	The appointment of Research Custodians to co-ordinate the key research activities within a case study greatly supports the fieldwork process and ensure credibility and professionalism at all times	The role of Research Custodian within each Case Study organisation helps to encourage ownership and improved participation of key stakeholders throughout the research process
3	Traditionally South African organisations have favoured the traditional survey methods of a paper-based survey, however the web-based survey approach in this case has delivered improved results way above the traditional benchmark or standard	Web-based surveys offer ease of use and offer the Research custodian direct access to the research results at the completion of the survey.

The following general observations were recorded by the Researcher following the completion of the Research Study as highlighted in Table 8.7 below:

No	General observations from the Research Study	Reasons / Comments
	Table 8.7 – General observations recorded at the end of the Research Study	
1	South African organisations are finding themselves amidst an onslaught of organisational changes, albeit internal or external changes – and organisations are having to constantly adapt to these changes on an ever-increasing pace – those that fail to or that cannot make the necessary adjustment processes will find it increasing difficult to exist and operate within their environments	The four case organisations clearly show how significant change has entered their environments through adjustment processes such as Mergers and Acquisitions; just one of the many organisational changes affecting their business landscapes in the ever-increasing pursuit for growth and expansion.
2	Organisational change requires a systemic approach; wherein change inputs, change throughputs and change outputs require	The organisational context and emotional side of change cannot be ignored, even if we have

	structure (management) and measurement if organisational change is to succeed.	significant knowledge and understanding on the process of how to change organisations.
3	**LIMITATIONS:** Organisational change occurs in a variety of forms; the Researcher acknowledges that Mergers and Acquisitions are a Major Form of change in industry today.	The results of this research study can therefore not be generalized to all forms of organisational change; instead only to **Major Forms** of change such as a Mergers and Acquisitions.

8.3 Contributions to Knowledge (BoK) and Significance of Research Results

The researcher would like to highlight the main contributions to the body of knowledge together with the areas of significance that have been uncovered as result of this Research Study, in Table 8.8 below:

No	Contributions and Significance
**Table 8.8 – Contributions to the Body of Knowledge (BoK) and the Significance of the research results**
1	**Contribution to BoK:** An emerging South African Change Framework for the management of organisational change within a mergers and acquisitions environment. **Significance: An iterative, open-ended or circular change management framework has emerged that Change Practitioners could implement for the successful management of organisational change within an environment that is undergoing significant change such as mergers and acquisitions (but not limited to).**
2	**Contribution to BoK:** An emerging South African Change Scorecard for the management and measurement of organisational change within a mergers and acquisitions environment. **Significance: A Change scorecard that attempts to measure organisational change across the four recognised perspectives of Kaplan and Norton (1996, 2005) with the objective of understanding the importance of managing change in a mergers and acquisitions environment, and how such organisational change can affect the performance of individuals, teams and organisations.**
3	**Contribution to BoK:** Evidence of anticipated Change outputs from within a mergers and acquisitions environment, both Tangible and Non-tangible should the organisational change be managed successfully within the merging South African Change Framework and Scorecard. **Significance: Specific (tangible and non-tangible) change outputs have been identified from the successful management of mergers and acquisitions; providing a benchmark from which to determine the overall effectiveness of**

	organisational change initiatives.
4	**Contribution to BoK:** An understanding of the nature of organisational change within the South African organisational landscape through four rich and diverse organisational case studies within a mergers and acquisitions environment. **Significance: A deeper understanding on the nature, type and consequences of mergers and acquisitions has been identified within the South African environment; thereby creating opportunities for further investigation or examination of similar or more generalized organisational change initiatives.**
5	**Contribution to BoK:** Insight into the adjustment processes made by organisations during periods of mergers and acquisitions – a major form of organisational change and or transformation within South Africa. **Significance: Specific and broad revelations relating to mergers and acquisitions have been uncovered for organisational change management and the measurement thereof within South Africa; it is hoped that these revelations may provide ground for further research and investigation.**
6	**Contributions to BoK:** The design and development of a Survey questionnaire, which can be used for future research in the area of mergers and acquisitions. **Significance:** Few instruments currently exist within the South African environment for the collection and analysis of data relating the success of mergers and acquisitions as an organisational change intervention.

8.4   *Recommendations for Organisational Change Practitioners*

Based on the findings and results of this Research study, the Researcher would like to recommend the following areas of importance for Organisational Change Practitioners as highlighted in Table 8.9 below:

Table 8.9 – Recommendations for Organisational Change practitioners	
No.	**Recommendations for Organisational Change Practitioners**
1	Change practitioners should clearly identify the success factors within their changing environments, with special reference to the **Emotional (Low Impact)** and **Change Imperatives (High Impact),** before embarking on a change initiative.
2	Change practitioners should focus on the following three critical components of the change framework, namely: **(1) Creating a climate for change,** **(2) Engaging and enabling the whole organisation, and** **(3) Implementing and sustaining Change / Transformation;** instead of focusing on the steps within the change process, simply because organisational change does not lend itself to a linear process; instead it supports an iterative process that depends on the nature and type of change confronting the organisation and its related environments.

3	Change practitioners should attempt to link the objectives of the change initiatives to specific measures for change using the emerging Change Scorecard that focuses on four main areas of measurement, namely: **(1) Delivering value for change (Financial perspective measure)** **(2) Operational excellence for change (Process perspective measure)** **(3) Change partnerships (Customer perspective measure)** **(4) People commitment to change (Learning & Growth perspective measure)** These change measures would allow Change Practitioners the opportunity to identify whether or not the change initiative was successful or not, and where necessary take corrective action to course correct the change initiative.
4	Change practitioners should anticipate (forecast) the **Change Outputs (Tangible and Non-Tangible Change Outputs)** early on during the initial planning phase of the change initiative so as to help align the overall change objectives and measures more accurately before implementing the change.

8.5   *Recommendations for Further Research*

Based on the findings and results of this Research study, the Researcher would like to recommend the following possible areas of further research to potential researchers as highlighted in Table 8.10 below.

In addition to these possible areas of research, the Researcher has attempted to formulate some potential propositions that may help facilitate further research in these critical areas of organisational change in South Africa:

Table 8.10 – Recommendations for Further Research	
Possible Areas of Further Research	**Potential propositions for Further Study**
Area 1: The Merger and Acquisition Change Framework	The four stage model for Mergers and Acquisitions provides the basis for the design and development of a Merger and Acquisition Change Framework Note: Please refer to the discussion, Table 8.5.2 and Figure 8.5.1 below

Following a complete review of the research evidence gathered from the case evidence of the four respective cases studies, the Researcher has taken the liberty of folding the earlier research of Seo and Sharon Hill (2005) into the emerging South African Organisational Change Management Framework and Change Scorecard for the management of measurement of change in a mergers and acquisitions environment.

Seo and Sharon Hill (2005) suggest that by combining the Merger and Acquisition process models of Buono and Bowditch (1998, Garpin and Herndon (2000), Ivancevich

et al. (1987), Marks and Mirvis (1992) that four distinct Merger and Acquisitions stages can be identified as shown in Table 8.11 below:

Table 8.11 – Merger and Acquisition Stages (Seo and Sharon Hill, 2005)	
Stage	**Description**
Stage One	Premerger Stage
Stage Two	Initial Planning and formal combination stage
Stage Three	Operational combination stage
Stage Four	Stabilization stage

The Researcher would like to recommend that the Merger and Acquisition Stages put forward by Seo and Sharon Hill (2005) be placed on top of the emerging South African Change Management Framework to review the overall impact of a phased approach to managing organisational change within a mergers and acquisitions environment:

- **Phase one:** Premerger stage
- **Phase two:** Initial Planning and formal combination stage
- **Phase three:** Operational combination stage
- **Phase four:** Stabilization stage

The proposed phased approach for the management of organisational change within a mergers and acquisitions environment is illustrated in Figure 8.1 on the following page.

In addition to the above recommendations, the Researcher would also like to recommend the following possible areas of further research to potential researchers as highlighted in Table 8.12 below.

Table 8.12 – Recommendations for Further Research (continued)	
Possible Areas of Further Research	**Potential propositions for Further Study**
Area 2: A Values based approach to transforming organisations	A values based approach to driving employee behaviour and organisational change will help to transform organisations
Area 3: The implementation of the South African Change Scorecard	The South African Change Scorecard provides the fundamental basis for the measurement of effective and efficient organisational change in South Africa
Area 4: Evolving the Success factors for Organisational Change in South Africa	The Success Factors required for organisational change to succeed in South Africa
Areas 5: Change Storytelling	The importance of storytelling in bringing about a culture of sharing past lessons learned from successful and unsuccessful organisational change initiatives
Area 6: Change leadership	The importance of Global Leadership and Employee

development programmes	Development exchange programmes during mergers and acquisitions to "cross-pollinate" and transcend cultural boundaries
Area 7: Refinement of the SA Organisational Change Scorecard performance measurements	A review and implementation of the proposed SA Change Scorecard Performance measurements
Area 8: Implementation of the SA Change Framework and Scorecard for the management and measurement of change in a mergers and acquisitions environment	A review of the required change processes for the Merger and Acquisitions Phase model and the related Scorecard performance measurements in South Africa.
Area 9: The influence of Operating models on the transformation of an organisation	An investigation into the influence of an operating model on the transformation of an organisation.

Figure 8.1 – The proposed South African Merger and Acquisition Change Management Framework and Scorecard
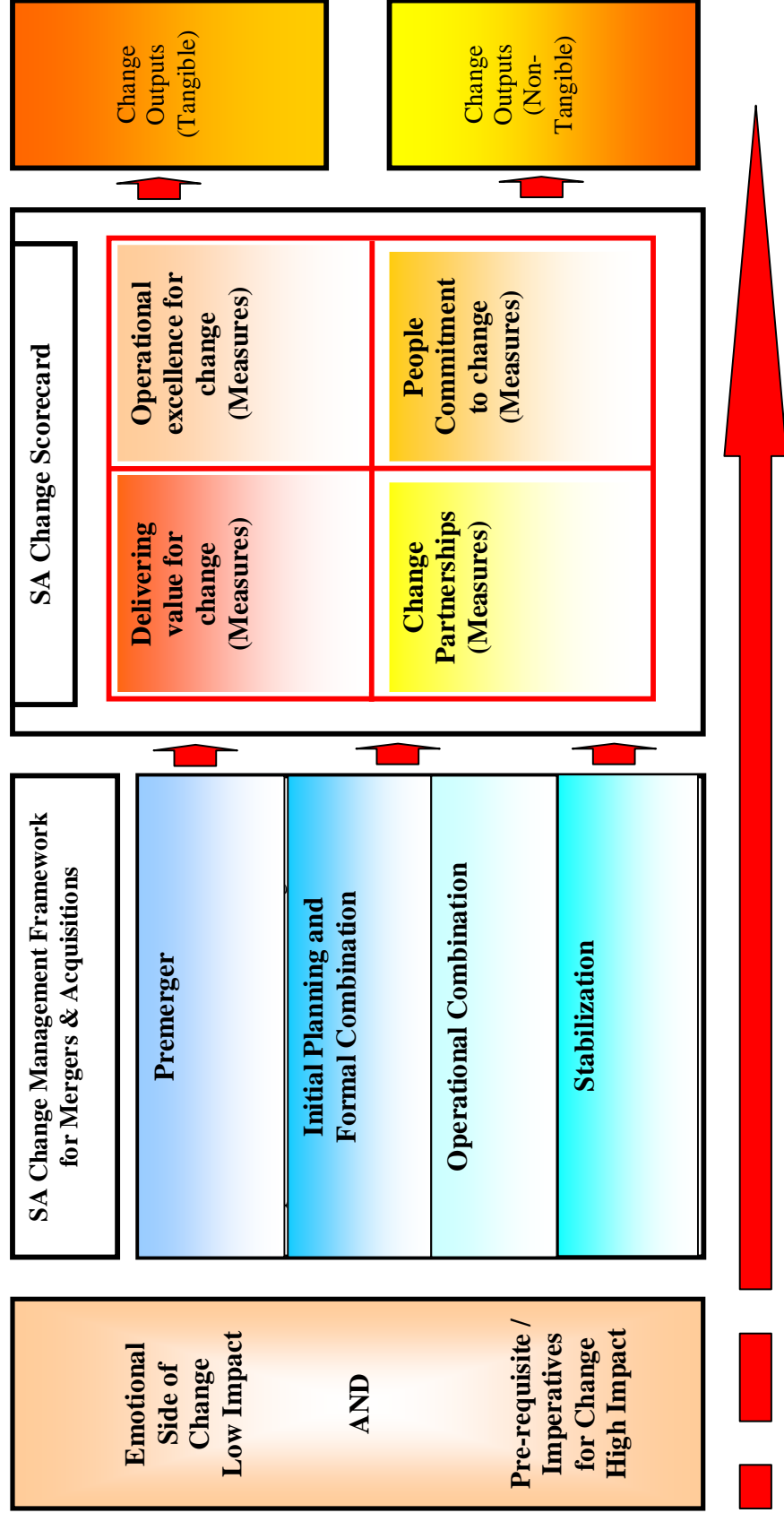
8.6   *Final Research conclusions*

This research study which is exploratory in nature has helped to provide some crucial insights and a deeper understanding into the nature of the South African organisational change landscape; by formulating the South African Change Framework and Change Scorecard which could be implemented for the purpose of managing and measuring the organisational change in an organisation.

The research results and findings suggest that there is a definite need to 'craft' a South African Change Framework that is flexible and adaptable to meet the increasing demands of organisational change interventions such as Mergers and Acquisitions. In addition to the need for a Change Framework, is an increased need to measure the overall performance of change initiatives; wherein it is suggested that instead of just focusing on the measurement of the hard benefits or content for change, the focus should move to a measurement of the outcome of change resulting from the change processes through the use of a scorecard approach (Veldsman, 2007).

The Researcher found that the Eisenhardt (1989) eight step process used in this study guaranteed both internal and external validity. This is because steps 3, 6 and 7 (selecting cases, shaping hypothesis and enfolding literature) have built-in features to ensure such validity.

The sample of companies chosen for the respective case study organisations are representative of four dynamic business sectors in South Africa economy. I am confident that the results of the study may be generalisable to the current body of Organisational Change theory and other companies within similar environments and industries inside South Africa.

Generalisability to African companies outside of South Africa may be limited owing to the nature and complexity of the diverse cultures.

As indicated under the section entitled recommendations for further research that the proposed South African Organisational Change Framework may need to be tested within the South African environment, and the results thereof taken to facilitate an Organisational Change Model for South African organisations undergoing dynamic organisational change within an ever-changing organisational change landscape.

I am therefore confident in prescribing the South African Change Framework and Scorecard for the management and measurement of organisational change within the South African environment, wherein there is significant organisational change, of which the ubiquitous mergers and acquisitions is likely to prevail.

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10.0 Appendices

10.1 Appendix A : Survey Questionnaire

For the purpose of gathering the correct data through the Survey Questionnaire, the Researcher will need to ensure that specific questions are constructed around the four research questions posed, namely:

- **Introduction:** Questionnaire Covering Letter
- **Section A:** Classification Details
- **Section B:** Critical success factors needed for Organisational Change to succeed in South Africa
- **Section C:** The design and development of an Organisational Change Management Framework, for the management of Change
- **Section D:** Recommendations for the development of a Change Management Scorecard for the measurement of the change management processes
- **Section E:** Change Outputs [Change Effectiveness]
- **Section F:** General recommendations for Organisational Change in South Africa
- **Section G:** Demographics

M C Glensor
Po Box 11209
Selcourt
1567
00 September 2008

To Whom it may concern

DBL RESEARCH PROJECT – SURVEY QUESTIONNAIRE

I am a student of the UNISA – Graduate School of Business Leadership and am in the process of completing my required field work for a specific research topic within the field of Organisational Change for the purpose of completing my dissertation for the Doctor of Business Leadership degree.

This study deals with a review of current organisational change interventions taking place within the South African working environment; and an analyses of the current Change Management Frameworks, Processes and Measurements that are currently being used to manage organisational change.

It is envisaged that the research study will help to identify the nature of organisational change, the critical success factors needed to manage change successfully and the required change framework and a change scorecard with which to manage and measure change within the SA environment.

Attached, please find a Research questionnaire together with instructions for completion. The questionnaire should be completed by no later than **30 September 2008**, and will be collected by the researcher in person.

Please note that all information collected during the survey questionnaire will be treated with strict confidentiality, and shall only be used for research purposes.

Thank you in advance for your participation in this important research study that will undoubtedly contribute to the understanding of organisational change within the South African environment. If you would like a copy of the research results, please provide me with details of a relevant email address or contact details within the attached questionnaire.

Should you require any further information or clarity on the requested activity, please do not hesitate to contact me on **082-375-7312** or email **michael.glensor@riotinto.com**.

Yours faithfully

M C Glensor

Survey Questionnaire

Instructions for completion:
- Please read through all the questions before attempting to complete the questionnaire
- Please complete all the sections of the questionnaire and the relevant questions – incomplete or blank questions will render the response for a particular section irrelevant and this could impact the results of the study
- Please remember that there are no right or wrong answers, simply answer the question based on your current knowledge and or experience within the field of study
- Please complete the questionnaire without discussing it with other members of your organisation
- The questionnaire should take approximately 10 minutes to complete. It requires marking the questions with an appropriate [X], and returning it to the Researcher
- All information will be treated as strictly confidential
  - Information will only be used in aggregated form
  - If you would like to contact me to clarify any specific questions, or for further discussions, or would like feedback on the research, please provide your contact details in the space provided at the end of the questionnaire
  - If you would like to contact me, please see my contact details at the end of the questionnaire
- Your assistance in completing the survey questionnaire will allow the Researcher to gather the necessary data for the research study

Survey Questionnaire

This survey questionnaire looks at the importance of key or critical success factors, the need for the provision of an Organisational Change Framework and the design and development of a Change Scorecard for the measurement of Organisational Change within South African Organisations.

Definition of Organisational Change:

is an initiative that alters critical organisational processes which, in turn, influence individual behaviours, which subsequently impact on organisational outcomes
(Porras & Silvers, 1991) or as a dynamic process concerned with the modification of patterned behaviour (Kanter, Stein & Jick, 1992) and again as an empirical observation of difference in the form, quality, or state over time, in an organisational entity (Van de Ven & Poole, 1995).

Change related context for Survey Questionnaire:

Based on your current experience within the organisation, I would like you to think of a change situation where you were involved in, asked or directed... The change situation that you choose should have been a major change effort that you were a member of and the organisation invested considerable time and resources in making the change. It should preferably be a recent change situation that was non-trivial and wherein you were either directly involved as a member or requested to expend a considerable amount of time and effort.

Survey Questionnaire – Target audience

(Target audience: Operational / Departmental Managers, Change Practitioners, OD Specialists and HR Practitioners)
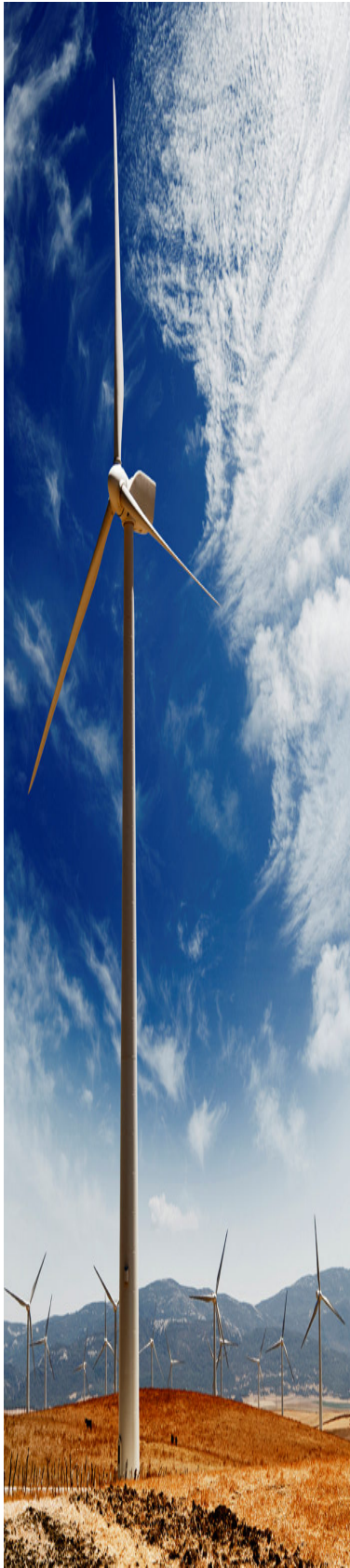
Organisational Change in South Africa: The Road to the SA Change Framework and Scorecard within a Mergers and Acquisitions Environment

Jones, Palmer, Osterwel and Whitehead (1996) provide an illustration of the current Organisational Change Landscape:

"As we approach the 21st Century the pace and scale of change demanded by the organisations and those who work within them are enormous. Global competition and the advent of the information age, where knowledge is the key resource, have thrown the world of work into disarray. Just as we had to shed the processes, skills and systems of the agricultural era to meet the demands of the industrial era, so we are now having to shed ways of working honed for the industrial era to take advantage of the opportunities offered by the information age ... Organisations are attempting to recreate themselves and move from the traditional structure to a dynamic new model where people can contribute their creativity, energy and foresight in return for being nurtured, developed and enthused."

Context and Purpose of the Research

This study deals with a review of current organisational change interventions taking place within the South African working environment; and an analysis of the current Change Management Frameworks, Processes and Measurements that are currently being used to manage organisational change.

It is envisaged that the research study will help to identify the nature of organisational change, the critical success factors needed to manage change successfully and the required change framework. The purpose is to develop a change framework and scorecard that can be used to manage and measure change within the SA environment.

Survey Questionnaire
Instructions for completion: (time 15–20 minutes)

1. Please read through all the questions before attempting to complete the questionnaire.
2. Please complete all the sections of the questionnaire and the relevant questions – incomplete or blank questions will render the response for a particular section irrelevant, and this could impact the results of the study.
3. Please remember that there are no right or wrong answers; simply answer the question based on your current knowledge and/or experience.
4. Please complete the questionnaire without discussing it with other members of your organisation.
5. The questionnaire should take approximately 15–20 minutes to complete. It requires marking your responses by CIRCLING your choice and returning the questionnaire to the Researcher.
6. All information will be treated as strictly confidential:
    a. Information will be used only in aggregated form.
    b. If you would like to contact the Researcher, please see the contact details at the end of the questionnaire.
7. Your assistance in completing the survey questionnaire will allow the Researcher to gather the necessary data for the research study

Please complete this survey by circling your choice,

or provide comments in the space provided.

1-4

A: TYPE OF ORGANISATIONAL CHANGE

1. Please indicate the nature of the organisational change experienced within [Case Name].

Merger	1
Acquisition	2
Merger and Acquisition	3
Other: (Please specify)	4

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2. Which ONE of the following Industry descriptors best describes your organisation? Please indicate with a CIRCLE.

Agriculture	1
Mining and Quarrying	2
Manufacturing	3
Electricity, Gas and Water	4
Construction	5
Retail and Motor Trade and Repair Services	6
Wholesale Trade, Commercial Agents and Allied Services	7
Catering, Accommodation and other Trade	8
Transport, Storage and Communications	9
Finances and Business/ Professional Services	10
Community, Special and Personal Services	11

6-7

3. Please indicate your occupational level:

Top Management	1
Senior Management	2
Professionally qualified and experienced specialists and middle management	3
Skilled technical and/or academically qualified worker, junior management, supervisor, foreman or superintendent	4
Semi-skilled and/or discretionary decision-making worker	5

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4. Length of service in [Case Name]:

Less than 1 year	1
1-2 years	2
3-5 years	3
6-10 years	4
More than10 years	5

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B:	ORGANISATIONAL CHANGE SUCCESS FACTORS Please give your perception of how well you believe [Case Name] managed the following organisational change imperatives / activities during the recent change process. Please CIRCLE the number that best reflects your choice.	Unsuccessful	Moderately successful	Successful	Very successful	Extremely successful, beyond expectation	
1.	Communicating about change to employees throughout the organisation	1	2	3	4	5	10
2.	Placing a value on employees as humans during the change process	1	2	3	4	5	11
3.	Encouraging active employee participation in the change process	1	2	3	4	5	12
4.	Encouraging acceptance of the change by the organisational community	1	2	3	4	5	13
5.	Promoting even stronger collaboration amongst team members who previously had minimal conflict	1	2	3	4	5	14
6.	Maintaining employee motivation throughout the change process	1	2	3	4	5	15
7.	Moving the organisation towards a common goal	1	2	3	4	5	16
8.	Encouraging individuals to be flexible and adaptable during the change process	1	2	3	4	5	17
9.	Monitoring employee job satisfaction before, during and after the change	1	2	3	4	5	18
10.	Managing and reviewing employee diversity as a result of the change	1	2	3	4	5	19
11.	Encouraging teams to be agile during the change process	1	2	3	4	5	20
12.	Encouraging and respecting individual perspectives throughout the change process	1	2	3	4	5	21
13.	Promoting improved collaboration amongst team members who previously had high conflict	1	2	3	4	5	22
14.	Developing management expertise to facilitate the change process	1	2	3	4	5	23
15.	Aligning teams with the goals of the organisation	1	2	3	4	5	24
16.	Improving employee understanding of the change process	1	2	3	4	5	25
17.	Helping the organisation to improve its overall profitability	1	2	3	4	5	26
18.	Attempting to reduce the overall employee turnover as a result of the organisational change	1	2	3	4	5	27
19.	Improving the quality of products and/or services offered by the organisation	1	2	3	4	5	28
20.	Improving the safety of every member of the organisation as a result of the change	1	2	3	4	5	29
21.	Improving the overall productivity of the organisation as a result of the change initiative implemented	1	2	3	4	5	30
22.	Assisting the organisation in the growth of its overall market share during and after the change initiative	1	2	3	4	5	31
23.	Reducing unnecessary financial costs and introducing stronger financial control	1	2	3	4	5	32
24.	Developing employee skills, knowledge and abilities throughout the change process	1	2	3	4	5	33

B:	ORGANISATIONAL CHANGE SUCCESS FACTORS Please give your perception of how well you believe [Case Name] managed the following organisational change imperatives / activities during the recent change process. Please CIRCLE the number that best reflects your choice.	Unsuccessful	Moderately successful	Successful	Very successful	Extremely successful, beyond expectation	
25.	Encouraging employees to provide feedback to managers before, during and after the change process	1	2	3	4	5	34
26.	Valuing the importance of trust between managers, employees and related stakeholders	1	2	3	4	5	35
27.	Avoiding change initiatives during periods of high uncertainty	1	2	3	4	5	36
28.	Encouraging innovation and creativity by employees during change initiatives	1	2	3	4	5	37
29.	Understanding the internal impact of team dynamics on the change process	1	2	3	4	5	38
30.	Understanding the impact of social relationships with external stakeholders on the change process	1	2	3	4	5	39
ORGANISATIONAL CHANGE STAKEHOLDERS							
31.	Consulting internal and external customers on all organisational changes	1	2	3	4	5	40
32.	Negotiating with shareholders on the changes to be implemented within the organisation by management	1	2	3	4	5	41
33.	Seeking consultation with the Government on legislative requirements for change	1	2	3	4	5	42
34.	Liaising with suppliers over the proposed impact of the organisational change	1	2	3	4	5	43
35.	Consulting actively with employees on the nature and timing of the change	1	2	3	4	5	44
36.	Involving members of the local community in all organisational changes	1	2	3	4	5	45
37.	Delegating authority to managers to implement the required organisational changes	1	2	3	4	5	46

OVERALL ORGANISATIONAL CHANGE SUCCESS Based on your experience within [Case Name], please indicate your perception of how successful the overall organisational change process was for your organisation. Please CIRCLE the number that best reflects your choice.		Unsuccessful	Moderately successful	Successful	Very successful	Extremely successful, beyond expectation	
38.	In your personal opinion, how successful has the overall organisational change process been for [Case Name]?	1	2	3	4	5	47

C:	ORGANISATIONAL CHANGE FRAMEWORK AND PROCESSES Based on your experience within [Case Name], please indicate your opinion regarding the following organisational change processes / activities that should be put in place to support similar change initiatives. Please CIRCLE the number that best reflects your choice.	Irrelevant	Unimportant	Neutral	Important	Very important	
1.	To involve the entire community of stakeholders in the change process	1	2	3	4	5	48
2.	To create 'the Case for Change' in the organisation	1	2	3	4	5	49
3.	To understand the nature/type of the organisational change that is to be implemented	1	2	3	4	5	50
4.	To cultivate a climate for change within the organisation	1	2	3	4	5	51
5.	To develop a change plan for the implementation of the change initiative	1	2	3	4	5	52
6.	To identify and coach a change sponsor who will support the change process	1	2	3	4	5	53
7.	To prepare the target audience before the implementation of the change process	1	2	3	4	5	54
8.	To create the correct cultural fit for the organisation and its stakeholders throughout the change process	1	2	3	4	5	55
9.	To identify and develop a change leadership team from within the organisation for the management of the change process	1	2	3	4	5	56
10.	To create small wins throughout the change process in order to improve stakeholder motivation for change	1	2	3	4	5	57
11.	To constantly and strategically communicate the nature and context of the change throughout your organisation	1	2	3	4	5	58
12.	To measure the progress of the change effort before, during and after the change initiative has been implemented within the organisation	1	2	3	4	5	59
13.	To encourage feedback from stakeholders throughout the change process so that the lessons learned can be incorporated into future organisational change projects	1	2	3	4	5	60
14.	To create a shared vision and common direction for the change initiative within the organisation	1	2	3	4	5	61
15.	To secure political sponsorship for the change initiative	1	2	3	4	5	62
16.	To build coalitions of supporters for the change process throughout the organisation	1	2	3	4	5	63
17.	To understand the need and reason for change within the organisation before commencing with a change initiative	1	2	3	4	5	64
18.	To appoint dedicated external consultants to assist with the management of the change process	1	2	3	4	5	65
19.	To recognise only significant wins throughout the change process	1	2	3	4	5	66
20.	To involve only select stakeholders of the local community in the change process based on the requirements for change	1	2	3	4	5	67
21.	To develop long-term plans that will ensure that the desired effects of change persist throughout the organisation	1	2	3	4	5	68
22.	To create and install change metrics to chart the progress of the change process within the organisation	1	2	3	4	5	69
23.	To understand the interests of diverse stakeholders throughout the change process	1	2	3	4	5	70
24.	To implement change systems and structure to support the various change roles and reporting relationships throughout the change process	1	2	3	4	5	71

D:	MEASUREMENT OF ORGANISATIONAL CHANGE Based on your experience within [Case Name] and the recent organisational change process you have witnessed, please indicate your opinion regarding the IMPORTANCE of the following organisational change measures and types of performance measurement that should be measured in similar change initiatives. Please CIRCLE the number that best reflects your choice.	Irrelevant	Unimportant	Neutral	Important	Very important	
1.	Change participants should be prepared for the anticipated change initiative	1	2	3	4	5	72
2.	Stakeholders should be correctly aligned with the change initiative throughout the change process	1	2	3	4	5	73
3.	Reactions of change participants to the change initiative should be assessed before, during and after the change initiative	1	2	3	4	5	74
4.	Learning from past change initiatives should be encouraged and 'ploughed back' into future change projects	1	2	3	4	5	75
5.	Managers should actively look for those changes in behaviour that result from the change initiative	1	2	3	4	5	76
6	The organisation should focus not only on the inputs for the change, but also on the outputs that result from the change process	1	2	3	4	5	77
	CHANGE PERFORMANCE MEASURES: CHANGE INPUTS **How IMPORTANT do you consider the following aspects of successful change in [Case Name] when similar change initiatives are undertaken?**						
7.	Total Rand value of financial resources (budget) allocated to a change initiative	1	2	3	4	5	78
8.	Total Rand value of infrastructure (systems and facilities) allocated to a change initiative	1	2	3	4	5	79
9.	Total Rand value of Human Resources allocated to a change initiative	1	2	3	4	5	80
	CHANGE-BASED ACTIVITIES **In your view, how well did the recent change initiative result in the following improvements in [Case Name]?**	Unsuccessful	Moderately successful	Successful	Very successful	Extremely successful	
10.	Improved organisational integration across business processes (Finance, Human Resources (HR), Operations, Sales and Marketing)	1	2	3	4	5	81
11.	Improved knowledge sharing (skills development and transfer) across business processes	1	2	3	4	5	82
12.	Increased new business process creation and adoption	1	2	3	4	5	83

D:	**MEASUREMENT OF ORGANISATIONAL CHANGE** **Based on your experience within [Case Name] and the recent organisational change process you have witnessed, please indicate your opinion regarding the IMPORTANCE of the following organisational change measures and types of performance measurement that should be measured in similar change initiatives. Please CIRCLE the number that best reflects your choice.**	Irrelevant	Unimportant	Neutral	Important	Very important	
	CHANGE EFFICIENCIES						
13.	Progress against the original change initiative scope	1	2	3	4	5	84
14.	Progress against the planned budget for change initiatives	1	2	3	4	5	85
15.	Progress against planned change initiative timelines	1	2	3	4	5	86
16.	Stated change business case objectives achieved	1	2	3	4	5	87
17.	Reduced time taken for major business decisions (total elapsed time between issue escalation and resolution)	1	2	3	4	5	88
	CHANGE OUTPUTS						
18.	Reduced communication delays to key change stakeholders (total elapsed time between issue resolution and communication of a decision)	1	2	3	4	5	89
19.	Improved employee satisfaction	1	2	3	4	5	90
20.	Improved employee participation in business change initiatives	1	2	3	4	5	91
21.	Improved employee participation by inviting suggestions for improvement and implementing lessons learned	1	2	3	4	5	92
	CHANGE OUTCOMES						
22.	Reduced employee turnover ratio	1	2	3	4	5	93
23.	Increased retention of key talent for the organisation	1	2	3	4	5	94
24.	Total number of new hires / engagements joining the organisation	1	2	3	4	5	95
25.	Total number of dismissals	1	2	3	4	5	96
26.	Other (Please specify)						
	CHANGE SCORECARD STRUCTURE						
27.	A financial perspective that focuses on the delivery of value to the organisation through the implementation of a change initiative	1	2	3	4	5	97
28.	A customer perspective that focuses on the development of partnerships through a change initiative	1	2	3	4	5	98
29.	A process perspective that focuses on the implementation of operational excellence as a result of implementing a specific change initiative	1	2	3	4	5	99
30.	A learning and growth perspective that focuses on the improvement of stakeholder commitment to change	1	2	3	4	5	100

E:	TANGIBLE AND NON-TANGIBLE BENEFITS OF ORGANISATIONAL CHANGE **Based on your experience within [Case Name], please evaluate the extent to which the following organisational change outputs were achieved as a result of the recent change initiative that was implemented. Please CIRCLE the number that best reflects your choice.**	Unsuccessful	Moderately successful	Successful	Very successful	Extremely successful, beyond expectation	
1.	Improved employee commitment to the organisation	1	2	3	4	5	101
2.	Improved management commitment to the organisation	1	2	3	4	5	102
3.	Improved employee satisfaction within the organisation	1	2	3	4	5	103
4.	Reduced absenteeism	1	2	3	4	5	104
5.	Improved employee knowledge, skills and abilities to deal with future organisational changes	1	2	3	4	5	105
6.	Improved customer satisfaction with respect to existing products and / or services	1	2	3	4	5	106
7.	Reduced employee disciplinary actions	1	2	3	4	5	107
8.	Reduced employee grievances	1	2	3	4	5	108
9.	Improved business performance against planned budget for each department within the organisation	1	2	3	4	5	109
10.	Improved cost reduction against planned budget for each department within the organisation	1	2	3	4	5	110
11.	Improved intra- (within) organisational communication within the organisation	1	2	3	4	5	111
12.	Improved inter- (between) organisational communication with subsidiaries, product groups, regions etc.	1	2	3	4	5	112
13.	Improved service delivery within the specified timeframes	1	2	3	4	5	113
14.	Reduced errors or need for re-work on goods and/or services rendered	1	2	3	4	5	114
15.	Reduced customer (internal and external) complaints on goods and / or services utilised	1	2	3	4	5	115
16.	Increased innovation and/or creativity by employees	1	2	3	4	5	116
17.	Improved organisational stability and alignment with organisational goals and objectives	1	2	3	4	5	117
18.	Employee flexibility/willingness to accept change within the organisation	1	2	3	4	5	118
19.	Improved allocation of resources based on business requirements	1	2	3	4	5	119
20.	Improved management of the supply of and demand for business products and/or services	1	2	3	4	5	120
21.	Improved growth and expansion opportunities for the business into new markets	1	2	3	4	5	121
22.	Improved trust relationships between all change stakeholders within the change process	1	2	3	4	5	122
23.	Improved organisational agility to respond / adapt to organisational changes within the environment	1	2	3	4	5	123
24.	Improved alignment of organisational values and employee values	1	2	3	4	5	124
25.	Improved utilisation of organisational resources	1	2	3	4	5	125

F: BIOGRAPHICAL INFORMATION
Please CIRCLE the number that best reflects your biographical details.

1. Age in years

18 or younger	1	19 – 25	2	26 – 35	3	36 – 45	4
46 – 55	5	56 – 65	6	66 – 75	7	76 +	8

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2. Gender

Male	1	Female	2

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3. Ethnicity

African	1	Coloured	2	Indian	3	White	4

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4. Language that you speak most frequently at home

English	1	Afrikaans	2	isiXhosa	3	isiZulu	4
Setswana	5	isiNdebele	6	Tshivenda	7	siSwati	8
Xitsonga	9	Sesotho	10	Northern Sotho	11		
Other	12	(Please specify:)					

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5. Optional personal details (required for entry into the competition, as described below)

Name:		Email:	
Cell No:			

Please tick this box if you would like the researcher to contact you regarding the survey.
(Please provide contact details in the spaces above)

[ ]

Thank you for the time taken to complete this Survey Questionnaire. Please be assured that the information provided is regarded as confidential and that an aggregate summary will be drawn from the information you have supplied in your responses to the Survey Questionnaire.

Should you require any further information or clarity on the Survey Questionnaire, please do not hesitate to contact the Researcher on **082-375-7312** or email **michael.glensor@riotinto.com**.

Please complete and return the Survey questionnaire to the Researcher or Research Custodian [Custodian Name] on or before the following due date:
[Due Date] 2008.

Competition rules:

- The names of those individuals that have completed the survey questionnaire and included their names and email addresses will be entered into a random draw that will take place approximately two weeks after the due date for the return of the completed survey questionnaires.
- The Research Custodian [Custodian Name] will be responsible for conducting the draw.
- The person whose name is drawn first will be eligible for a R500-00 (all inclusive) dinner voucher at a Restaurant of their choice (alternatively, the cash may be paid directly into the winning survey respondent's bank account if so requested).
- The Researcher will advise the winning individual of the nature and detail of their successful entry via email.

Glossary of Terms:

Listed below is a brief outline of some of the key terms or terminology used throughout the research study (Cummings and Worley, 2005):

Acquisitions: The purchase of one organisation by another

Balanced scorecard: is a technique that has been used successfully by leading organisations to manage change in their support functions. It provides a practical framework for a service centre to:

- Agree on its objectives and align them with those of the business
- Initiate and manage a change program to achieve the objectives
- Monitor and communicate progress during the change program
- Build performance measures related to the objectives
- Implement an ongoing performance management process

The Balanced Scorecard enables an organisation to take an holistic approach to building its strategy, covering the four key views of financial, customer, operational excellence and learning & growth.

Change Management: The tools, techniques, and processes that scope, resource, and direct activities to implement a change. Change management is less concerned about the transfer of knowledge, skills and capacity to manage change in the future than organisational development

Double loop learning: Organisational behaviours directed at changing existing valued states or goals. This is concerned with radically transforming an organisation's structure, culture, and operating procedures

Intervention: Any action on the part of a change agent. Intervention carries the implication that the action is planned and deliberate and presumably functional. Many suggest that an OD intervention requires valid information, free choice, and a high degree of ownership by the client system of the course of action.

Knowledge management: A process that focuses on how knowledge can be organised and used to improve organisation performance. KM tends to focus on the tools and techniques that enable organisations to collect, organise, and translate information into useful knowledge. Organisationally, KM applications are often located in the information systems function and may be under the direction of a Chief Technology Officer.

Learning organisation: An organisation where everyone is involved in identifying and solving problems, enabling the organisation to continuously experiment, improve and increase its capability

Mergers: The formal and legal integration of two or more organisations into a single entity.

Open system: the need to take into account relations between a system and its environment. This concept in systems theory is borrowed from the biological sciences. It refers to the nature and functions of transactions that take place between a system and its environment.

Organisational Change: Organizational change management includes processes and tools for managing the people side of the change at an organizational level. These tools include a structured approach that can be used to effectively transition groups or organizations through change. When combined with an understanding of individual change management, these tools provide a framework for managing the people side of change. People who are confronted by change will experience a form of culture-shock as established patterns of corporate life are altered, or viewed by people as being threatened. Employees will typically experience a form of "grief" or loss (Stuart, 1995).

Organisational Effectiveness: An overall tem that refers to the outputs of organisation strategy and design. Typically includes financial performance, such as profits and costs, stakeholder satisfaction, such as employee and customer satisfaction, and measures of internal productivity, such as cycle times.

Organisational Learning (OL): A change process that seeks to enhance the organisation's capability to and acquire and develop new knowledge. It is aimed at helping organisations use knowledge and information to change and improve continually. It involves discovery, invention, production, and generalization. In organisations, OL change processes are typically associated with the human resource function and may be assigned to a special leadership role, such as Chief Learning Officer

Planned Change: A generic phrase for all systematic efforts to improve the functioning of some human system. It is a change process in which power is usually roughly equal between consultants and clients and in which goals are mutually and deliberately set.

Process: The way any system is going about doing whatever it is doing. Social process is the way persons are relating to one another as they perform some activity. Organisational processes is the way different elements of the organisation interact or how different organisational functions are handled.

(Source: Cummings, T. G. and Worley, C. G. 2005. *Organization Development and Change*. Eighth edition. Thompson (South Western): Australia)

10.2   *Appendix B : Survey Questionnaire – Email letters*

e-mail letter 1 – invitation to participate

Subject: Deloitte Case Study: You have been nominated

Dear fellow Deloittian

You have been selected by your Manager to participate in a Survey Questionnaire!

PLEASE LOOK-OUT FOR THE SURVEY LINK THAT WILL BE DISTRIBUTED SHORTLY!

PURPOSE OF THE STUDY:

This study deals with a review of current organisational change interventions taking place within the South African working environment; and an analysis of the current Change Management Frameworks, Processes and Measurements that are currently being used to manage organisational change.

It is envisaged that the research study will help to identify the nature of organisational change, the critical success factors needed to manage change successfully and the required change framework and a change scorecard with which to manage and measure change within the SA environment.

The Promotor for the Research Study is Professor Lize Booysen.

DUE DATE: Friday, 03 October 2008

TIME TO COMPLETE: 10 to 15 minutes

YOU CAN WIN.....: Please remember to include your contact details on the survey so that you may be entered into the competition where you could stand the chance of winning a **R500 meal voucher or money** paid directly into your bank account, if so requested. Please see the terms and conditions of the competition on the web survey.

Should you require any assistance with the completion of the survey, or should you have any concerns or comments, please do not hesitate to contact me on 082-375-7312 or email: michael.glensor@riotinto.com

Your assistance participation in this survey is greatly appreciated.

Regards

Michael Glensor
The Researcher (DBL Candidate)

Diane Schneider
The Research Custodian in Deloitte
dschneider@deloitte.co.za

Dr Arien Strasheim
Statistical and Measurement Consultant
Customised paper-based and web-based surveys, analyses and reporting
MetricMonkey
44 Marais Street, Brooklyn, Pretoria
M: +27 (0) 82 887 5180   F: +27 (0) 12 346 0514
arien@metricmonkey.com

e-mail letter 2 – actual survey link

Subject: Deloitte Case Study: Here is the SURVEY LINK

Dear fellow Deloittian

Here is the SURVEY LINK you have been waiting for!!!!!!!

NOTE: The SURVEY is CONFIDENTIAL and your responses will remain ANONYMOUS

SURVEY LINK: Listed below is the link to the SURVEY QUESTIONNAIRE that you have been nominated to complete. Please select the link below and you should automatically be directed to the Survey

[Insert: Survey Link]

PLEASE TAKE NOTE OF THE FOLLOWING IMPORTANT INFORMATION ABOUT YOUR SURVEY:

DUE DATE: Friday, 03 October 2008

TIME TO COMPLETE: 10 to 15 minutes

REMEMBER:

YOU CAN WIN.....: Please remember to include your contact details on the survey so that you may be entered into the competition where you could stand the chance of winning a **R500 meal voucher or money** paid directly into your bank account, if so requested. Please see the terms and conditions of the competition on the web survey.

Should you require any assistance with the completion of the survey, or should you have any concerns or comments, please do not hesitate to contact me on 082-375-7312 or email: michael.glensor@riotinto.com

PS:YOU will receive a REMINDER towards the end of the first week......!

Regards

Michael Glensor
The Researcher (DBL Candidate)

Diane Schneider
The Research Custodian in Deloitte
dschneider@deloitte.co.za

Dr Arien Strasheim
Statistical and Measurement Consultant
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arien@metricmonkey.com

e-mail letter 3 (follow-up reminder letter)

Subject: Deloitte Case Study - REMINDER to complete YOUR SURVEY

Dear fellow Deloittian

There is only ONE WEEK left to complete YOUR SURVEY......!

NOTE: The SURVEY is CONFIDENTIAL and your responses will remain ANONYMOUS

SURVEY LINK: Listed below is the link to the SURVEY QUESTIONNAIRE that you have been nominated to complete. Please select the link below and you should automatically be directed to the Survey

[Insert: Survey Link]

PLEASE TAKE NOTE OF THE FOLLOWING IMPORTANT INFORMATION ABOUT YOUR SURVEY:

DUE DATE: Friday, 03 October 2008

TIME TO COMPLETE: 10 to 15 minutes

REMEMBER:

YOU CAN WIN.....: Please remember to include your contact details on the survey so that you may be entered into the competition where you could stand the chance of winning a **R500 meal voucher or money** paid directly into your bank account, if so requested. Please see the terms and conditions of the competition on the web survey.

Should you require any assistance with the completion of the survey, or should you have any concerns or comments, please do not hesitate to contact me on 082-375-7312 or email: michael.glensor@riotinto.com

Regards

Michael Glensor
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arien@metricmonkey.com

e-mail letter 4 – Letter to the Research Custodian

Dear Research Custodian

Thank you for your support and participation in the [Case Name] Survey Questionnaire that has been rolled out from 23 September 2008 to 10 October 2008.

Dr Arien Strasheim, and I would like to provide you with a brief snapshot into the current results for [Company], and would like to point out that to date we have received and overall response of 00 out of 75 respondents have responded - this amounts to a 00%.

Listed below is the link to the **SURVEY RESULTS**:

[SURVEY LINK]

We would like to highlight the following:

(1) We have removed the names of those survey respondents who participated in the survey for confidentiality purposes - as promised we value the respondents opinions, and will protect these responses with the highest confidentiality at all times
(2) We have only provided the Research Custodian of each Case Study with a link to view the results; however, you may feel that you would like to reveal the results to your Senior Management team for further follow up and investigation
(3) During the write of the Case Study, the Researcher will analyse the results and draw conclusions based on the available or prevailing theory and literature to support the eventual findings of the Research Study
(4) We trust that you will make use of this opportunity to assess / evaluate this Research data in its aggregate form so as to continue to develop and grow you organisation on its current organisational change journey within the Southern African environment.

Once again **THANK YOU** for your **COMMITMENT and SUPPORT** throughout this Research Study.

Should you require any further assistance or insight into these results please do not hesitate to contact the Researcher or Dr Arien Strasheim.

Note: The results of the survey will remain available up to and including **00 Month 2008**.

Regards

Michael Glensor
The Researcher (DBL Candidate)

Dr Arien Strasheim
Statistical and Measurement Consultant
Customised paper-based and web-based surveys, analyses and reporting
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10.3   Appendix C: Research Schedule and Timetable

The work schedule below represents a graphical overview of the actual timeframes for the duration of the Research study:

No	Research Activity	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12
1.0	Literature Research	Completed	Completed	Completed	Completed								
2.0	Proposal & Literature Review				Completed	Completed	Completed						
3.0	Research Methodology Review					Completed	Completed						
4.0	Collection of Data & Analysis							Completed	Completed	Completed	Completed		
5.0	Analysis of Results & Conclusions										Completed	Completed	
6.0	Results & Conclusions											Completed	
7.0	Binding & Submission of Thesis												Completed

Callout annotations: Feb 2005, Oct 2007, Feb 2008, Sept 2008, Oct 2008, Jan 2009

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Mr MC Glensor
PO Box 11209
SELCOURT
1567

2011-09-09

Dear Mr Glensor

I have pleasure in informing you that your thesis has been accepted for the **DBL** degree.

The degree will be awarded to you, provided you comply with the following requirement(s):-

- Submit the text of the thesis in electronic format and the same text in a further **two** printed spine-glued hard cover copies, reflecting the full title of the thesis and your name on both the cover and spine of the bound copies.

  When posted, the parcel containing the additional copies must please be marked for the attention of The Registrar, Records Management Division, M & D section, [Tel (012)429-3057/ 3506/3150/ 3486], or they may be handed in personally at the counter, Level 2 in Block B, Theo van Wijk Building (use the Gold Fields entrance), Preller Street, Muckleneuk Ridge, UNISA. The electronic format (preferably PDF, Word or WordPerfect) of the thesis can be emailed to lib-drc@unisa.ac.za.

If you have not already complied with the abovementioned requirement(s), you must please do so **before 21 October 2011**.

Yours faithfully

for REGISTRAR
/cp092011-1

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OFFICIAL STATEMENT
AMPTELIKE VERKLARING

MICHAEL COLIN GLENSOR

HAS IN THE ACADEMIC YEAR 2011 COMPLIED
WITH THE REQUIREMENTS FOR THE DEGREE OF

DOCTOR OF BUSINESS LEADERSHIP

WHICH IS TO BE AWARDED

TITLE OF THESIS:

ORGANISATIONAL CHANGE MANAGEMENT IN SOUTH AFRICA - THE DEVELOPMENT OF A
CHANGE FRAMEWORK AND SCORECARD WITHIN A MERGERS AND ACQUISITIONS
ENVIRONMENT

THESIS ACCEPTED ON: 21 OCTOBER 2011

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