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# **Gordon Institute of Business Science**

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## **A CASE STUDY EVALUATION OF THE CRITICAL FACTORS OF CHANGE MANAGEMENT AT PASSENGER RAIL AGENCY OF SOUTH AFRICA**

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A research project submitted to the Gordon Institute of Business Science, University of  
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Of

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## **Abstract**

This research is centred on the fundamental analysis that change management within business environment is related to leadership, power bases and organisational culture. The success of organisational change management is commonly dependent on these variables that are interdependent and collectively used. How leaders who are conscious about the power they hold and utilizing each respective power base to effectively manage organisational culture. There is extensive research literature considering the individual variables of leadership, power and organisational culture. The research aims to form a deep dive case study analysis into the interrelationships between the three dimensions. It aims to comprehend the change management initiatives in State-Owned Entities in the context of South Africa and Passenger Rail Agency of South Africa.

Through a case study research approach, which comprised of face-to-face expert interviews and observations with employees from Passenger Rail Agency of South Africa data was collected. Content analysis techniques were applied to determine common trends and relationships across the three key dimensions identified from the literature, which related to each dimension.

A number of interesting and useful relationships were uncovered within and between the key drivers and extend the current literature in this field. It was discovered that the leaders who are conscious about their power bases and effectively manage them are able to contribute to a sustainable organisational culture. Through this, the organisation is able to become a perpetual institution where leadership can hand over successful over time this being the fundamental of successful organisational change.

## **Keywords**

PRASA, Public Sector Transformation, Integration

## **Declaration**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements of the degree of Masters of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further submit a declaration that I have obtained the necessary authorization and consent to carry out this research

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Tumelo McDonald Chaka

14<sup>th</sup> January 2015, Illovo

## Dedication

This research is dedicated to 'Mampiko Molioa and our son Tumane.

'Mampiko, 2014 was another year of great love, great companion, great pain and great character building moments. I would have never managed one day of the last two years of our journey without you. It has been a rough and bumpy road, with great moments; with laughs and tears alike. Some day's life hit me so hard and quitting was but an option away but the glow in your eyes said to me: "Not now T...you got this." Thanks a million...I love you.

Tumane, daddy has missed this time with you more than you can ever imagine. To my family and siblings, thank you for understanding my half presence. I look forward to the chats and Sunday lunches.

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# Chapter 1: Problem Definition

## 1.1 Introduction

This case study research - entitled, *A case study evaluation of the critical factors of change management at Passenger Rail Agency of South Africa* - examines the nature and scope of effective change management within one of South Africa's state-owned enterprises (SOE's). The case study research focuses on the Passenger Rail Agency of South Africa (PRASA) which is an SOE providing passenger rail transport in South Africa's high-density metropolitan areas. The influences of leadership, power and organisational culture on change management are studied and used interdependently to expand on the topic of change management.

This chapter lays the foundation for identifying and understanding the relevance and importance of critical factors necessary for effective change management within the context of South Africa's state-owned enterprises. It explores the meaning of change management and the relationship between leadership, power bases and organisational culture as tools for effective change management in organisations. The chapter further addresses the issue of how, through a board-supported strategy, employees, shareholders and other stakeholders in the public sector environment, an entity can focus its energies and resources to transform itself into a world-class publicly owned entity.

## 1.2 Definition of Problem Statement

Kotter (1995) argues that challenges are often cited as a reason for organisations to undergo transformation so that they can continue to stay relevant in the face of potential or actual crisis. With the need for economic development and national competitiveness, countries have found that state-owned entities play a critical role in attaining these objectives (Wade, 1990). To align with, as well as to respond to exogenous changes, transformations are increasingly being perceived to be a critical driver of organisational success, as well as being essential to creating organisational competitive advantage (Gilley, McMillan and Gilley, 2009).

In Vietnam, state-owned enterprises hold 70% of the total real property in the economy, account for 20% of investment capital throughout society, and devour a staggering 60% of the credit in the commercial banking system, 50% of state investment capital and 70% of official development aid capital. It is clear that SOEs have played, and

continue to play, an important part of the state's involvement in the Vietnamese economy (Van Arkadie, 1993).

For SOEs to play a meaningful role in economic development and national competitiveness, they have to be transformed from only providing a public service to becoming economic role players. Similar challenges have been encountered by public sector agencies in Singapore which are also turning to organisational transformation to define a way forward to improve their effectiveness (Van Arkadie, 1993).

For sustainable transformation of state-owned entities to occur, there is a need for leaders to transform themselves as organisations cannot transform beyond the transformation of leaders (Barret, 2006). To do this well, leaders have to come to terms with their own values and understand their own style in an authentic way to connect with their followers as followers expect leaders to take responsibility for organisational transformation. There is also empirical evidence that the role of leaders in the change process does have a significant impact on the success of a change effort (Higgs and Rowland, 2011).

As Vietnam has demonstrated, a state that is able to transform its core entities to deliver on its core missions will not only see profitability in these entities but will also attain economic development and national competitiveness. The Singapore libraries have transformed from being mere repositories for books to being key national institutions that expand the learning capacity of the nation (Chia, 2001).

Sustainable transformation of organisations to align themselves with changing environments also has similar benefits for their stakeholders. Nokia, during the Finnish recession of the 1990s, changed its core focus to stay profitable: it transformed itself from a conglomerate with diverse businesses to a manufacturer of mobile phones (Francis *et al.*, 2003). Another example is IBM, which underwent a transformation, also in the 1990s, when it changed its individualistic culture to one that emphasized teamwork, creativity and innovation to bring about customer-focused solutions (Lagace, 2002).

This research study examines the interdependence of leadership, power bases and organisational culture for effective organisational transformation. Schein (1996) views organisational culture as a pattern of shared basic assumptions that a group learns as it adapts to the external environment and pursues internal integration, and that have worked well enough to be considered valid, to be taught to new members as the

correct way to perceive, think and feel.

While the objective of transforming organisations is to increase their effectiveness and responsiveness to external environments, there have been occasions where such transformations have been ego driven. In such cases, leaders tend to align organisational changes with their personal interests through aligning the organisational agenda with their personal ideology to strengthen their position in the organisation, increase their power and influence, and further their careers (Diefenbach, 2007).

The overall question that this research study aims to answer is, “how the constructs of leaderships, power and culture impact organisational transformation”. The research study intends to answer this main question by the interrogating the following:

- Which leadership styles in an organisation facilitate employees to commit to organisational transformation?
- What power do leaders need to collectively achieve effective organisational transformation?
- What impact do leaders have in the formation of organisational culture during organisational transformation?

### **1.3 Research Objectives**

The main objective of this research study is to understand how leadership, power and culture can successfully impact organisational transformation. The research findings are anticipated to also formulate a practical model to be used by leaders and managers to achieve organisational transformations within state-owned entities. The study uses a single-entity case study approach, which analyses the leaderships, power and culture as constructs of organisational transformation within Passenger Railway Agency of South Africa.

### **1.4 Potential users of this study**

The findings of this report would be of interest to those in both private and public sector management and leadership, whose interest and priorities include the efficiency and effectiveness of the South African public sector through change management. Subject matter experts and / or academics interested in the impact of dynamic of leadership, power bases and organisational culture on change management would also find the results of this study useful, through the provision of building blocks on how state-owned entities report to various stakeholders through strategic renewal and turnaround initiatives can work together to be competitive in the landscape of improving state

operations and effectiveness as a basis for building further knowledge.

## **1.5 Relevance of the problem to South Africa**

South Africa finds itself in a position where it receives international recognition for its high standards of corporate governance while at the same time observers raise serious concerns around the functionality of its state-owned entities. This dichotomy is indicative of a country of contrasts; one that has gone through the miracle of a peaceful transition to democracy while it remains deeply divided at many levels.

The National Development Plan envisions that by 2030, investments in the transport sector will ensure that the sector serves as a key driver in empowering South Africa and its people (Alloggio and Thomas, 2013) by enabling:

- Improved access to economic opportunities, social spaces and services by bridging geographic distances affordably, reliably and safely.
- Greater mobility of people and goods through transport alternatives that support minimized environmental harm.

City planning in South Africa was planned to accommodate a large section of the population outside economic centres where most worked. This social and economic exclusion resulted in many people travelling long distances from where they live to where they work. Providing suitable means for people and goods to move as efficiently, safely and cost effectively as possible is important to building an inclusive society and economy (Alloggio and Thomas, 2013). Some of the objectives of the National Development Plan are to ensure that South Africa's transport system supports economic development, job creation and growth through the provision of equitable access to opportunities and services for all. Mobility broadens social and economic access, contributing to the alleviation of poverty. PRASA with its mandate and purpose has a critical supportive role to play as an economic enabler in South Africa.

Infrastructure Investment has been one of the most debated topics within the public policy debate. A key aspect of this has been locomotive and infrastructure investment for PRASA (Alloggio and Thomas, 2013). Government investment in South Africa's economic infrastructure grew by 15 percent in real terms in 2003, and government has indicated that further growth is in the pipeline. Such investment in infrastructure is generally intended to support other economic activities (Perkins, Fedderke and Luiz, 2005), which are directly or indirectly impacted by the investment. Barro (1990) demonstrates that an important attribute of infrastructure expenditure by the public sector is that it is a contributing factor in raising the marginal product of other capital

used in the production process, although this is only up to a point.

The importance of railway operations in South Africa has been embedded in the demographic nature of the country. The discovery of diamonds in 1867, which gave rise to the town of Kimberley, played an important role in the early development of South Africa's railway infrastructure. According to (Alloggio and Thomas, 2013) Kimberley's population and wealth grew rapidly in the 1870s and 1880s, but were nevertheless constrained by poor transport and communication services.

Government investment in economic infrastructure rose as a percentage of GDP between 1960 and 1976, but this was followed by a long-term decline. The period of strongest growth in South Africa's railway lines was 1875-1930, after which there was little change in the route-kilometre distance (Alloggio and Thomas, 2013). This has been characterized as a "plateau effect". Railway rolling stock continued to grow after 1930 but fell sharply after 1980, partly reflecting the general decline in investment spending by government. Similarly to railways, national and provincial roads reached a plateau around 1940, but the paving of national and provincial roads then began in earnest.

This historical perspective highlights a few themes or observations of interest; firstly, there seems to be a correlation between economic infrastructure and economic growth. Economic growth provides both the need for, and the resources to fund infrastructure capital expenditure. Secondly, South Africa's stock of economic infrastructure has developed in phases. The growth rates of individual measures of infrastructure fluctuated substantially over time, in some cases even turning negative, and the historical pattern of infrastructure development differed substantially between sectors. Providing the right type of infrastructure at the right time will be an important dimension of South Africa's continued economic development. Last, the need for investment in economic infrastructure never goes away. Until such time as existing infrastructure becomes obsolete it needs to be maintained, and as certain infrastructure programmes reach maturity new ones should be implemented, always in response to the economy's changing needs and cost-benefit analyses.

The continued need for appropriate infrastructure investment should be recognized in public-sector budgets from the national level to the municipal level, and public-sector agents need to be accountable for spending capital allocations effectively. While some degree of fluctuation in the level of infrastructure investment may be harmless or even appropriate, a long-term decline in infrastructure investment in relation to GDP - such

as that experienced by South Africa between the mid-1970s and 2002 - would be undesirable (Alloggio and Thomas, 2013). PRASA aims to attract people from their cars onto the passenger rail network. The combination of these infrastructure investments will have an overall effect of increasing the lifespan of our roads through the reduction of freight traffic on these roads and a revitalization of the economic growth of the freight transport sector. The attraction of private investment to the transport sector is another critical factor for the successful funding and development of transport infrastructure (Alloggio and Thomas, 2013).

The major sources of funding have typically been government and donor funding. The current perception of Africa as a “business-unfriendly” and “corrupt” continent by investors needs to be corrected (Alloggio and Thomas, 2013). This can be achieved with government creating viable project feasibility proposals that will draw the interest of the private sector. The assistance that can be provided to government for initiatives on infrastructure development goes beyond funding. The wealth of business knowledge relating to the implementation of capital projects can assist government with the strategy and implementation phase of these developments. This can be achieved through effective organisational transformation within state-owned entities to facilitate such investment and infrastructure implementation.

In a South African context, the history of transportation and especially passenger rail transport is an embedded part of daily living and movement for a great deal of South Africans. This sector is a major economic enabler and strategic economic booster. Thus effective change management strategies to obtain efficiency and effectiveness are critical.

## 1.6 Existing Research

The discipline of change management has developed and evolved significantly over the past two decades. With foundations in the human experience and psychology, change management exploded onto the business scene in the mid-1990s and has become a more formalized and a cornerstone of any business success.

Themes reporting on change management expand from topics such as *Managing Complex Change*, *Organisation of The Future* (Beckhard, 1977) and *Managing Organisational Transitions* (Bridges, 1986). Of all these Lewin (1951) is dubbed to have written one of the original works on change management, *Three-Phase Model of Change*. Kotter and Schlesinger (2008) with *Choosing Strategies for Change* have explored recent literature. Change management as a discipline experienced significant

growth during the 2000s, with the formalization of processes and tools, positions and job roles, and organisational functions.

As a change agent being able to understand and plan for power bases within a public sector environment during a change initiative is critical. Being able to predict the leadership role, power bases and culture more accurately would add value to the planning, implementation and sustainability of change initiatives. This research therefore aims to consider the linkages between these variables.

# Chapter 2: Literature Review

## 2.1 Introduction

This chapter reviews the literature associated with the concept of change management. Specifically, literature on leadership, managerial power bases and organisational culture will be reviewed particularly in relation to change management.

While change has been a feature of organisational life, Beshtawi and Jaaron (2014) argue that the frequency and magnitude of change is greater now than has been in the past. Additionally, organisations are now changing in a more fundamental way than ever before (Beshtawi and Jaaron, 2014; Kanter 2008; Kotter and Rathgeber, 2006). It is therefore imperative to examine the main models of organisational change in order to appreciate the convergence and divergence of views on the nature, pace and magnitude of change experienced by organisations as well as the resources and tools used by leaders in effecting organisational change.

Lewin (1951) suggested that planned change is made up of four elements: Field Theory, Group Dynamics, Action Research and the Three-Step Model. The planned change process, as outlined by Lewin (1951) is an iterative, cyclical, process, which involves diagnosis, action and evaluation and further action and evaluation. This approach recognizes that once change has taken place, it must be self-sustaining. Burnes (1996) emphasized that central to planned change in organisations is the importance of the collaborative nature of the change effort which starts with joint diagnosis of the problem by the leaders and recipients of change in the organisation as well as the consultant where such has been retained. Following the diagnosis of the problem, the team will plan and design the specific changes necessary to attain the objectives of the change effort.

### 2.1.1 Philosophies of Change

Garber (2013) mentioned that change is inevitable in the workplace, so the role of the manager is to embrace the change by making the transition process easier. According to Moran and Brightman (2001), the outcome of change efforts should be the creation of a culture of self-initiated change and improvement. To achieve this, leaders need to assume responsibility for balancing stability and chaos, avoid over-saturating change by leading at the edge of chaos.

Holbeche (2007) emphasized that successful change requires that in the short term the process be managed in a manner that reinforces the continuous longer-term pursuit of sustainable high performance. He notes that in many cases, short-term and long-term needs are seen as mutually irreconcilable. Holbeche (2007) identified two broad archetypes or change theories underpinning most change initiatives and their leadership implications. These are Theory E and Theory O. Holbeche (2007) suggested that Theory E is based on economic value while Theory O is based on organisational capacity.

Theory E change strategies are driven by shareholder value and usually involve heavy lay-offs, downsizing and restructuring and are considered the 'hard' change strategies. On the other hand, the goal of Theory O is to develop corporate culture and human capability through individual and organisational learning. Holbeche (2007) stated that companies, which can effectively adopt change processes that reconcile these approaches, could gain improved profitability and productivity, as well as enabling employees to develop their adaptive capabilities for change.

### **2.1.2 Building capabilities through change**

The short-term goal of a change effort should not contradict the building of organisational capability for high performance in the long term. Holbeche (2007), thus suggested that change efforts should in some way support the organisation's ability to encourage innovation, knowledge-sharing and knowledge-creation, develop team work; be values-based, motivate organisational members and stimulate them to higher levels of performance and learning. They should be geared as much to enabling high performance behaviours, as to introducing new processes.

Managing change is a human, emotional and symbolic process as much as a business-driven, analytical and rational process. The range of skills and disciplines required for bringing about change in today's fast-changing context means that leaders have a key role to play in change initiatives, organisations need to have flexibility built into them and the cultural signals transmitted during change need to point to the high performance, learning and team working approaches that will benefit both the organisation and its employees.

## **2.2 Leadership**

To lead a transformation process it is important that leaders should adopt a transformational leadership style so that they can inspire employees, strategize and mobilize resources necessary to affect the transformation process. However, levels of

leadership competencies as well as proficiency in contextual leadership are not common to all leaders. Therefore issues of leadership have to be effectively addressed if the country is to enhance its competitiveness (Noor, 2011). That having been said, such leadership is rare in the public sector environment, not only on South Africa but also in most countries (Alloggio and Thomas, 2013).

### **2.2.1 What is Leadership**

Hughes (1993) made great attempts to understand and define the meaning of leadership and found that researchers have focused on the personality, physical traits, or behaviours of the leader; others have studied the relationships between leaders and followers. Others have studied how aspects of the situation affect the ways leaders act. Some commentators have extended their viewpoints so far as to suggest there is no such thing as leadership; they argue that organisational success and failures often get falsely attributed to the leader, but the situation may have a much greater impact on how organisations functions than does any individual, including the leader.

Hughes (1993) defined leadership as the process of influencing an organised group toward accomplishing its goals. This influence can be expressed in an autocratic or democratic manner though a democratic society is in fact often regarded as a prerequisite for economic growth and development. China and its development, however, are contrary to this statement. Yet, there is minimal evidence of capability of identifying a positive link between GDP growth and democracy indexes where leaders have impacted and influenced the status quo (Barro, 1996; Tavares and Wacziarg, 2001).

In comprehending the complexities of leadership Hughes (1993), views some ways leaderships has been defined. These are the views of researchers having defined leadership in different ways.

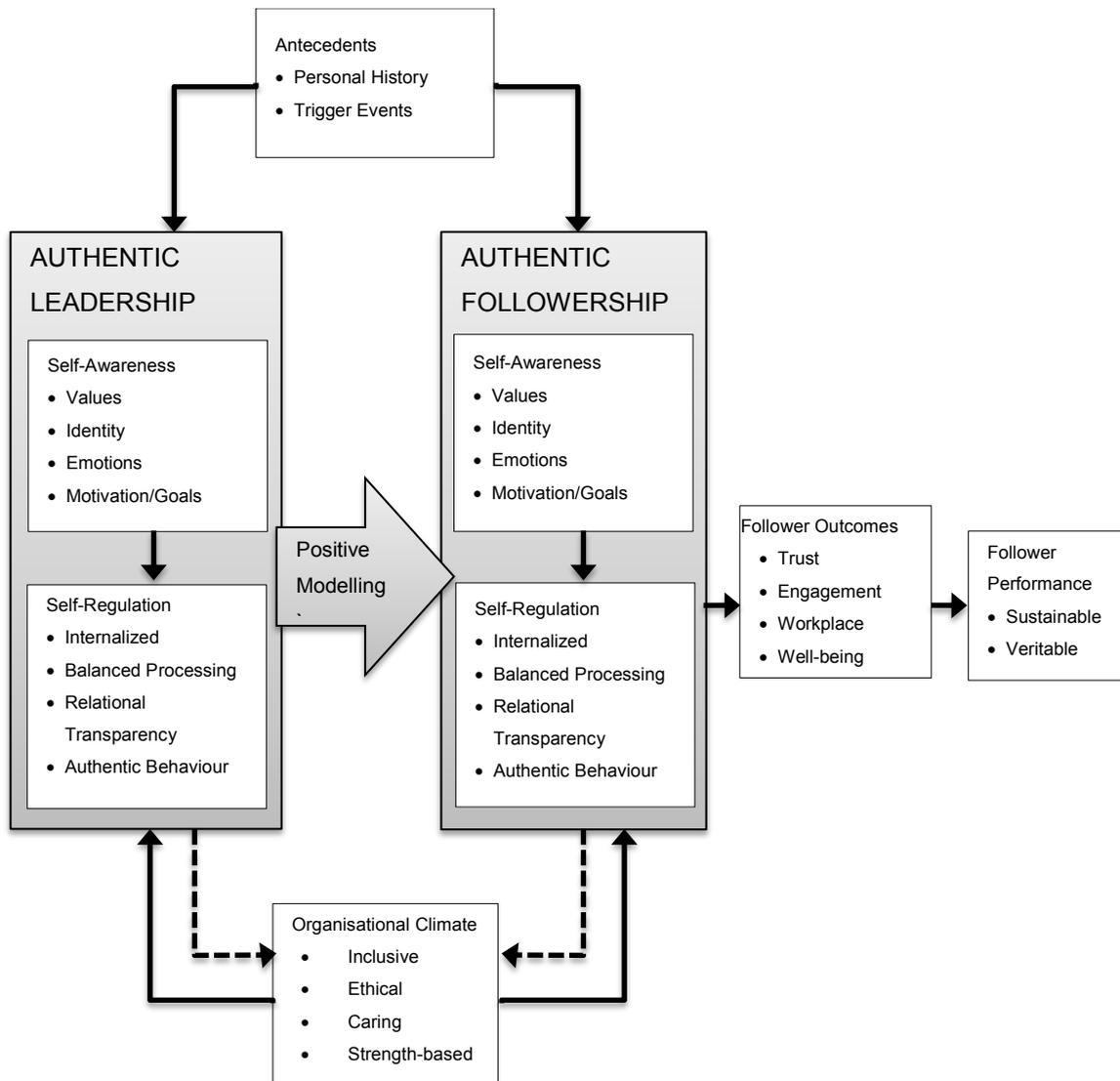
Table 1: Definitions of Leadership

<b>Authors</b>	Fielders, 1967	Bass, 1997; Tichy and Devanna, 1990	Burnes 2009	Avolio and Gardner, 2005
<b>Definition</b>	Directing and coordinating the work of group members	Transforming followers, creating visions of the goals that may be attained, and articulating for the followers the ways to attain those goals	The leader's job is to create conditions for the team to be effective	Significantly affects the thoughts, feelings, and/or behaviours of a significant number of individuals.

Mintzberg (1998) argued that in the new economy, leaders will be required to acquire the attributes of an orchestra conductor who gets things done through expertise more than control and power, a coach who coordinates work and sets direction, a teacher both continually learns and instruct others, a pioneer who constantly breaks new ground, a producer who pulls together resources from disparate parts into common process and a teacher who builds unity through values

**Figure 1: Gardner Leadership Followership Theory**

Source: Avolio & Gardner (2005).



## 2.2.2 Transformational Leadership

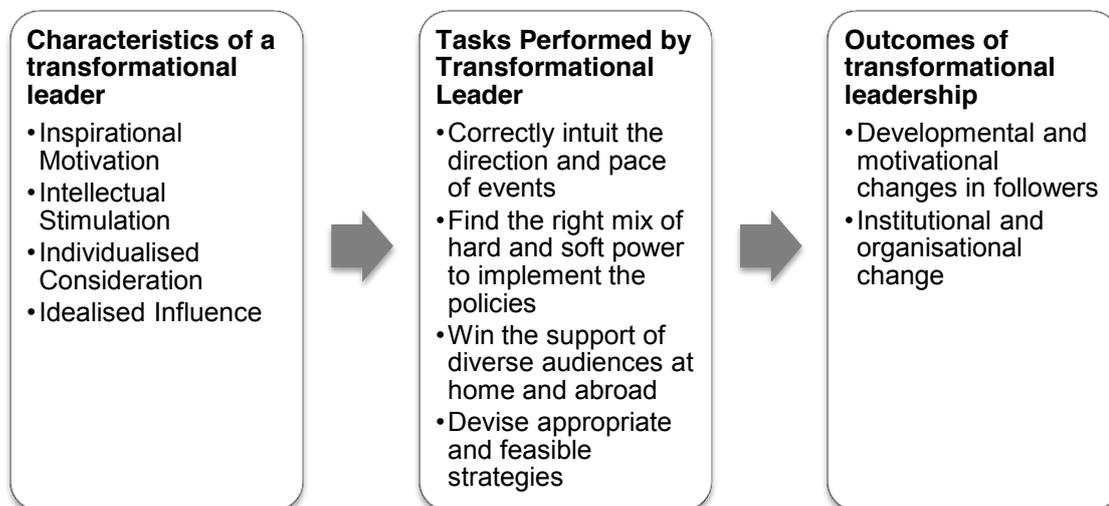
One of the essential elements of leadership is change and leaders are well positioned to be change agents. They can fulfil this role by inspiring those around them, setting the example and creating a vision of the future that is both credible and attractive, this has been exhibited by leaders such as Nelson Mandela, Martin Luther King and JF Kennedy through their visionary and inspiration to their followers. Leaders, who are able to rally the attitudes of followers and inspire commitment to the organisation's mission, exhibit characteristics of transformational leadership (Baas and Riggio, 2006). This type of leadership and its descriptions suggests that a large part of the effectiveness of transformational leaders is attributed to:

- Their ability to increase employee mission valence through their articulation of clear and attractive visions of their organisation's mission
- Alter employee perceptions of goal importance and clarity (Wright, 2011)

Tichy and Devanna (1990) argued that transformational leaders engage in a process, which includes the sequencing of three key phases:

**Figure 2: Transformational leader process**

Source: Tichy and Devanna (1990).



According to Bass (1997), charisma, attention to individual development and ability to provide intellectual stimulation are essential qualities in leaders whose organisations need to undergo strategic renewal and change. Senge (2010) further confirmed that transformational leaders are charismatic and passionate and identified that personal power is insufficient to influence transformational change, rather what is needed to succeed is individual charisma combined with an engaging vision, as well as an unbounded passion to serve as coach and mentor.

According to Bass (1997), transformational leadership occurs when leaders broaden and elevate the interests of their followers, when they generate awareness and acceptance of the purposes and mission of the group and stir employees to look beyond their own self-interest for the good of the group. Bass and Riggio, 2006 emphasized that transformational leaders tend to have more committed and satisfied followers as they empower followers and pay close attention to their individual needs and personal development and development of their followers own leadership potential.

It is evident that transformational leaders motivate followers to exert more effort in their tasks and in the process, tend to do more than they would have without the inspiration of the leader.

The fact that transformational leaders represent models for followers, stimulate innovative thinking and motivate employees to achieve success and perform beyond their limits, is a compelling argument for encouraging this type of leadership in the public sector. Burns (1978) communicated a view that transformational leaders are motivating, uplifting and aspirational; this is a clear indication that transformational leadership has all the ingredients to be implemented and perform successfully in the public sector. This type of leadership could prove beneficial to an organisation such as PRASA which its key drivers is customers services needing employees to highly motivated achieve and execute this objective effectively.

### **2.2.3 Chaotic Change**

Chaotic change refers to changes in an organisation where the external and internal complexity and uncertainty is too high to predict or control the future development of the organisation. Karp and Helgø (2008) defined chaotic change leadership as a way of leading people by influencing the patterns of human interaction. This definition is supported by Streatfield (2001), Griffin (2002) and Stacey (2003), all of whom argued that leading people in chaotic change requires influencing patterns of human interaction. IBM 2004 survey unfolds that less than 10% of change programmes have been successful. According to Streatfield (2001), Griffin (2002), Karp and Helgø (2008) and Stacey (2003) these change initiatives fail not only because of lack of visions or designs – rather, on the grounds that leaders do not understand the complexities faced by themselves and ever-evolving business environment. This highlights that leading people during chaos, uncertainty and complexity is the main challenge for public service organisations due to nature of today's society.

With the nature and dynamics of public sector, change initiatives are not about rational responses but about influence, personal interest, power and control (Diefenbach, 2006).

Understanding the managerial anxiety in public services associated with political initiatives and deployment of strategies chaotic change. Streatfield (2001), Griffin (2002) and Stacey (2003) recommended that leaders should lead by loosening control, and focus precious leadership time on fostering identifies and relationships in changing organisations. The fundamentals outlined under leadership and specifically chaotic change is that change management in businesses and particularly in public services, with intense political and cultural diversities has to be centred on people, identity and relationships a term known as lobbying. This will in itself impact the way people talk in organisations although it will not bring about change - it is a mind shifter to commitment

of change.

Through these complexities and uncertainties, leaders should explore the association between structured links of social intelligence and behavioural flexibility and leadership. Caruso, Mayer and Salovey (2002) argued that social intelligence was linked to leaderships experience through emotional intelligence. In complex situations, which are embedded in uncertainty, a leader's emotions are essential self-information and are critical for effective self-regulation in the context of leadership. With leaders at the crux of chaotic change, emotional intelligence has at its core the awareness of self and others, their needs, motive, desires, emotions and requirements. Caruso, Mayer and Salovey (2002) emphasized and have defined four distinct emotional intelligence skills, which can be a tool for leaders:

- Emotion identification: This skill referred to identifying and appraising one's own feelings, as well as the emotional expression of others. It also reflects skills in expressing emotions and distinguishing real from phony emotional expression.
- Emotion use: This referred to skill in using emotions to direction attention to important event and environmental cues. It also reflects skills in using emotions in decision-making and problem solving.
- Emotion understanding: This referred to skill in understanding emotions within a larger network of causes and meaning, to understand how different emotions in oneself and others are connected.
- Emotion management: This referred to an ability to stay aware of emotions and particularly "the ability to solve emotion-laden problems without necessarily suppressing negative emotions."

To support these four tools, they stressed that emotional intelligence and leadership, critical in chaotic change, predicted follower job satisfaction and extra-role behaviours, even after controlling for subordinate emotion, management skills, job perceptions, educational level and tenure with an organisation. This links leader emotion especially during change to subordinate outcomes.

#### **2.2.4 Leadership styles of women and men**

Another discussion in the leadership circles is the comparison of leadership styles of women and men and which style is viewed as stable (Babcock and Laschever, 2003). Accordingly and through perception, the men who dominate leadership positions tend to support and channel career advancements and development opportunities to male subordinates. Women's effective performance may not be sufficient to break the pattern if it is attributed to factors other than ability and competencies. Many women

seem to equally internalize these stereotypes creating a psychological glass ceiling with regard to women leadership capabilities. In general, women view themselves as less deserving than their male counterparts of rewards for similar performance (Babcock and Laschever, 2003; Barron 2003). An opposing perspective was that in weak corporate governance organisations where boards comprise few women performed worse (Adams and Ferreira, 2009). This cements the view that a lack of gender diversity limits an organisation's opportunities for learning and renewal; and that women tend to engage in various social relations and economic activities from men and bring different experiences and perspective to their workplaces. Organisations that fail to utilize this knowledge risk the opportunity cost on a variable resource for rethinking and improving their performance (Ely and Meyerson, 2010).

### **2.2.5 Change Leadership**

Leadership and management need to understand that change management involves adapting to the change and monitoring the need for the change within an organisation; starting that change and then controlling it (Hiatt and Creasey, 2012). This will assist them to view change management as the process of continually renewing an organisation's direction, structure and capabilities to serve the ever-changing needs of external and internal stakeholders.

Gill (2002) argued that in a public sector environment the human and political aspects of change are often not well thought through in change management initiatives. Gill (2002), further spoke to what is called the yin and yang of change, this crystalizes two aspects: respectively the social and emotional considerations (leadership) and the technical aspects (management). This is a clear view that for leadership to effect lasting change they need to consider know-how credibility and need the buy-in of the collective within the organisation

Kotter (1995) emphasized that for a change leader to be effective and obtain desired results he/she needs a strategy for change which creates a guiding coalition with sufficient power to lead the change and getting them to work together as an effective team. This is empowering the soldiers of change on the ground and facilitating management of obstacles to change by removing or changing systems that undermine the vision and encouraging risk taking, new ideas and innovative behaviour especially in an environment with such intense political dynamics.

## 2.2.6 Institutionalizing the change

As a leader, change is one of the difficult challenges that organisations face these days. As organisational changes have become more frequent and a necessity for survival, the resistance of employees have become an important human resource management function and a priority for top management to increase chances of success of different change projects. To achieve a level of change institutionalization, leaders and managers need to deliver a compelling vision communication that illustrates what is in it for the organisation as a whole (Tang and Gao, 2012).

O'Neill (2012) explained that management practices related to organisational change must be clear, consistent and based on what is in the change for the individuals to improve their perceptions, and ultimately, improve their appraisal about change. Creating awareness and reasons for change must be clear and simple and communicating these reasons must be realistic and linked to the vision of the company in order for employee to buy-in (Mintzberg, 1998), Undergoing change is difficult without any guarantees for success as change typically threatens the interests of some of those affected by it (Raftery, 2009). This is evident every five years in South Africa, when various political parties have their national elective conferences to elect leaders who will be responsible for the next term of office.

## 2.3 Power

It is relatively easy to provide simple definitions of power and politics:

- **Power:** the possession of position and/or resources.
- **Politics:** the deployment of influence and leverage (Hiatt and Creasey, 2012)

Hiatt and Creasey (2012) further emphasized to argue that it is more difficult to distinguish between power and politics and that the two concepts are often used interchangeably where the difference between them has never been fully settled. It is argued that the concept of power is useful for understanding how people are able to influence each other in organisations (Mintzberg, 1998; Pfeffer, 1981). Furthermore power is a dynamic element that changes as conditions changes (Pfeffer, 1981).

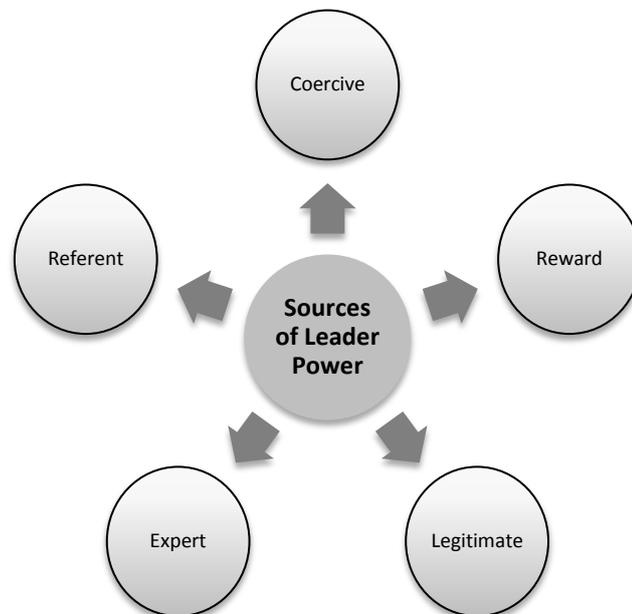
Pfeffer (1981) a commentator of power referred to organisational politics as games. He argues that decisions in organisations are the result of games among players with different perceptions and interests. Burnes (2009) elaborated that power is the capacity to influence decisions and politics is the actual process of exerting this influence.

### 2.3.1 Sources of Leader Power

A pertinent question is where does a leader's power come from? Do leaders have the power or do followers give it to leaders? Or does the fundamentals arise from both? Hughes (1993) emphasized that there are five sources or bases of power with which an individual can potentially influence others. The most general way to classify these power sources is outlined in the distinction dubbed as position power and personal power (Bass, 1997; Etzioni, 1975). Position power includes influence derived from legitimate authority, control over resources and rewards, control over punishments and control over information. Personal power includes influence derived from task expertise, influence based on friends and loyalty. Position and personal determinants of power interact in complex ways, which leads to a difficulty in distinguishing between them (Hughes, 1993). This is evident in Figure 3 below:

**Figure 3: Source of Leader Power**

Sources: Huges, 1993.



Expert power is primarily a function of the leader; referent power operates as a relationship link between leaders and followers; coercive power is primarily a function of the leader and the cross-cultural context; legitimate power is primarily a function of the cross-cultural context and finally reward power involves all three. Following is a more detailed discussion by Hughes (1993) regarding the five bases of social power.

**Expert Power:** Expert power is the power of knowledge, this power provides that ability to influence others through relative expertise in particular area(s). Because expert power is a function of the amount of knowledge, one possesses relative to the

rest of his group members, it is therefore possible for followers to have considerably more expert power than leaders in certain situations. Hughes (1993) argued that, new leaders often possess less knowledge of their tasks to be performed than followers. As long as different followers have considerably greater amount of expert power it will be difficult for a leader to influence the work unit on the basis of expert power alone.

**Referent Power:** Referent power refers to the potential influence one has due to the strength of the relationship between the leader and the followers. Referent power often takes time to develop, furthermore it can have a downside in that a desire to sustain referent power may limit a leader's actions in particular situations. Therefore referent power is a two-way street; the stronger the relationship, the more influence leaders and followers exert over each other. Hughes (1993) emphasized, that just as it is possible for leaders to develop strong relationships with followers and in turn acquire more referent power, it is also possible for followers to develop strong relationships with other and acquire more referent power.

**Legitimate Power:** Legitimate power depends on an individual's organisational role, it can be thought of as formal or official authority. It is important to note that legitimate authority and leadership is not the same thing. There is a difference between holding a position and being a leader, despite the common practice of calling position holders in bureaucracies the leaders. It is also possible for followers to use legitimate power to influence leaders; followers can actively resist a leader's influence attempt by only doing work specifically prescribed in job descriptions, bureaucratic rules or union policies. In this case, then the followers will have successfully used legitimate power to influence their leader.

**Reward Power:** Reward power involves the potential to influence others due to one's control over desired resources. This can include, and is not limited to, power to give raises, bonuses, and promotions. The potential to influence others through the ability to administer rewards is a joint function of the leader, follower and cross-cultural context. Utilization of reward power can be effective way to change the attitudes and behaviours of others, although there are situations where a leader's use of reward power can render itself problematic. An overemphasis on reward as payoff for performance may lead to resentment and feelings by workers of being manipulated, especially if it occurs in the context of relatively cold and distant superior-subordinate relationships. Hughes (1993) also highlighted that under some conditions extrinsic rewards can decrease intrinsic motivation toward a task and makes the desired behaviour less likely to persist when extrinsic rewards are not available.

**Coercive Power:** Coercive power, the opposite of reward power, is the potential to influence others through the administration of negative sanctions or the removal of positive events. Like reward power, coercive actions is partly a function of the leader, but the situation often limits the coercive actions a leader can take. Coercive power, like reward, can be used appropriately or inappropriately. It is also possible for followers to use coercive power to influence their leader's behaviour. A leader may be hesitant to take disciplinary action against a large, emotionally unstable follower. Hughes (1993) argued that in all likelihood, followers will be more likely to use coercive power to change their leader's behaviour if they have a relatively high amount of referent power with their fellow co-workers. This may be particularly true if threats of work slowdowns or strikes are used to influence a leader's behaviour.

Although power is an extremely important concept, having power is relatively meaningless unless a leader is willing to exercise it. The exercise of power occurs primarily through the influence tactics leaders and followers use to modify the attitudes and behaviours of each other. Being able to use influence tactics that modify followers' attitudes and behaviours in the desired direction at the same time build up followers' self-esteem and self-confidence should be a skill all leaders strive to master.

### **2.3.2 Political behaviour in organisations**

It is through debates by Drory and Romm (1988) who argued that those in managerial positions are less likely than those in non-managerial positions to recognize their actions as political. If this is the case, it could be further argued that the more individuals and teams in organisations are involved in political behaviours, the more it becomes the norm, and they become blind to its political nature and view it simply as standard practice. Under such circumstances, rather than searching for the best solutions, managers tend to opt for amicable and more widely supported solutions (Simon, 1947).

Beshtawi and Jaaron (2014) argued that organisations are often irrational and that their goals and objectives emerge through a process of negotiation and influence executed by competing and shifting coalitions of groups and individuals. This influences within organisations, with the hope to gain power and shift power bases as indicated by (Beshtawi, M., and Jaaron, 2014), are part of organisational culture and should include the goals, values and expectations of the organisational participants and personal agendas shaping an organisation.

### 2.3.3 Power, politics and legitimacy

Thompkins (1990) believed that the use of politics is a direct infringement of laws and rules governing organisations. He further suggests that political manipulation in organisations is as a result of senior management's failure to set directions with consistent goals and policies. Pfeffer (1981), on the other hand, suggests that the construction of organisational goals is itself a political process.

Mintzberg (1998) however maintained that when used in moderation and balanced, political games could have a healthy effect by keeping the organisation on its toes. He argues that if too many people pursue their own personal agenda then the strategy goals of an organisation will be skewed and lose meaning. If the use of power and politics becomes too aggressive and pervasive, it can turn the organisation into a political cauldron and divert it from its main task. Achieving this balance is dependent on the type of power deployed and how it is used. Etzioni (1975) identified three distinct types of power used in organisations:

**Table 2: Distinct types of power used in organisations**

Source: Etzioni 1975.

Power	Description
Coercive Power	The threat of negative consequences (incl. physical sanctions or forces) should compliance not be forthcoming.
Remunerative Power	The promise of material rewards as inducements to corporate.
Normative Power	The allocation and manipulation of symbolic rewards, such as symbols, as inducements to obey.

In addition, (Burnes, 2009) extended this by identifying not only types of power but also sources of power with such as, Knowledge Power:

**Knowledge Power-** the control of information

All four types of power can be and are deployed in organisations. The effectiveness and degree depends upon the source from which they spring.

### 2.3.4 Leader Power for Managing Change

Models that subscribe to the school of thought of change management in which leader power is central are of two general types: leadership and power flow. This is critical in a dynamic political environment such as public sector, as the nature of operation is through effective power structures. Further assumption is that leader power is important to the achievement of desired change with an organisation through

influencing followers and managing the reverse influence of followers on them.

All change models require sufficient leader opportunity and ability to influence behaviour, however to be effective in championing change a leader has to take a systematic power inventory before attempting organisational change. This positions a leader to be strategic in his/her approach. Lee (1977) suggested that such an inventory should be taken prior selection of a change strategy.

Lee (1977) provided a total power system approach which outlines: total power (TP) affecting the subsystem equals leader power (LP) plus subordinate power (SP) plus work design power (WDP) plus extraneous power (EP),

$$TP = LP + SP + WDP + EP$$

Boonstra and Bennebroek Gravenhorst (1998) argued that within the power bases, the dominant strategy is the exchange strategy - this strategy is suitable in politically sensitive situations. Organisational change, which does not challenge the existing power structures, will maintain the existing distribution of power and the existing logic, which will in itself achieve only a first-order change.

## **2.4 Organisational Culture**

Burnes (2009) suggested culture represents ‘the collection of traditions, values, policies, beliefs and attitudes that constitutes a pervasive context for everything we do and think in an organisation. He considers organisational culture to be the product of a number of different influences: the society’s values and characteristics, the organisation’s history and past leadership and argued that organisations are small-scale societies and can therefore be expected to exhibit evidence of their own cultural characteristics. These characteristics, partly unconscious, are historically based and learned.

Because of their origins and evolution, organisational cultures differ. Holbeche (2007) pointed out that cultural differences are often seen when two or more organisations are brought together in a merger or in a collaborative effort such as in partnerships or customer-supplier relationships.

### **2.4.1 The importance of culture in the organisation**

Deal (1999) defined organisational culture as values, beliefs and behaviours that differentiate one organisation from another. Schein (2004) further acknowledged organisational culture as a dynamic phenomenon that surrounds us at all times created

by our interactions with other and shaped by leadership behaviours and set structures, routines, rules, and norms that guide and constraints behaviours. Some of these attributes have been moulded by past leaders, either good or bad through years of influence, indoctrination and reinforcement this magnifies that leaders of organisations are responsible for the climate they create in their organisation.

Holbeche (2007) suggested that organisational cultures are dynamic entities; they are in constant low-level state of flux and evolution and naturally give rise to all kinds of incremental changes. He argues that culture is shaped by many factors, including societal cultures in which an organisation resides, its technologies, markets, and competition and the personality of its founding fathers.

Gordon (1991) defined transformational culture as embedded on three outside influences that substantially influence the network of groups within and outside the organisation and which shape culture over a long period of time. These influences are customer requirement, the competitive environment and societal expectations, which impact transformational culture.

This suggests that cultures are always adapting to the changes and not resistant to change. Additionally culture develops during the course of social interaction; similarly there are many different and competing value systems that create a range of organisation realities and subcultures, rather than a uniform corporate culture (Gordon, 1991). Culture's patterns are enduring and provide employees with a sense of continuity. Through its formation and establishment culture is viewed as an instrument satisfying certain needs, an adaptive and regulative mechanism.

While an organisation's culture can play a positive role in responding to external factors, some cultures can have a negative impact. Whenever an organisation responds to external changes, culture and sub-cultures play a critical role in this process, resulting in resistance to the required change (Schein, 1996:326). A number of authors suggest that organisational culture is vitally important for nurturing sustainability (Burnes, 2009; Rimanoczy and Pearson, 2010).

### **2.4.2 Culture as a strategic construct**

Culture is seen as controllable by management and contributing to the overall balance and effectiveness of an organisation. Commentators have viewed that culture is a critical strategic construct to managing successful organisations. Bate (1995, p.15) fundamentally believes and argues that there is no distinction between strategy and

culture and supports that “...*culture is a strategic phenomenon: strategy is a culture phenomenon*”. This is a twofold implication embedded on two factors:

- Any kind of strategy formulation is a cultural activity, which is that the development of strategy is just a cultural development.
- All cultural changes should be viewed as strategic changes.

Martins and Terblanche (2003), emphasized that organisational culture plays an indirect role in influencing behaviour by using reasonable managerial tools such as strategic direction, goals, tasks, communication, decision-making and interpersonal relationships which are designed to implement various organisational successes. Additionally culture as a strategic tool can be used to exert influence on:

- Employee motivation
- Employee morale and ‘good will’
- Productivity and efficiency
- The quality of work
- Innovation and creativity
- And attitude of employee in the workplace

Organisational culture can be a power tool for management control and improving business performance (Brown, 1995). It can also be a competitive advantage as exemplified by Hewlett-Packard and IBM. The CEOs respectively had embedded an organisational culture with basic beliefs of excellence, customer satisfaction and respect for the individual. The lesson here is simple and dynamic: organisational culture as a key to both short-term success and, unless managed correctly, long-term failure. That culture can provide competitive advantage but it can also create obstacles to the innovation and change necessary to be successful (Brown, 1995).

According to Kotter (1996, p.11), unified culture offers advantages:

*“Corporate cultures can have a significant impact on a firm’s long-term economic performance. We found that firms with cultures that emphasized all the key managerial constituencies’ outperformed firms that did not by a huge margin.”*

For organisational culture to be effectively introduced and operational, the two crucial variables, which need to be in place, are leadership and the style of management. It is vital for the success of the change process because it is the manager who will maintain the new practices after the initial implementation period. Change management helps to facilitate employees returning to their work after change happens, making it faster and more effective (O’Neill, 2012). Change management encourages individuals to

embrace change and adapt new skills, behaviours, and values by change leaders who make individuals able to transit successfully from current state to future one (Fernandez and Rainey, 2006; Kunze, 2013).

In managing change for results, change leaders should embrace the two main levels where change management practices can be applied:

- Individual change management where individuals are supported and managed in how to transit change successfully by teaching them good tools and techniques and understanding their roles through change process (Haitt and Creasey, 2012).
- Organisational change management that is defined as the manager's perspective from the top looking down in the organisation. It concerns the skills and practices that help the organisation navigate the needed change easily and successfully. It includes using individual change management tools with organisational tools like communications, and training the overall culture of the organisation (Mou, 2013).

## **2.5 Change Management Models**

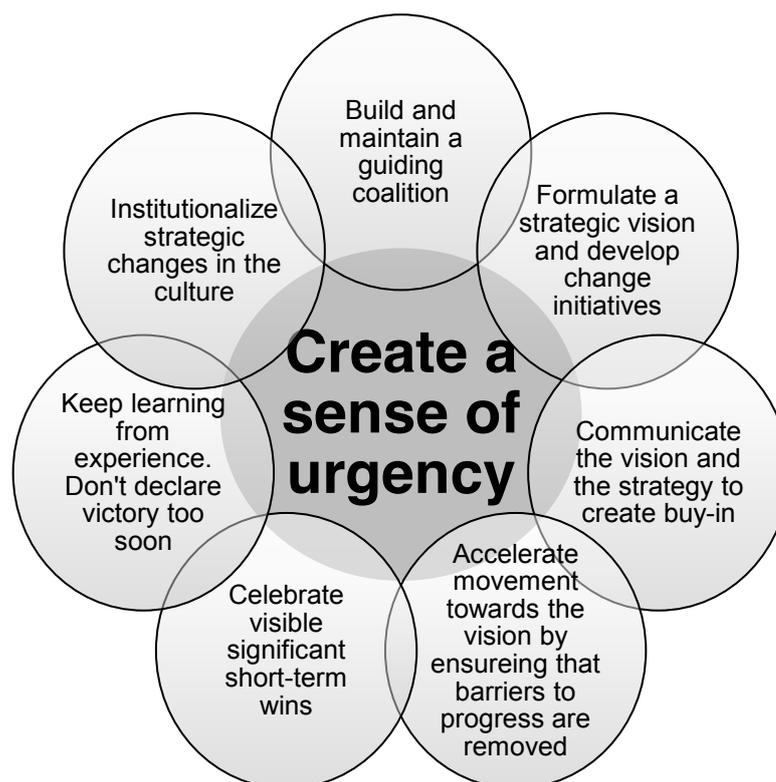
Having analysed the founding concepts of change management the researcher wanted to close the gap by presenting a managerial framework for the implementation of change management. This has been deemed necessary as all of the available change management frameworks are general in nature and cannot be used to deal with the complexity and nature of change in the public sector. The researcher here analyses Kotter's change management model, Lewin's model and O'Neill's model.

### **2.5.1 Kotter's Model**

Kotter (1996) has presented a change management model as a result of studying change management practices in more than hundred organisations. Kotter's model concentrates on making change happen. Kotter (1996) highlighted the importance of the feeling about the necessity of the change in the organisation and indicated the need of effective communication through change process (Mou, 2013; Cameron and Green, 2004). They found weakness of this model to be that it does not cover fast changing business environment.

**Figure 4: The Heart of Change.**

Source: Kotter, 1996.

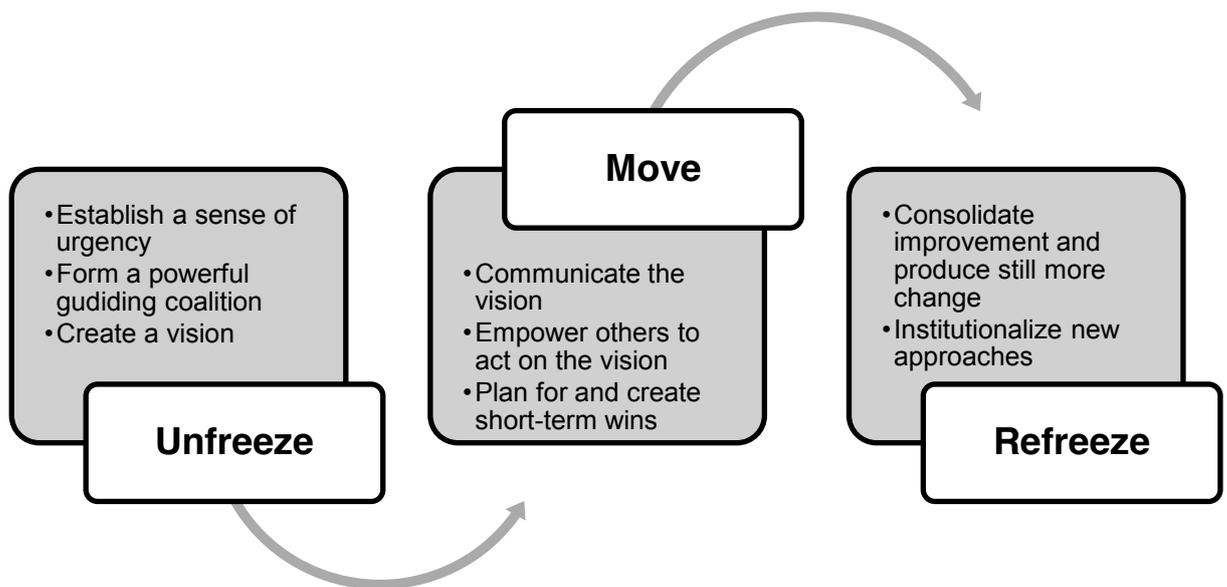


### **2.5.2 Lewin's Model**

Vakery and Antonio (2010) described Lewin's model as visualizing change as a process, which keeps forces that affect the behaviour of the system stable. Vakery and Antonio, 2010 further found that Lewin's model of change includes three steps: unfreezing the status quo, then changing to the desired future state and refreezing the new state. They found that although the model is theoretically comprehensive, it showed lack of practical tactics that can sustain organisational change.

**Figure 5: Kurt Lewin's Three-Stage Process of Change**

Source: Lewin, 1951.



### 2.5.3 O'Neill's Model

O'Neill (2012) stated that the process of organisational change can be successfully managed in five steps:

- Big message shared within the organisation about change and its benefits.
- Determining the readiness of change and the attitude of employees.
- Communicating the plan of delivering the message.
- Celebrating the start of the change process.
- Evaluating the process, summarizing lessons and applying them.

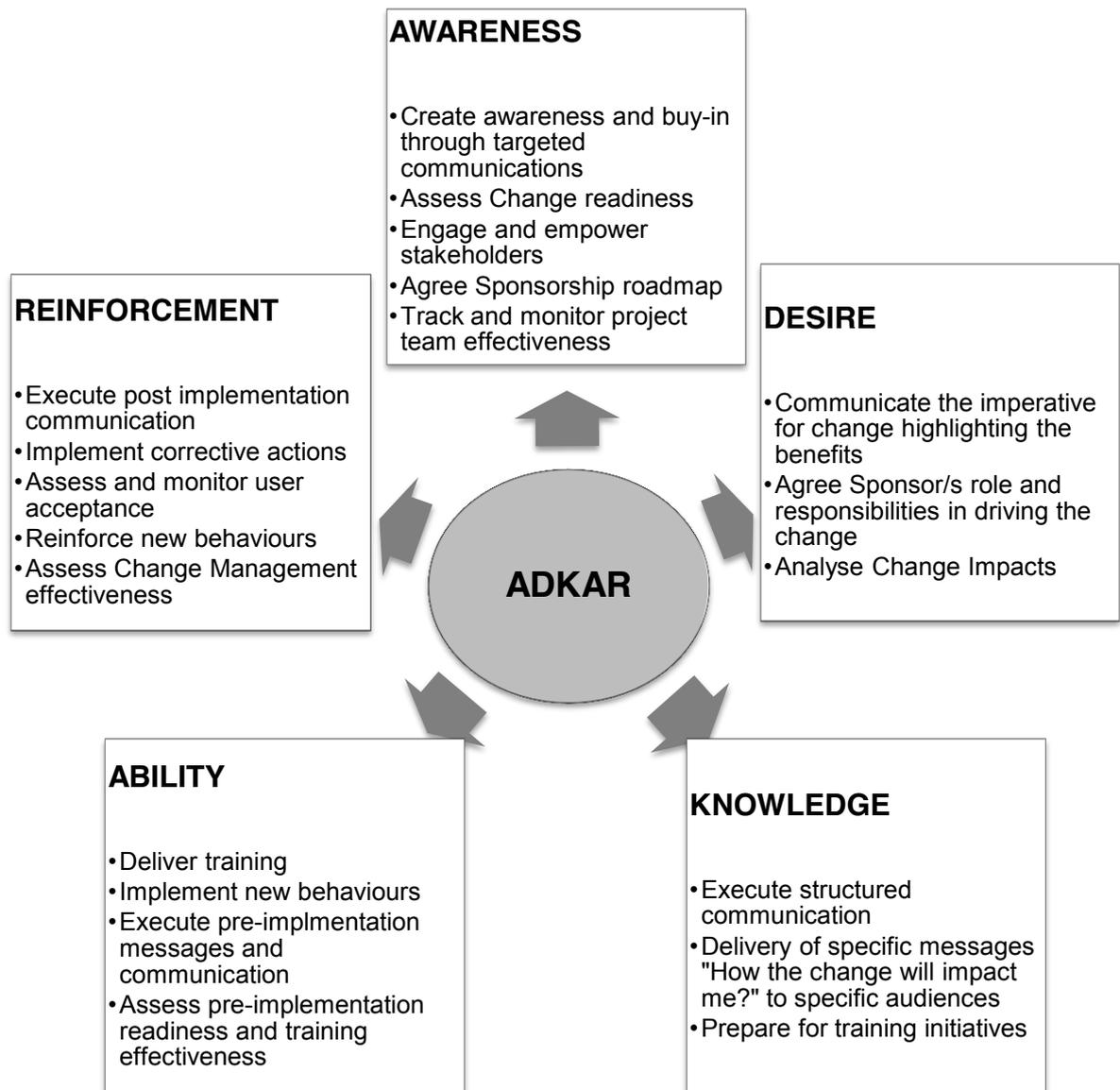
One of the shortcomings of this model is that it lacks clear identification of strategies to deal with employees' resistance and organisational readiness aspects.

### 2.5.4 The ADKAR Change Management Model

The ADKAR model is for managing change. It stands for awareness of employees, their desire to change, their knowledge about change, ability to change, and reinforcement to keep change in place. This model can help managers to determine where their employees are in the change process. It only deals with leveraging employee's capabilities to support the change, and it does not cover organisational aspects in the change process (Rafferty, 2009).

**Figure 6: The ADKAR Change Model**

Source: Raftery, 2009.



## 2.6 Conclusion

The literature reviewed seems to suggest that for change to be successful, it should be managed in the short-term in a manner that reinforces the continuous long-term pursuit of sustainable high performance within continuously changing, dynamic and complex environments. To remain relevant in organisations and business today leaders and followers need to keep up with change and be at the centre of change.

Leaders, especially in public sector, need to understand, that chaotic change leadership should be considered in influencing decisions and managing change. Chaotic change leadership assists to achieve short-term success as it focuses in leading people by patterns of human interactions. These interactions ensure that

employees and followers capture the vision of the leader and are excited about driving it. Managing change is a human, emotional and symbolic process as well as a business-driven, analytical and rational process. The short-term goal of a change effort should be based on building the organisation's capability to be high performing over time. This leads to the need for understanding which leadership styles facilitates employees' commitment to change management initiatives.

Kotter, O'Neill and ADKAR's Models collectively embodied communicating the vision throughout the change process as an essential component of change management processes. In communicating the "big" vision, a leader should be aware of his followers, their desire to change, their knowledge about change and their ability to change. Comprehending these fundamentals establishes the foundations identifying the need for change, managing and packaging the big change message, celebrating quick wins to keep followers motivated and committed to the change. The Commitment of the entire team will enable the leader and followers to collectively evaluate the process, summarizing lessons and applying them.

Power bases were noted as a key attribute to effective change leadership. Understanding the power bases possessed by leaders is critical for understanding the capacity to influence decisions and better comprehend the politics underplaying the structures in organisations. Great leaders have a balanced understanding of their own power position and that of their followers, enabling them to find synergy in collaboration of power forces to achieve the desired results and objectives. The case study will unpack the power bases leaders and followers need to balance an effective change initiative. This will be addressed by the investigation of which power bases do management collectively needs to achieve effective change initiative.

It is the fundamental task of leaders and managers to establish, manage, and sustain organisational culture that speaks to the vision, values and strategic goals of the organisation. The comprehension that corporate culture can have a significant impact on an organisation's long-term economic performance is fundamental to chaotic leaders to monitor and manage as a corporate line item critical to the survival of business as EBITDA. It is identified that for organisational culture to be effectively introduced and operational the two crucial variables, which need to in place and intact, are leadership and the style of management, which is linked to its power bases. It is vital for the success of the change process because it is the manager or leader who will maintain the new practices after the initial implementation phase. The case study will establish the factors, which hamper organisational cultural change initiatives.

A critical point from the theory poses a point of understanding on what are the indicators of the interrelationship between leadership and culture during institutional transformation.

The next chapter will propose research questions that will guide this case study. These research questions will follow from the three pillars of change management namely, leadership, power bases, and organisational culture.

# Chapter 3: Research Questions

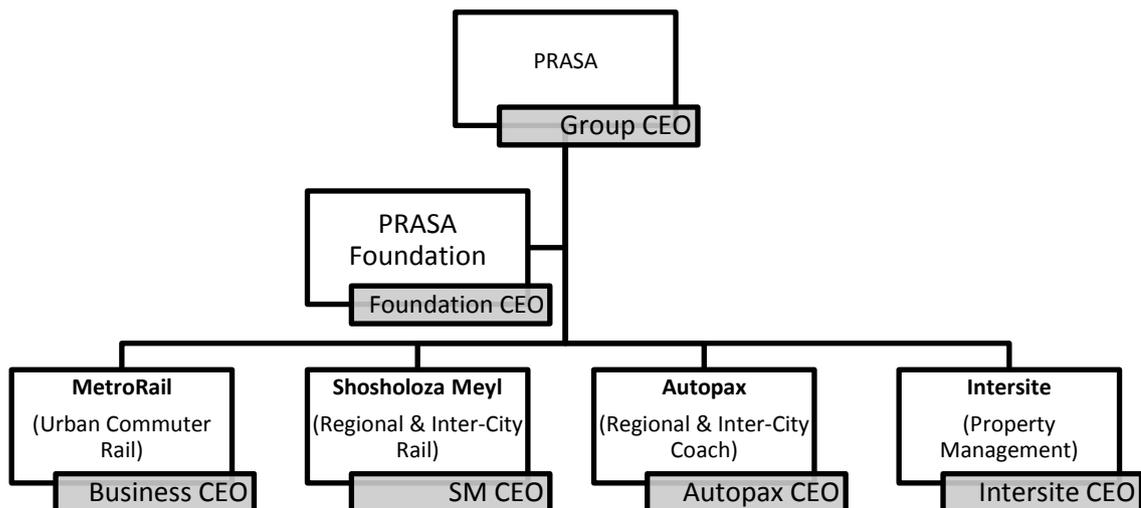
The objectives of this research are twofold: firstly it will attempt to investigate which leadership and power bases are dominant at PRASA and secondly, it will attempt to assess how culture affects change initiatives at PRASA.

The overarching goal of the study will be to establish whether leadership, power bases and organisational culture are predictors for the success of change initiatives; and how they influence change management. The study is concerned with the cause-and-effect relationship between the three variables and change management outcome.

## 3.1 Research Scope

The scope of the research looks at the drivers of change management in the Passenger Rail Agency of South Africa (PRASA).

Figure 7: PRASA Organisational Breakdown



The **Passenger Rail Agency of South Africa (PRASA)** was formed in 2011 from a merger consisting of four branches that previously formed part of Transnet before its own transformation and re-structuring effort. These are Metrorail, which operates commuter rail services in urban areas; Shosholoza Meyl, which operates regional and inter-city rail services; Autopax, which operates regional and inter-city coach services; and Intersite, which is the entity’s property management arm. Each of these branches has its unique corporate culture, leadership and power structures, which have informed the governance of each organisation.

PRASA’s strategy seeks to create a modern public entity by 2017; an entity that will be

able to deliver quality passenger services on a more sustainable basis. This would be achieved through:

- Investing in new capacity such as modern trains, signalling and telecommunications systems, infrastructure, transit orientated developments and new generation stations, access control and other operating systems;
- Unlocking the value of the assets such as the PRASA telecommunications network and the Property Portfolio; and
- Effecting key Operational Efficiencies for improved Service Delivery as well as the Modernization of Operations through the introduction of technologies in critical areas such as ticketing, cabling, booking systems, energy regeneration and many others.

The CEO of PRASA has communicated that the transformation of PRASA as an organisation, and change management in relation to all its employees, becomes critical at this stage of the business of expansion. Investment in equipment that is not accompanied by the training and re-training of people, re-evaluation of structures, institution of effective management systems and a new set of values to drive service delivery, will undermine and potentially derail the very modernization drive currently underway. PRASA therefore needs to undergo its own major organisational transformation to meet and deliver on the challenges of our times.

The scope of the research, based on this understanding, is to evaluate how PRASA management used organisational transformation to a achieve stakeholder buy-in in an effective turnaround strategy in the last four (4) years.

### **3.1.1 Research Motivation**

The topic and focus of this research is motivated by the need to review present change practices in the South African state-owned entity context. To the reader, the research aims to proffer some insights into matters of corporate leadership in the implementation of change management strategies within the South African public sector context, using PRASA as a study. From this, inferences may be drawn to facilitate an understanding of change initiatives within holistic government structures, which will impact service delivery and mandate execution.

State-owned entities lie at the heart of the government's developmental state model. But without effective sustainable turnaround strategies they risk becoming the stumbling block in South Africa's development. Understanding the critical touch points needed to effectively operate these organisations for the government will help bolster

the economy of South Africa and have an impact on national competitiveness globally.

The questions arising from these are as follows:

- What hinders state-owned entities from having effective change management?
- How critical is it to understand power bases when championing change?
- How critical is leadership in implementing lasting change management?
- How does organisational culture impact on the success of a change initiative?

### **3.1.2 Research Objectives**

The researcher will attempt to gain a deeper understanding into the factors that facilitated or hindered change management at PRASA. The case study will also scrutinize empirically, the adoption of change initiatives in PRASA, their management and the major challenges at the initiatives are facing.

The researcher will evaluate how PRASA management used leadership, power bases and managed culture to achieve stakeholder buy-in in a turnaround strategy over the last four (4) years.

The case study will: -

- Establish which leadership styles in an organisation facilitate or elicit commitment from employees throughout the change management process.
- Establish the power bases management needs to collectively harness to achieve effective change.
- Identify and analyse the factors that hamper organisational cultural change initiatives in state-owned entities.

## **3.2 Research Questions**

Three research questions were formulated based on the literature review in Chapter 2, which has shown that an innovative culture is the most desirable culture for increased performance. The research will attempt to answer the following questions:

- Research question 1: How do leadership styles facilitate employees' commitment to a change initiative?
- Research question 2: How are power bases critical for management to collectively achieve effective change?
- Research question 3: How does organisational culture hamper change initiatives?

### **3.2.1 Proposed Outcome of Research**

The case study is designed to better understand the theories of successful change initiatives on Leadership, Power bases and Organisational Culture. The following chapter presents the research design methodology followed in this study.

# Chapter 4: Research Methodology

## 4.1 Proposed Research Method

This section will lead the researcher into a case study analysis and design, which will be at the heart of this research. Overview of the data sources will be highlighted in conjunction with analysis and presentation of the data. As this is a case study method, the researcher will also acknowledge limitations.

### 4.1.1 Rationale for proposed method

This study was aimed at discovering “how” and explaining “why” leadership, power and culture as components of change management are critical within public sector institutions. This is critical for institutional improvement and success to achieve performance management and delivery on mandates, managed with the best possible strategies.

The management of change of public sector to achieve economic development and effective service delivery is an embryonic study requiring more deep-dive understanding. “In general, case studies are the preferred strategy when “how” or “why” questions are being posed, the research has little control over the events, and when the focus is contemporary phenomenon within some real-life context.”(Yin, 2003, p1). “How and ‘why’ questions are more explanatory and probable to lead to the utilisation of case studies. This case study will therefore specifically investigate within PRASA:

- How leadership styles facilitate employees’ commitment to a change initiative.
- How power bases are critical for management to collectively achieve effective change
- How change initiatives is impacted by organisational culture.

Gerring (2007) stated that a case study might be understood as the intensive study of a single case where the purpose of that study is to shed light on a larger class of cases (a population). The researcher intends to understand and analyse the change management initiatives in PRASA intensely. Gerring (2007) further argued that the benefit of a case study method is that one can use variety techniques- both quantitative and qualitative, for the gathering and analysis of evidence. This lends the research to a characteristic of flexibility.

“You would use the case study method because you deliberately wanted to cover contextual conditions-believing that they might be highly pertinent to your phenomenon study” (Yin, 2003,p.13). Yin (2003) further explained that in conducting a case study the goal would be to expand, explore and generalize theories. “Case studies are generalizable to theoretical propositions and not to populations or universe” (Yin, 2003,p.10).

The main purpose and intention here was to investigate the particular situation in a real life context which is similar to the researcher’s problem statement using a hybrid sources evidence which were interviewing, observations, relevant source documents and any additional evidence obtained during the interview process.

To truly understand the change management initiatives in PRASA, it is necessary to comprehend the dynamics and context within which their leadership operate and facilitate decision-making. The case study method of research allowed for the unearthing of important variables and provided the flexibility to pivot the research as the study developed.

#### **4.1.2 Qualitative Case Study**

The perspective of academics determines that factors in deciding that qualitative method is for analysis and interpretation of how people think, feel and act. The benefit of qualitative case study is that it values the perspectives of stakeholders and participants, observing natural occurring circumstances and interpretation in context (Simons, 2009).

Simons (2009) emphasized that qualitative study provides the opportunity to address the ‘how’ and ‘why’ relating to the phenomena of change management and further address the research questions in depth. Through this approach detailed interviews and in-depth analysis allowed for a broader understanding of change management through insights and experiences of senior management, junior management and management consultants perspective.

The definition of population as per Sanders and Lewis (2012) was “the complete set of group members” (Sanders and Lewis, 2012,p.132). The population for the research was Passenger Rail Agency of South Africa (PRASA) employees on various levels looking at change management post the merger. Methodology required to be in a structure that could assess the change management events and process

independently of other events within PRASA. The population in this instance, of relevance for this case study was the PRASA employees.

## **4.2 Case Study Analysis**

(Yin, 1994) described that case study analysis can be categorized into five (5) categories: Explanatory, Descriptive, Illustrative, Exploratory and 'Meta-evaluation'. (Yin, 1994) seemed to be in agreement with other academic researchers that the most important of these, is explanatory which is used to, to explain the casual links in real-life interventions that are too complex for the survey or experimental strategies.

## **4.3 Case Study Design**

Semi-structured interview with opened-ended questions to facilitate change discussions and comprehend approaches and strategies, the 'how' and 'why' certain strategies had succeeded while others did not achieve the desired results.

Observational approach and questionnaire to senior management, junior management and management consultant(s) was used to establish fundamental practices of change and how individual within PRASA view these change initiatives. The researcher used the identified keys factors of leadership, power bases and organisational culture to understand how change management initiatives worked through gaining opinions and views of senior management and employees.

### **4.3.1 Data Collection**

Consistent with the case study research, a number of data sources were incorporated in order to conduct a thorough examination of change management. Yin 2003 proposes that there are six data main sources in case study research, including documentation, archival records, semi-structured interviews, direct observation, participant-observation and physical artefacts. The research made use of documentation, archival records, semi-structured interviews and direct observation. Individually, each of these sources provided a partial representation of the activity examined. Collectively, analysis and comparison of the data provided valuable insights into the phenomena of change management (Simons, 2009).

Discreet interviews were used with junior employees to ensure confidentiality and anonymity. Information was collected by asking a mixed group of PRASA employees' pre-prepared questions; their answers formed part of the data to be analysed. The researcher will evaluate questions to find out if they are well understood and if the

answers are meaningful (Krosnick and Presser, 2010).

Yin (2003) argues that during a data collection activity, a researcher should be able to take advantage of unexpected opportunities rather than being crippled by them and also be able to exercise sufficient care against potentially biased procedures. Further understanding and care must be given that a researcher should be prepared to carry out the data collection activities with a minimum of discretionary behaviour, and in this sense, the activity is routinized and analytical.

### **4.3.2 Data Sources**

Consistent with the case study research, a number of data sources were incorporated in order to conduct a thorough examination of change management and obtain a more complete understanding of this construct (Yin, 2003). The four data sources included documents, archival records, semi-structured interviews, and observation. Individually, each of these sources will provide a partial representation of the activity examined. Collectively, analysis and comparison of the data provided valuable insights into the phenomena of change management. Each of the methods is considered separately in the following sections.

#### **4.3.2.1 Document Analysis**

Documentary analysis was based primarily on publicly available texts, such as newspapers, media articles, and websites. The data related to the period from 2011 to 2014. In most cases, media reports and publicly available data were available from 2011 onwards, reflecting the year; Mr. Tshepo Montana was appointed as PRASA merger Group CEO.

Documentary analysis provided a useful starting point to gain an understanding of personnel policies, archival records, other reported behaviours, attitudes and perceptions, and organisation outcomes.

#### **4.3.2.2 Interviews**

Interviews were valuable in gaining an understanding of the experiences of others. As a result, a fundamental benefit of the interviews was the opportunity to access the perspective of the interviewees through direct interaction and inquiry.

Data collection was enhanced by understanding the issues and challenges faced over the period of transformation, using:

- a) A semi-structured interview with the Group Chief Executive Officer and Executive Management.
- b) Observing some of the Group Executive Business Development and Acting Human Resource Executive leadership sessions with her staff.
- c) Discussions with five incumbents of PRASA's junior management.
- d) Discussions with three incumbents of PRASA's middle management.
- e) Interviews with six key change management staff in PRASA.
- f) Observational studies with six change management staff in PRASA.

The interview protocol served as a framework, such that questions could be tailored to individual participants, background research could be incorporated and verified, and interviewees had the opportunity to raise additional points, which they considered relevant. Interviews were semi-structured and remained conversational, questioning was phrased as inquiries rather than interrogation, a level of trust was established through reassurance of confidentiality, and interviewees were consistently cautious in not providing details outside of their knowledge. Interviews were conducted on the basis that perspectives of the senior management and external labour unions were meaningful, could be made explicit.

The approach to the design of the interview questionnaire (Saunders and Lewis, 2012, p. 223) was to:

1. Build a preliminary framework on the review of theory from academic literature prior to the design of questionnaires and structured interviews. This was done using the three pillars of change management: Leaderships, Power and Culture based on the literature review.
2. Pilot the interview with the researcher's supervisor to test and critique the validity of the questions.
3. Design semi-structured interviews – critical points to further enhance the interview questionnaires were taken during the interview. Voice recordings were requested to be used to produce a full record and transcript of the interview, however, the request was declined by all participants. Internal validity was achieved by aligning the insights from the literature reviews to the interview schedule. The interview schedules were designed such that the research objectives were met, together with elaboration from the understanding of the theory from the literature reviews. The interview schedules were piloted prior to commencing this fieldwork. The aim was to ensure that the findings could be explained in detail. The combination of questionnaires, interviews and observational studies explored the details of findings and so ensured reliability.

#### 4.3.2.3 Observational Studies

Interviews were conducted at the Pretoria offices of PRASA. This afforded the researcher the advantage of observing the environment and context in which the investigated phenomenon was occurring, and occurred provided an opportunity to consider the unspoken aspects of the interview. It allowed the facilitation of a more complete picture of the interviews, allowing the interview data to be more effectively evaluated.

Observation data was not considered in isolation, but rather in conjunction with data from interviews and documentary analysis. Consequently, each of the four data sources provided different benefits and addressed specific purposes. Collectively, however, the four data sources complemented each other such that the strengths and limitations of each research method were offset to the extent possible, and synergy achieved from combining multiple sources and methods.

#### 4.3.3 Criteria for Participant Selection

Participants were selected based on their managerial level and the number of years of service in PRASA. Participants who were at PRASA at various organisational levels were selected in order to gain a variety of perspective and views. These included the Group CEO, PRASA Foundation CEO, Senior Manager: Organisational Effectiveness, Autopax CEO, Human Resource Manager, Finance Managers, Marketing Managers and Junior Management. Other participants were selected based on how long they had been working for PRASA. Where this period was at least five years it was considered that participants had sufficiently experienced the change effort, and could give a fair account of that experience.

### 4.4 Data Analysis

Data analysis in qualitative research can be likened to a metamorphosis where the researcher retreats with the data, applies her analytic powers and finally emerges with the findings, the process is highly intuitive and it is not always possible to locate the source of an insight (Merriam, 1998).

### 4.5 Data Validity and Reliability

Qualitative research, unlike quantitative research needs to convince the reader that the study makes sense, unlike the quantitative study that has to convince the readers that

procedures have been followed faithfully (Merriam, 1998). In order to introduce rigor into the study an expert in qualitative analysis was consulted. The data was presented to the consultant as well as the preliminary findings in order to determine whether the results are reasonable.

## **4.6 Assumption**

Some assumptions made in this research study were based on the interviewees themselves. The research assumed that all interviewees understood the details of the actual change management that had taken place at PRASA and were part of the whole process. In this sense, an assumption was made of the interviewees' unbiased views of the happenings during the period under investigation. A sense of trust between the interviewees and researcher was established to create openness in their views and integrity was relied upon to use those words in the research study.

## **4.7 Research Ethics**

The research was carried out in a way that ensures the confidentiality of information received from PRASA, and the non-disclosure of any information received which may be commercially sensitive. All participants were also guaranteed anonymity – no individual has been named in the research project.

Respondents were given a clear written description of the purpose, scope and intended outcomes of the research. The type of information required for the research was clearly stated, as was the policy for anonymity and confidentiality (Saunders and Lewis, 2012, p. 223).

## **4.8 Limitation**

This research is limited to PRASA no assumption can be made that all state-owned entities experience similar issues and problems or go through similar solutions, however, the findings could however be generalized. The research study did not investigate change management in the government department or municipalities due to the political nature and cultural status in government at the time. It must be noted that limited time was spent at PRASA; hence there was a tight timeline for ascertaining and conducting all interviews, observational studies and discussions PRASA.

Due to the intense political nature of the environment interviewees requested not to be audio recorded therefore leaving the researcher with only the option of hand noting the interview content.

## **4.9 Conclusion**

The following chapter presents the results obtained by employing the method and techniques detailed above on the activities and transformation efforts at PRASA (Chapter 5). Further analysis and comparison of the data and findings will provide the opportunity to examine the factors around institutional transformation at PRASA in a practical context (Chapter 6).

# Chapter 5: Results

## 5.1 Introduction

The interviewees for this research were made up of a diversified group of fourteen PRASA officials from different religious, gender, age and racial groups to ensure differentiated perspectives. Four of these were in-depth expert interviews with senior leaders. Another ten interviews were conducted with middle and junior managers.

The following approaches were followed:

- Expert interviews with the CEO of the PRASA and three (3) executive members;
- In-depth interviews with eight (8) members of the senior management, junior management, and staff of PRASA;

In addition to the fourteen interviews, observational studies were conducted with five other PRASA employees as well as a review of policy documents, media articles and records of decisions taken in the process of transforming PRASA. The analysis of the results in this chapter was conducted using the research questions from Chapter 3 as a guide.

## 5.2 Results

### 5.2.1 Change Management

There are many ways of implementing change. However, planned change - which is a purposeful, calculated and collaborative effort to bring about improvements with the assistance of a change agent (Rousse, 2006) - is the most commonly adopted (Bennett 2003; Jooste 2004; Murphy 2006; Schifalacqua, *et al* 2009a). Change is vital to progress, yet the literature identifies numerous complexities associated with transforming plans into action, and attempts at change often fail because change agents take an unstructured approach to implementation.

Before embarking on change, managers may first consider their strengths and weaknesses in terms of their leadership skills, because these can greatly affect the outcome of a change project. The role of leaders is multifaceted. Schifalacqua, *et al* (2009a) stated that an 'impassioned champion' is essential in change models, because s/he provides inspiration, vision and support to everyone involved. Murphy (2006), meanwhile, suggested that leaders should be seen as team players with the same goals as the rest of their team, rather than as stereotypical organisational leaders.

## 5.2.2 Leadership Styles

Research Question 1: Which leadership styles facilitate employees' commitment to a change initiative?

### 5.2.2.1 Autocratic Leadership and Demand for autocracy

Most of the interviewees experienced leadership within PRASA as autocratic and predictable, with a high level of productivity but often-low motivation, creativity and morale. The Group CEO described the change at PRASA as having to do with managing changes closely and therefore autocracy, through the use of a top-down approach was perceived as applicable when such change is demanded, as opposed to democratic leadership which was perceived as more appropriate for groups working together and where autonomy was promoted.

The majority of the interviewees confirmed that PRASA leadership was autocratic and enforced a work ethic of achievement with a focus on results. With a merger of four entities, which needed extensive capital investment and bold leadership decision-making, the leadership team's position was critical.

*"Such an aspiration would require an investment far beyond the R25 billion already allocated by national government for the next three years. In the meantime, however, the focus is on a significant catch-up investment programme, designed to incrementally improve the existing service, which is currently able to sustain about 650 million passenger journeys yearly. Some R4 billion has already been spent on upgrading rolling stock, and there is a programme to upgrade 2,000 coaches by the end of 2016. I anticipate that about R5 billion would be spent in the next financial year"* (Group CEO: PRASA, 2014).

Most of the interviewees confirmed further that for this merger to function systematically and to achieve maximum operational efficiency, the leadership component is critical for a successful change implementation. Leadership had to be firm and could be useful in crisis situations. Such a leadership has frequently been seen in large bureaucracies, which was the case after a merger of large entities, which formed PRASA.

All of the interviewees also confirmed that even though they regarded PRASA's leadership as autocratic, they found their working environment as exciting and dynamic with a need for an entrepreneurial spirit to encourage autonomy and innovation to bring

at about effective change. This, they believed would enable an environment conducive to excellence and innovative approaches to facilitate success through team and individual contribution to PRASA's objectives.

*"To describe working at PRASA for me can be summarized in the following words: dynamic, interesting, entrepreneurial, effective supply chain management and at times politically unstable"* (CEO: PRASA Foundation, 2014).

#### 5.2.2.2 Political Leadership

PRASA's mandate is service delivery and not necessarily profit-making. Some senior managers held an opposing this mandate. It was their view that PRASA was mandated and operated as a social and not an economic entity. This made it difficult for strategies to be adopted to turn the organisation around financially. Many interviewees felt that power emanated from politics and that for political leadership to achieve effective change it needed to have the necessary power - and the key should be for PRASA to achieve economic profits, this being the focus of leadership.

*"PRASA has a mission to get people where they need to be reliably and on time. Respecting the fact that the mandate is not to maximize profit, we however need a balance between service delivery and profit maximization if innovation and optimization of asset utilization are to become self-funded. This should be the focus of the political leadership"* (Senior Manager Financial Reporting, 2014).

Some senior and middle managers expressed their beliefs that it is not critical to focus on the political nature of leadership but to focus on personal work ethic and know what battles to fight, which should be aligned to career and personal goals. The sentiment was that it is fundamental to let politicians to play the political game, whilst leaving administrators to manage the operational and administrative elements of organisational success.

#### 5.2.2.3 Visionary Leadership

The Group CEO is perceived by some executives and staff members to be a visionary leader whose aim is to drive and develop PRASA as an economic enabler for South African commuters by moving them to their various destinations in line with PRASA's tagline: *Be Moved*. There was a general consensus that having a leader with a vision, which drives the future of PRASA, is critical to the success of achieving the mandate of the entity. Such clarity of vision, within the dynamics and political landscape of PRASA, enables collaboration between all the stakeholders including those coming from the

entities, which merged to form PRASA. This is seen as fundamental to attaining lasting change at PRASA.

*“While the urgent challenge to improve passenger services remains primary, the rolling stock fleet renewal programme has been designed to achieve a number of key government objectives. This can work with each individual at PRASA contributing to the fulfilment of our brand promise; A promise that includes the delivery of quality service to citizens, revitalization of South Africa’s rail engineering industry through local manufacturing and ensuring local content as part of government’s Industrial Policy Action Plan, employment creation, skills development and broad-based black economic empowerment”.* (Group CEO: PRASA, 2014)

Vision alone is not sufficient. Employee buy-in and support is a fundamental and critical aspect attached to a leader’s vision. A culture-fit is critical to obtain a successful environment and facilitate the execution of a communicated vision by leadership. For some, visionary leadership went beyond strategic objectives but also included the ability to transfer knowledge and create an environment for a participatory leadership model.

*“There is no perfect leader. I have experienced participatory leadership styles in PRASA from some executives; mentorship-like leader styles which aim to build leaders through their engagements. I call it educative leadership. Having a strong level of participatory engagement with a combination of the visionary element”* (Assistant to CEO: PRASA Foundation, 2014).

#### 5.2.2.4 Institutionalizing the Change through transformational leadership

When companies merge, more often than not it is either to complement or enhance their offering or to reinforce their existing offering. That situation often leads to a merger not only of the products and services but also of human capital, which requires change strategies.

When a business fundamentally re-thinks its business strategy, it should re-think whether its brand reflects this change. A brand is the face of the business strategy and defines the relationship an organisation’s stakeholder has with it. It is a promise made, and a promise kept. Therefore, that promise must be aligned with the business strategy, and re-thinking the brands message does not necessarily mean change. It may be that the considered message is exactly what it needs to be, and therefore no

change is required. In this case however, rebranding was one of the critical elements that brought about and the vigorously pursuance of change in 2009 when the merged PRASA brand was launched with the brand strategy of: *Be Moved*.

The introduction of change in any organisation is always a difficult task. However, the need for and benefits to be realized through change make it an inevitable occurrence in any business setting. The Group CEO focused on unifying the newly formed entity under the banner of PRASA. This commenced with the creation of a sense of belonging and building a brand that talks to every employee. Responses from the interviewees indicated that the unification effort under one brand banner still remained a challenge facing PRASA. Its internal stakeholders experience a separation between Corporate Office and the various business units. It was indicated that some business units still utilize their previous Corporate Identity material, as they do not feel part of PRASA.

*“As a leadership team we need to play a more active role in building collaborations between the former state agencies which form PRASA. We have a challenge where employees hosted at our various business units feel that the Corporate Office is mutually exclusive of them. This is our focus for change management at PRASA and part of our vision”* (HR Senior Manager: PRASA, 2014).

An important point emanating from the interviews was that senior managers were aware that institutionalizing the change throughout PRASA's business units was critical to attaining the brand promise of *Be Moved*. All senior managers interviewed agreed that to institutionalize change, communication by leadership structures should be clear and simple and to also be aligned to the regularly communicated vision.

A number of junior staff members had a different view and believed that to effect change, business leaders should lead by example and assist in creating an enabling environment which fosters a focus on connectedness, create cultural shifts from self-interest to a team mentality which makes any change part of the organisation, and most importantly, own the change as they believe they, the junior staff members, are a part of the development of that particular shift in business to achieve strategic and operational goals.

A highlighted perspective by the PRASA Foundation CEO was that emotional intelligence to institutionalize change was a critical part not only for leaders within PRASA but for all employees and stakeholders with a vested interest in the

development of PRASA. That through IQ, EQ and charismatic leadership followers can be inspired and partake in the change initiative. The PRASA Group CEO further indicated that it is imperative to understand and crystallize the interests of every employee to keep them engaged and motivated, as they are critical to making the change an everyday organisational activity embedded within PRASA, and not more than just an event. The majority of the junior staff members expressed their reluctance to change because, although the importance of the goal was clear, there were few role models for them, which hampered the access of leaders reaching out to the employees and the employees to be receptive to the change initiatives.

### **5.2.3 Management Power Bases**

Research Question 2: What power bases do management need to collectively achieve effective change?

#### **5.2.3.1 Sources of Power**

The most critical variable not extensively addressed in discussions of power is organisational change; that managerial decisions should be based on reason and legitimate authority rather than something as “non-rational” as power. Organisational change indicates a recognition that both managing and changing organisations depend heavily on the use of power. Fortunately, not all power is bad, and change can be achieved through its positive use.

Organisational power needs to consider the closely related topic of organisational politics. Politics is power in action. It involves acquiring, developing, and using power to achieve one’s objectives. Change always threatens the existing balance of power in an organisation and politics will invariably be used to maintain balance. Not only must the advocates of change watch out for the political and power plays, they must also use power and politics themselves.

There was a unanimous view on the use of power at PRASA. However opposing views were obtained regarding the sources of the power bases which are apparent in PRASA and its business units. Junior management perceived that coercive power was the order of the day in PRASA. This is used to influence others through the administration of negative sanction. Interviewees also felt that in a political or public sector environment, leaders use coercive power to survive as this enables them to manage coalitions based on whom to trust. Other, junior managers and staff, interviewees indicated that this type of power is used as a tool to instil fear of questioning management.

*“Leader power is necessary if utilized to the benefit of the organisation and to further the strategic goals of PRASA. However, again understanding the nature of the environment in which we operate, leaders need power to survive, as they need to be clear whom they trust. The downside of this is that people fear to question leaders with power”* (HR Junior Manager: PRASA, 2014).

A different perspective was obtained from a business unit Chief Executive whose view was that most leaders have either a charismatic or expert power base or both. This revealed a new framework with regard to how leadership was exhibited in some PRASA business units. With the nature of the business and environment, educative power and leadership was more evident. This educative leadership had the effect of creating for the leader, a power base based on mutual respect through its employee engagement and participative leadership approach. Through this process, a leader involved people in the business and thereby secured a pipeline of leadership to develop for the future. The PRASA Foundation CEO commented:

*“The type of power base a leader possesses is mostly charismatic or knowledge power, I believe in a more educative style of leadership. That which is participative and is enabling to building leaders with a clear culture fit to the organisation”.*

During visits to the offices, it was observed that legitimate power was critical as people influence the actions of others through the office they hold or the alliance to the office itself. It was evident too that followers and subordinates used legitimate power to influence leaders within the business.

It was also evident during observations and interviews that some leaders and followers within PRASA had strong relationships. It also appeared that these relationships did not hamper or negatively influence professional relationships, although it was evident that leaders were groomed in this process. An assistant to PRASA Foundation CEO stated:

*“Change is best brought about through leading by example, wielding power and politics in positive ways, and using the organisation’s culture well to effect the transformation. I report to a leader who does not only use her power to succeed but to empower all of us to be better and be in the pipeline of PRASA leaders”.*

### 5.2.3.2 Political Behaviour in Organisation

Senior managers and junior staff members confirmed that due to the nature of

appointments in PRASA, the behaviour and approach is political. All the interviewees confirmed that with the mandate and direction of PRASA obtained from government and parliament the behaviour of the organisation would inevitably be political. The majority of the interviewees were of the view that political alignment was also prevalent in PRASA with the view that employees were afraid of the term “change management” thus to remain current and relevant one had to be properly aligned. A junior staff member commented:

*“I believe because change will always be perceived as a threat to any existing balance of power in an organisation, politics will always be used to maintain balance.”*

Although the behaviour of the organisation was political, it was noted that PRASA did not always drive a self-interest approach and strategy. All employees had an opportunity to be selected and nominated for various personal enhancement programmes, whether locally or internationally, with full financial support.

The PRASA Group CEO confirmed that although the objective over the past three years was to turn PRASA around, it was the future, which gave him sleepless nights as he prepared to move PRASA forward. Having a tight political agenda, which drives PRASA and its strategic mandate, the Group CEO commented:

*“PRASA is struggling to keep its head above water, but the prices of tickets have not increased in the last five years. We couldn’t increase them – the service was so poor. However, an intention to raise prices by 10% was indicated earlier in the year. Operationally, we turned the company around three years ago. The question now is – how long will this hold?”*

The Group CEO indicated that it had been established that even though PRASA was political in nature, as an organisation it had economic obligations it had to fulfil. The objective was to balance the social, political and economic objectives arising when government seeks to have commercial businesses deliver certain ‘non-commercial’ products and services to the community using their commercial enterprises.

He emphasized that government provided a range of products and services to the community through its established entities such as electricity corporations, port authorities, rail agencies and others. Most of these products and services were provided on a largely commercial basis with the direct intention of making a commercial return for the shareholder, as well as to ensure that the entities remain viable and sustainable.

However, some products and services provided by these entities were intended to meet other *non-commercial* objectives of government. For example, in the case of transport, the government has traditionally funded passenger rail to provide discounted prices for rail travel to lower income groups. It is for this reason that an entity such as PRASA receives an estimated 80% of its funding from the state to deliver passenger rail services. He emphasized the role of PRASA within the context of a highly politicised South Africa as follows:

*“While the urgent challenge to improve passenger services remains primary, the rolling stock fleet renewal programme has been designed to achieve a number of key government objectives, including the “delivery of quality services to citizens, revitalization of South Africa’s rail engineering industry through local manufacturing and ensuring local content as part of government’s Industrial Policy Action Plan, employment creation, skills development and broad-based black economic empowerment” (Group CEO: PRASA, 2014).*

This was supplemented with a strong view from the financial department interviewees. They pointed out that progressive change initiatives could be structured and implemented in PRASA. However, the political sentiments and behaviour of PRASA, as a government agency, would prohibit the visible quick-wins of increases in Earnings Before Interest Taxation Depreciation and Amortization (EBITDA) or cost reduction strategies. They therefore suggested that it was unfair to compare PRASA’s transformation journey with that of its sister company Transnet, as Transnet serves an economic governmental mandate while PRASA serves to bridge the balance between social, economic and political objectives under the responsibility of government and state structures.

### 5.2.3.3 Power, politics and legitimacy

According to a number of interviewees, some cultures foster a conceptualization of power as something to be used for advancing one’s personal agenda, and hence maintaining and promoting one’s powerful status, whereas others foster a concept of power as something to be used for benefiting others.

All interviewees had a uniform view about the intensity of power, politics and how these legitimize communication and impact within PRASA. A senior manager argued that power, which is legitimized by politics in the organisation, results in a challenge of honesty and integrity amongst employees as result of the fear of being victimized or excluded. This they compared to the private sector environment of respect and work ethic where it is about your knowledge power rather than legitimate power gained from

the office you hold which provides a leader with power.

An interview with a junior manager responsible for assisting one of the executives indicated that power and politics causes lack of connectedness, as compliance with instructions will only happen based on the power of the office issuing the instruction irrespective of the importance of the task to be performed.

There were also perceptions that even though power and politics played a major role in the organisation, it however did not legitimize the roles of individuals within the organisation. A number of junior managers confirmed that due to this, there were no middle or senior management structures and that individualism prevailed within PRASA. Therefore politics and the belief of power reduced protocol amongst colleagues, which in turn develops a culture of belittling each other and lack of respect of the person and office occupied by individual.

A view held by some of the junior staff members at PRASA was that power and politics were necessary for the environment in which PRASA operates. However, they believed that a leader in the sector should also have knowledge as a point of power. They also believed that leaders or managers and individuals successful in influencing others did not need power or be power hungry, they just needed to exercise a level of objectivity and empathy in their leadership. The CEO of PRASA Foundation who commented that held a further opposing view:

*“There is no perfect leader and since we are in a service business, I don’t believe there is power of leader or followers because anyone can be a leader. The key is to know as an individual what battles to fight, fight knowing what your end goal and bigger picture is. Most power struggles within organisations are not necessary and do not fulfil your end goal.”*

#### 5.2.3.4 Leader power for managing change

It’s easier for a leader to exercise power when they are aligned with a compelling, socially valuable objective. During the interview with the CEO of the PRASA Group, it was evident that leader power is critical to manage effective change throughout the organisation. His focus was on transforming PRASA into a competitive organisation.

He commented:

*“The ageing fleet combined with rapidly growing passenger need has led PRASA to focus on scaling the rolling stock investment as part of a broader strategy to acquire*

*modern technology to meet changing demands. The rolling stock fleet renewal programme is the catalyst for the transformation of Metrorail services and public transport as a whole.”*

He continued to elaborate that for PRASA to continue with its effective transformation it had to effectively match capacity to anticipated demand growth and reposition commuter rail at the heart of the country's public transport system. He further commented:

*“Such an aspiration would require an investment far beyond the R25 billion already allocated by national government for the next three years.”*

PRASA's Group CEO indicated that he focuses on employee engagement and empowering employees with challenges and duties, which increase the pipeline of future leaders. His commitment to turn the situation at PRASA from the legacy systems handed down by Transnet confirms his commitment to sustainable transformation. He expressed that he is continually engaging parliament and government sharing his vision of renewal of fleet locomotives replacing the inherited stock, this to enable and capacitate the change within PRASA to better address customer services through its services.

Leader power can be a game changer for managing change. Executive interviewees confirmed this phenomenal. An interview with the CEO of PRASA Foundation highlighted this. She believed that leader influence and constructive power were necessary to impacting and managing change within an organisation. Having defined PRASA as a dynamic, interesting, diverse and entrepreneurial spirited business influenced by leaders and their power to impact its underlying culture, she further commented:

*“A leader has the power to impact constructive change initiatives; I believe that if a leader can exhibit the maturity, emotional intelligence, self-actualization and humility they can succeed in managing change and lasting change at that.”*

Through discussions with her [PRASA Foundation CEO], it was clear that even the dual approach of economic and social mandate, leaders could balance this to achieve maximum value. This suggests that ensuring that the following objectives are balanced could attain a dual approach to service delivery and sustainability:

- Maximizing Returns to drive viability of the entities
- Delivering and supporting development imperatives of the shareholder
- Maximization of shareholder value should balance these distinct components.

The comments and observed conduct with her team indicated that her leadership was driven by empowerment. As a leader managing change within her division, she was using her power to equip her team to bring a balance of skills transfer and merger of work ethics. This was also evidenced by her role as champion of the “*Women in Rail*” campaign. She seems to believe in an inclusive business environment. She argued during the interview that “the empowerment of women is not the displacement of men” and if you “empower a woman, you empower a nation”.

## **5.2.4 Organisational Culture Change**

Research Question 3: What factors hamper organisational cultural change initiatives?

During the interviews it was emphasized that we can measure culture; we can identify and understand anyone organisation’s unique culture. That the ability to measure culture, however, does not mean we can change it quickly and as a mechanism to transforming and improving the organisation.

### **5.2.4.1 Rebranding: A culture mission**

In 2009 the CEO of the PRASA Group involved all employees and stakeholders in decision-making processes and in taking a stance with government to rebrand and establish a unified culture of the four entities that became PRASA. His view was that although branding was concerned with creating a brand identity, rebranding South African Rail Commuter Corporation Ltd (SARCC) into PRASA was about re-creating an identity and culture for PRASA. He communicated that the challenge was for SACRR, which was a smaller organisation, to incorporate entities larger than it was to create a “one culture”. PRASA was established to create synergies from the different operations, which worked together although they fulfilled different purposes. He suggested that after the merger of all the entities, PRASA would be able to deliver exceptional services to the 2010 Soccer World Cup to be held in South Africa. He commented:

*“The PRASA website traffic over the World Cup in June 2010, jumped from 6,000 visitors to 68,000; an 1133% increase. Of the 3.2 million people who attended the World Cup 2010, PRASA moved 1.5 million of them.”*

All the interviewees confirmed that the leadership was able to rally all of PRASA behind the vision of having South Africa “Be moved” and that all PRASA’s 17000 employees were united under one culture and one brand: The PRASA brand. They indicated that this was a culture change from a challenge which under the SARCC, services like

MetroRail (commuter rail), Shosholozha Meyl (long distance passenger rail), Premier Classe (luxury long distance passenger rail), Autopax (long distance bus services) and Intersite Property Management Services (stations) were fragmented and operating separately. The different operations were allowed to move in different directions because they had different objectives. Now that the 2010 Soccer World Cup has come and gone, what happened to the “team spirit” at PRASA and the unified vision, the culture of achieving a common goal together?

Some senior managers, regarding the cultural mission change, offered a constructive and empowering perspective. Although PRASA was able to unite for 2010 Soccer World Cup, the momentum could not completely be followed in the years after. A few senior managers confirmed that efforts were being made to rebuild a unified culture within PRASA. They indicated that there was still a sense and perception of exclusion from the Corporate Office by the entities, which merged to form PRASA. This was evidenced during observations, by the presence of legacy branded material still kept in offices and not subscribing to the PRASA branding or Corporate Identity through corporate gifts.

An interview with a brand strategist who was involved with rebranding SARCC after the merger with the other passenger agencies to form PRASA confirmed that during a rebranding process the most critical element is that of employee culture. As a brand specialist the process is to understanding factors which inform the need for change, whether it is change in ownership structure, change in corporate strategy, change in external environment or change in competitive position. During the interview she was clear that rebrand is not enough on its own, the key, especially rebranding during a merger, is to be in tune with the different cultures of the entities and find a common ground to unite them. She commented:

*“It is so critical during a rebranding process to be one with the employees’ culture of the client to be able to execute brand internalization and externalization, to product stakeholders with images of the new, united and fresh culture of the new organisation. This was our foundation and direction with PRASA; we even won 2011 Rebrand 100 Awards for the PRASA rebrand. Industry rewarded us. We also believe we did a great job to not only exhibit our creative abilities but to contribute to a culture of an economic enabler such as PRASA.”*

*“PRASA was established to get South Africans (and soccer fans) moving easily and affordably – and create pride, better income generation and proof that the Government is fulfilling its promise. The new Brand Expression – ‘Be Moved’, articulates PRASA’s*

*role as both functional (movement) as well as emotional (inspirational). This is the culture of change that PRASA and its leadership is targeting and capturing as a vision for the success of the business” (Brand Strategist Consultant, 2014).*

#### 5.2.4.2 Managing change for results

Some of the senior management team members interviewed expressed their belief that managing change for results starts with creating a foundation of values, which are the bedrock of the organisation, both from a culture and performance perspective. That it was critical to base a culture on respect and trust to ensure performance and results-driven organisational culture. It was noted during these interviews that within a government environment, the culture was that of not trusting each other, which hampered the establishment of a culture of sustainable results. That at times you do not need to particularly change a culture, rather than changing the culture directly, management must work with and through the existing culture to transform the organisation for maximum results. A senior manager within the human resource segment of PRASA commented that:

*“When managing change to achieve results in an organisation of PRASA’s nature we must consider three key features of organisational life and status: the organisation culture, the leadership of the change effort, and the existing network of power. However whether the culture itself changes is secondary; the imperative objective is to improve the organisation.”*

There was a shared perspective that for leaders to manage change for results the most important factor is that leaders must value their teams and followers; be clear and know their subject matter; and, most importantly, be humble. The interviewees further suggested that, authentic leaders who lead by example with empathy and vision would achieve the results needed to place an organisation at its prime performance.

The PRASA Foundation CEO confirmed that change was a part of day-to-day business and the dynamics of a successful organisation. However, she suggested that the key was in on boarding employees who added value to the organisation and that a culture fit was critical between an employee and an organisation. When, as an organisation, the correct employees had been recruited, a leader would then have to exhibit consistency, fairness, gratitude and empathy to achieve maximum results during any change initiative and organisational transformation. She argued the view during the interview that before it was asked, whether an organisation valued its employees, it was important that each member of PRASA exhibited their value to the organisation. She emphasized the importance of self-actualization and maturity and that employees

should not only be part of change management but through change, they should achieve sustainable results.

#### 5.2.4.3 Public Sector culture

An understanding and clarification was investigated regarding the culture difference of private and public sectors from PRASA employees' perspectives. Some junior managers who have had the opportunity to render their services to both sectors expressed the view that in the private sector, the culture was founded on economic success. The incentives provide result in people exhibiting a unified force and appearance to achieve the assigned goals and targets. People were not necessarily friends; however there was a focus on the vision to achieve the required goals. An executive assistant expressed this view:

*"I enjoy working at PRASA, though I believe we need a culture where people respect each other and there is protocol and structure. We are a great place to work at however change is needed urgently and quick win in this regard would be to address the culture at PRASA. We are an organisation, whose primary objective is that of customer service to our passengers across our business units. The key is that if we have an internal culture, which is that of respect and serving your fellow colleague to enable each other to achieve the single-minded goal, this culture would be business as usual to our clients."*

A senior manager commented that what would be needed to achieve not only a similar work ethic culture as in private sector but to exceed it, colleagues would need to be dependable with their sections of work which are critical towards the bigger picture of the organisation and that respect and teamwork is a receipt for public sector success to regain its respect and credibility within corporate South Africa.

An executive interviewed expressed the view that it was an old legacy to compare private and public sectors and it was a perception issue. They expressed that what was needed to curb this debate and conclude it, is for public sector stakeholders each one in their spaces and corners get their hands dirty and through exemplary behaviour develop a culture of adding value and being contributors to an organisation, the state and country as a whole.

#### 5.2.5 Conclusion

Different stakeholders within PRASA viewed change at various lenses within the organisation. However, while there were disagreements on certain issues, the common

factor was that further change was critical for PRASA. While many believed that change had to come from an external source or a certain leadership figure, there were those who thought that change should begin with individuals who should live the values of PRASA and develop a culture which permeated throughout the organisation.

It was confirmed that power played a critical role in change management particularly at PRASA and, that leaders and followers both possessed a certain level of power and could play a major role in sustainable organisational transformation. Different heads of business units also confirmed that they held power to assist in the change initiative at the organisation.

With a large number of employees outside the Corporate Office feeling side-lined, the PRASA Group CEO and his executives could reassure these employees and initiate various steps to establish a connectedness and enable all 17000 employees to live the brand of PRASA with pride and dedication. The belief of the majority of interviewees was that change at PRASA was needed and should be championed at all levels and not only by executives. It was also a unanimous view that the communication of the vision and change initiatives was critical and should be prioritized. The most important aspect was that change was a collective effort.

A culture of fear dominates within PRASA as most employees are hesitant to apply themselves to their jobs or exhibit commitment as there is a culture of people being dismissed if they challenge the status quo or view to question authority. This culture hampers openness or innovation within the organisation. It was confirmed that the Group CEO could contribute enormously to the culture of PRASA, collectively with his executive, to transform the long-term economic performance of PRASA.

It is evident that the state plays an important role in shaping the structure and output of the economy. The state uses a variety of instruments and policies like the regulation of industry and trade, the redistribution of incomes and assets, the use of fiscal and monetary policies and direct state ownership of key industries. The degree of state intervention depends on whether a government chooses to leave economic development and redistribution to the notions of the free market, or to be a more interventionist or developmental state. A developmental state, trying to balance economic growth and social development uses resources and state influence to attack poverty and expand economic opportunities.

Focus is on delivering intended integrated benefits for the citizens. It is also necessary to give attention to the impact non-commercial entities have in supporting delivery of balanced social, political and economic imperatives. It was confirmed that an important challenge for policy makers is to ensure that State-Owned Entities receive adequate financial support for the public policy priorities they are asked to undertake. They should neither be put at a competitive disadvantage where they are not able to effectively deliver on their primary mandates. Clear performance criteria should be developed. Feedback on performance on the predetermined objectives should be mandatory. A balanced delivery on economic as well as social capital should be commonly understood. Clear policies should be developed to guide this area of delivery in State-Owned Entities.

This chapter has presented findings that provide considerable insight into change management at PRASA highlighting the challenges, similarities and distinctions of activities examined. Consequently, an understanding of the nature and underlying characteristics of change management has been developed and established. Accordingly, the following chapter draws on these findings to discuss some of the issues and implications from this study.

# Chapter 6: Discussion of Results

The previous chapter presented findings to provide insights into the contextual issues surrounding change management in PRASA and work regarding change management in the organisation. This chapter discusses and considers findings on change management and insights into PRASA. Section 6.1 provides an overall view of the response to the problem (continuing from Chapter 1). Section 6.2 then discusses the results of the findings (Chapter 5) and provides links from the literature review (Chapter 2). In this section, the findings from the three research questions are discussed in relation to the change management process at PRASA.

## 6.1 Response to the problem

PRASA is at the forefront of the government's effort to transform public transport in South Africa. In the past, institutional arrangements governing passenger rail and the entire transport system did not promote efficiency, innovation and accountability; and there was confusion between the contractor and regulatory functions embodied in the South African Rail Commuters Commission (SARCC). These institutional arrangements led to a consistent train breakdown, to consistent late and unreliable train times, financial support needed to fund long distance passenger rail services to allow for continuation and backdrop of several capital investments towards rolling stock fleet renewal. It was essential to overcome the fragmented and dysfunctional institutional arrangements that existed in the provision of an integrated passenger transportation services.

The mobilization and determination of ordinary South Africans to have access to decent public transport and the urgent need for efficient public transport during the World Cup Soccer, were among the key drivers for transformation along with the integration from the merger and provision of services post the merger. Introducing a new fleet to the market and retirement of the old fleet to ensure improved customer service and satisfaction is a priority to PRASA.

Rail operations faced severe operational challenges since the merger of PRASA, including legacy systems of, unreliable, breakdowns and aging rolling stock fleet resulting in bad customer service and experience, inherited through the merger and acquisition, characterized primarily by the decline in fleet availability. The main contributing factors were the dispute with Transnet about pricing of services and access to its network, unresolved contractual and pricing issues with companies involved in the refurbishment of coaches and supply of key components, as well as

poor maintenance. This hampered with the merger moving to an improved financial position especially its EBITDA and asset-based, from its loss making operations which were inherited in the sale.

The fragmented and dysfunctional institutional arrangements in the provision of passenger services inherited by PRASA necessitated the process of sustainable organisational change. With his executive team the PRASA Group CEO had to strategize and prepare to tackle regular disruption of the current old system with its outdated technology and backward operational practices which have impacted negatively on the quality of rail service, reliability of operations and financial performances. This situation was no longer sustainable and modernization of passenger rail had therefore become critical and could no longer be postponed. The acquisition of new modern rolling stock, technology upgrade and employee culture is three key initiatives at the heart of the modernization and transformation strategy of passenger railways in South Africa.

## **6.2 Discussion of Results**

The requirement for PRASA to generate income from the exploitation of assets while complying with the government's socio-economic and transport objectives was at the core of its transformation initiatives. The obstacles to the success of this initiative were the need to replace the entire railway system infrastructure, technology, and operating systems while staff complements also needed to be augmented. The overall effect of status of the railway system was unreliable service and high infrastructure maintenance costs.

The country's President, Jacob Zuma, has acknowledged that the current state of the South African rail network requires major transformation and modernization. President Zuma further noted that the poor state of the commuter rail system resulted in the inability to support economic development (Alloggio and Thomas, 2013). The transformation and modernization of the South African rail system, and PRASA's role in it, is the central theme of this research study. The objective is to understand the process of change management at PRASA from 2009 onwards with regard to leadership, power bases and organisational culture. To better analyse these pillars and the findings obtained in Chapter 5, the change management models will be used as a foundation to better comprehend and discuss the research questions.

### **6.2.1 Research Question 1**

Which leadership styles facilitate employees' commitment to a change initiative?

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The results from the interviews were aligned to Kotter's model, which examined how a leader during change initiatives is able to:

- Set the stage,
- Make it happen. and
- Make it stick.

### 6.2.1.1 Setting the stage

#### 6.2.1.1.1 Compelling reason to embrace change

Holbeche (2007) indicated that the art of successful change is to ensure that change is managed in the short-term in a manner that reinforces the continuous long-term pursuit of sustainable high performance. The short-term goal of a change effort should be directed on building the organisation's capability to be high performing over time. Change efforts should support the organisation's ability to encourage innovation; knowledge-sharing and creation; develop team work; be values-based; motivate organisational members to higher levels of performance; and introduce new processes (Holbeche, 2007).

The research findings indicated that two-business unit Chief Executive Officers had laid a foundation of continuous change and culture of change within their business units, while the Group Executive seemed to have a plan and a compelling vision, which is workable. However, the results indicate that the people who are central to executing a change mission were not capturing this compelling vision and communication was not clear and therefore there was no compelling reason for them to embrace the change. Most of them were more concerned with the impact of the organisational transformation on their financial well-being than on the future of the organisation.

The CEOs of PRASA Foundation and Autopax were able to transform their business units and, through participative leadership engagement, had set a foundation creating an environment of team work where employees are encouraged to be innovative, collaborative and shared knowledge. This could provide a model for a successful case study within PRASA. Translux, a component of Autopax was a finalist in Wesbank's 2010 Best Coach Operator award of the year. The entity was awarded with a Professional Management Review Golden Arrow Award in 2010, which the Autopax CEO attributes to the constant effort given by the employees. This might be an operational success but it can be used to advocate change management.

#### 6.2.1.1.2 Guiding coalition of staff who support change

Mintzberg (1998) has argued that in the new economy, leaders will be required to acquire the attributes of an orchestra conductor who gets things done through expertise more than control and power. He further indicated that this leader should be a coach who coordinates work and sets direction, a teacher both continually learns and instructs others, a pioneer who constantly breaks new ground, a producer who pulls together resources from disparate parts into common process and a teacher who builds unity through values. This exhibits the importance of coalition of staff who will support the change.

The CEO of PRASA Foundation noted that the coalition of staff supporting change was critical. She has changed the thought process and commitment of her staff, through her referent power. Moran and Brightman (2001) claimed that the outcome of change efforts should be the creation of a culture of self-initiated change and improvement. For this to be successfully achieved, leaders need to balance stability and chaos. The PRASA Group CEO has done well to also collaborate with his executive team to champion the necessary changes. He has exhibited in this instance that collaboration and coalitions are critical for change. Burnes (1996) supported that coalitions are critical for change; with emphasis that central to planned change in organisations is the importance of collaborative nature of the change effort. In addition to supporting the perspective of the PRASA Group CEO, Kotter (1995), also emphasized that for a change leader to be effective and obtain desired results he/she needs a strategy which creates a guiding coalition with sufficient power to lead the change and getting them to work together as an effective team.

#### 6.2.1.1.3 Vision and strategy for direction and motivation

With an organisation as big as PRASA, direction and motivation is critical to keep employees focusing on a unified goal. The Group CEO has been able to provide direction and motivate his executive through his vision and strategy.

*“As a leadership team we need to play a more active role in building collaborations between the former state agencies which form PRASA. We have a challenge where employees hosted at our various business units feel that the Corporate Office is mutually exclusive of them. This is our focus for change management at PRASA and part of our vision”* (HR Senior Manager: PRASA).

Hughes (1993) provided a fairly comprehensive definition of leadership; leadership is the process of influencing an organised group toward accomplishing its goals and

achieving the vision. The PRASA Group CEO after inheriting a legacy of aging locomotives and high cost of network for moving the trains was able to build a team through his vision over the past three (3) years to operationally change PRASA and bring about stability to the passenger rail service provider. With the challenges that came with all this he exhibited chaotic leadership as he forged a way forward to a sustainable PRASA.

*“While the urgent challenge to improve passenger services remains primary, the rolling stock fleet renewal programme has been designed to achieve a number of key government objectives. This can work when each individual at PRASA contributes to the fulfilment of our brand promise.*

*These include the delivery of quality service to citizens, revitalization of South Africa’s rail engineering industry through local manufacturing and ensuring local content as part of government’s Industrial Policy Action Plan, employment creation, skills development and broad-based black economic empowerment” (Group CEO: PRASA, 2014).*

Karp and Helgø (2008) expressed chaotic changes as changes in an organisation, when the external and internal complexities and uncertainties are too high to predict or control the future development of the organisation; it is a way of leading people by influencing patterns of human interactions.

The leadership and employees of PRASA alike are aware that it is critical that through the vision of 2030 of the National Development Plan where PRASA plays a pivotal role, the need for an incorporation of role models as leaders within PRASA be addressed and that the interests of employees be an important factor in the governance of PRASA. Though these views seemed known to all parties the execution was neither clear nor felt at all levels. Bass (1997) highlighted that, charisma, attention to individual development and ability to provide intellectual stimulation are essential qualities in leaders whose organisations need to undergo strategic renewal and change and to keep employees engaged and motivated. The CEOs of PRASA Foundation and Autopax both agreed that charisma and employee engagement were fundamental to influencing change. Senge (2010) noted that transformational leaders are charismatic and passionate and identified that for transformational change to succeed, individual charisma combined with an engaging vision, as well as an unbounded passion to serve, as coach and mentor were needed.

## 6.2.1.2 Making it happen

### 6.2.1.2.1 Empower employees to act by removing perceived barriers

Understanding the managerial anxiety in the public sector, which emanates from political imperatives and deployment of strategies of political leaders is important. Leaders in public sector organisations should lead by loosening control, and to focus on developing individual identities and relationships to change organisations (Streatfield, 2001; Griffin, 2002; and Stacey, 2003). The investment in employees should continue and probably increase through the various scholarships/bursaries that PRASA offers to its employees and through employee mentorship programmes by executives and senior managers. It was evident at PRASA Foundation that when employees are empowered to act and be proactive the organisation creates leaders. The CEO of PRASA Foundation had a standard way of engaging with her staff at all levels through which she gives a career path planning guide members of her team to enables them to drive their own careers. Baas and Riggio (2006) emphasized that transformational leaders tend to have more committed and satisfied followers because they empower followers and pay attention to their individual needs and development as well as the development of the leadership potential of followers. Small projects are also assigned to individual team member to project manage and execute to ensure that each team member feels part of the business unit's achievements and progress. According to Kotter (1995) such initiatives are akin to empowering soldiers on the ground and facilitate the removal and management of obstacles to change encourages risk taking, emergence of new ideas and innovative behaviour.

The role played by the CEO of PRASA Foundation in championing the "Women in Rail" initiative has contributed to the changing of perceptions about women and their capabilities in the industry.

*"The empowerment of women is not the displacement of men and if you empower a woman, you empower a nation"* (PRASA Foundation: CEO, 2014).

Her motivation was that the lack of gender diversity limits an organisation's opportunities for learning and renewal, and that organisations that fail to utilize women encounter to lose a resource for rethinking and improving their performance (Ely and Meyerson, 2010). Through her efforts, she has demonstrated that women in PRASA are able to engage in various social relations and economic activities and brought different experiences and perspective to their workplaces. This initiative has brought to the fore the existence of the technical girl child and demonstrated the quality of work women deliver and their attention to detail leading to efficiencies and cost saving time.

Change is inevitable in the workplace, so the role of the manager is to embrace the change by making transition process easier (Garber, 2013).

#### 6.2.1.2.2 Short term wins demonstrate progress

As organisational changes have become more frequent and a necessity for survival, employee resistance has become an important human resource management function and a priority for top management to increase chances of success of different change projects (Tang and Gao, 2012). The Human Resource Senior Manager has tried through engagements with consulting firms to bring in experts for the change process at PRASA. Through their engagements, the importance and urgent need to demonstrate short-term wins to employees was fundamental to obtain a complete buy-in from the human capital in the organisation. IBM (2004) survey indicates that less than 10% of change programmes have been successful. According to current authors such as Kotter (1995), change initiatives fail because leaders do not understand the complexities faced by the ever – evolving human capital needing reassurance and not because of lack of visions or designs.

The Human Resource Senior Manager noted that leading people during chaotic, uncertainty and complexity is the main challenge for public service organisations. The explanation was that employees were never certain about their future; positions and roles shifted without prior notice; or divisions moved to other business units. This resulted in instability, as employees do not commit to any form of change as it always leaves them at a disadvantage. These challenges can be managed through engaging motivational initiatives. Burns (1978) noted that transformational leaders are motivating, uplifting and aspirational; that this is needed at PRASA; this is a clear indication that transformational leadership has all the ingredients to be implemented and perform successfully in the public sector.

#### 6.2.1.3 Making it stick

##### 6.2.1.3.1 Consolidate gains and integrate to encourage a change culture

This study proposes that PRASA uses the success of Autopax as a case in point with its recent success. Awards can be made at the end of each financial year to successful business units and regions could aid in uplifting employee morale, drive and inclusivity, and such recognition of achievement within PRASA will facilitate the adoption of a winning mind-set and integrate a culture throughout the organisation, of change and continuous organisational improvement.

Holbeche 2007 identified two broad change theories, together with their leadership implications, which underpin most change initiatives. Theory E that is change based linked to economic value, while Theory O was based on organisational capacity. With an organisation that wants to be counted amongst countries in Europe and China where passenger rail services are functioning well and geared to transport massive numbers over specific transport corridors, PRASA Group CEO has continued to regularly brief parliament, who are shareholders, on the progress of this investment into the rail industry thus addressing and exhibiting economic value to the shareholders of PRASA. However the Group CEO has stepped to upgrade change based on organisational capacity through his, together with executive, countrywide roadshow to communicate the status of the business to employees and share the progress made so far and thereby encouraging further support and commitment to take PRASA to new dimensions. This creates a sense of belonging to the employees and these quick wins stir a level of commitment going forward.

Gill (2002) spoke to the need to consider know-how credibility and the need for buy-in of the collective within the organisation. The entire executive and senior management team at PRASA, led by the Group CEO and Board of Directors continues to work towards obtaining a collective buy-in of all stakeholders in their quest to transform PRASA into a world-class passenger railway system ready to move South Africans daily. Baas and Riggio (2006) emphasized that transformational leaders tend to have more committed and satisfied followers as they empower followers and pay close attention to their individual needs and personal development and development of their followers own leadership potential.

## **6.2.2 Research Question 2**

What power bases do management need to collectively achieve effective change?

### **6.2.2.1 Power, politics and legitimacy**

Pfeffer (1981) identified that with regard to organisational politics rather than political behaviour arising from a lack of vision and policies, the construction of organisational goals is itself a political process. Good leaders are skilled in using politics and power in a legitimate way for the better of the organisation; this power is to be used to influence the people positively to achieve change that is needed. Therefore need to be in tune with the power they possess and the organisational politics within their surroundings.

The PRASA Group CEO has communicated to the political leaders the political battles

and challenges faced by PRASA with regard to the growth of the mini-taxi industry and transfer of freight from rail to road transport that had further negatively affected the sustainability of the rail system. The PRASA Group CEO has made attempts, through the organisational goal and utilization of his power base to improve PRASA, though he is conscious that the 40 years of neglect had finally caught up with South African rail and transformation is critical to survival. Mintzberg (1998) maintained that, when used in moderation and balanced, political games can have a healthy effect by keeping the organisation on its toes. The PRASA Group CEO further alerted the government that a programme to deal with institutional arrangements should be developed, as the system had not changed since the 1970s and needed to be modernized.

Power and political decisions taken to make one segment of the government service delivery profitable at times disadvantages another critically important government component which might result in a negative impact on all variables of leadership, power and culture. Thompkins (1990) suggested that political manipulation in organisations is as a result of failure on the part of senior management to set direction with consistent goals and policies. The PRASA Group CEO noted that the dispute with Transnet over the debt and chronic state underfunding are threatening to derail the long-distance passenger train system, frustrating the government's efforts, as stated in PRASA's mission statement, "*to address the underperformance of rail passenger services and the historical under- investment in this sector*" (Alloggio and Thomas, 2013, p.17). These disposals of Transnet non-core business segments were meant to enable Transnet to be focused solely on running the core businesses of the company as part of positioning them for growth, however this political decision left PRASA taking off from a negative base, which could only be changed by an economic and organisational capacity transformation.

The PRASA Group CEO has over the years worked towards unfreezing the culture at PRASA to get employees ready to change. In the 2012 annual report, he emphasized that change is necessary and only through people and getting ready to move away from their current comfort zones was critical. He continued this message through roadshows to prepare employees and get their support. Through the unfreezing and getting employees motivated for the change he has weighed up the 'pros' and 'cons' especially with regard to locomotives investment renewals before taking any further steps.

### 6.2.2.2 Political behaviour and power bases in organisations

During the past three years, PRASA Group CEO and his management executive team during have made strong attempts to understand the organisational power bases. It commonly shared by PRASA employees that this is not an easy time as people are learning about the changes and need to be given time to understand and work with them. Support is really important here and can be in the form of training, coaching, and expecting mistakes as part of the process. Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired change and the benefits to people so they don't lose sight of where they are heading.

From her transition from Business Development Executive, the CEO of PRASA Foundation has utilized leader power bases and follower power bases. Through her expert power her followers do not stay long in their roles, as she deploys them into more challenging roles when they exhibit the necessary qualities of excellence. This is in line with Hughes' (1993) perspective that new leaders often possess less knowledge of the tasks to be performed than followers. If followers have considerably greater amount of expert power it will be difficult to influence the work on basis of expert power alone. The CEO of PRASA Foundation has been able to influence her team members even in her new role due to her reputation, expert capabilities and relationship with her team. Through her nurturing but firm approach, exhibited through the amount of leaders emerging from her business unit, she has been able to equip her business unit preparing them for uncertainty and changes. Role models during a transition phase are critical to usher employees to being comfortable with change and the continuous change (Hughes, 1993).

With the strong legitimate power that is possessed within PRASA, Hughes (1993) has emphasized that it is possible for followers to use legitimate power to influence leaders. Junior staff members who are in key positions in executive suites are aware of their power across the organisation through the legitimacy of the office they occupy. This was evident when Executive Assistants were able to instruct senior personnel through their office legitimate power. These powers can be used positively to influence the transition phase to advocate the good story of the change to enable employees to champion with PRASA to execute a sustainable change initiative.

### 6.2.2.3 Leader Power for Managing Change

Lee (1997) suggested that a leader should take inventory of his/her power when faced

with opportunities and ability to influence behaviour prior to the selection of a change strategy. It is clear that for a leader to effectively exercise their power they should have a compelling socially valuable objective. The PRASA Foundation CEO stressed the point that to be able to influence and lead masses effectively, one needs to crystalize the acronym WIIFM (What's In It For Me) for one's followers. O'Neill (2012) expressed that management practices linked to organisational change should be clear, consistent and based on what is in the change for individuals to improve perceptions and commitment to change. A leader should always lead having clarity about his/her followers' interests, such that they are central to the vision and end goal. That empowering employees and using leader power to manage and encourage positive change is sustainable to the leader and organisation alike.

The Group CEO appreciates that a leader's power is critical to how change is managed. This is evident with the competencies of his leadership team from strong consulting and business environment. Being conscious about your total power system and managing each variable closely and with care is the key driver to influencing followers constructively and obtaining total buy-in towards a change management vision and strategy Lee (1977). He emphasized that to bring about change, it is critical for the self-actualized leader to be aware of the complexity and uncertainty surrounding the future development of the organisation. In order to manage these uncertainties, it is paramount that a leader should use his/her arsenal of powers to positively build a working environment that is conducive to the continuously shifting winds of change.

The middle and junior management team at PRASA confirmed that as daunting an exercise the change might be to many, especially in the public service sector, they would like to feel like they are involved and they gain from it, rather than lose. This has encouraged them to continually seek to be part of the change for the benefit of the organisational success at PRASA.

### **6.2.3 Research Question 3**

What factors hamper organisational cultural change initiatives?

#### **6.2.3.1 Crafting a culture: Be Moved**

According Kotter (1996), corporate cultures can have a significant impact on a firm's long-term economic performance. Firms with cultures that emphasized all the key managerial constituencies - financial health, employee's wellness, business continuity and sustainability - out-performed firms that did not by a huge margin. In 2009, PRASA

Group CEO and his executive team took a decision to create a new brand identity for the newly established passenger rail agent, rebranding SARCC and the merged entities into Passenger Rail Agency in South Africa (PRASA).

It was crucial to the change management plans that the organisation was unified with one culture and that the perspective that all the other entities were dissolved into SARCC must be dispelled, as a new entity was established which belongs to all under the brand. The leadership had to be strategic to avoid the political barriers surrounding the merger and how to shape PRASA to get efficiently operating as quickly as possible. This was strategic as organisational culture can be a power tool of management control and improving business performance (Brown, 1995), it can also be a competitive advantage against the organisation's competitor.

Though it is known that corporate branding or rebranding on its own never solves culture shifts, employee brand engagement should be a critical part of the corporate branding process not just outlined at the end. When employees are committed to the brand and "live the Brand" in all the ways possible it makes culture advocates who will do anything to provide and maintain a sustainable corporate culture. Burnes (2009) and Rimanczy and Pearson (2010) suggested that organisational culture is vitally important for nurturing sustainability and that focus should be on the development of the knowledge and competencies related to the adoption of these sustainability practices. This is evident when the integration of the merger is slow, as the organisational culture is not unified throughout the merged organisations.

The executive management leaderships have a prototype that unity and having a culture with a single identity is possible at PRASA with 2010 World Cup Soccer Exhibition as a case in point. This is a clear indication that a bold stance by leadership can bear fruits and collaborating with employees can be the vehicle for moving PRASA collectively.

#### 6.2.3.2 Managing culture for results

O'Neill (2012) outlined that change management should encourage individuals to embrace change and adapt to new behaviours and values suggested by change leaders and to transit successfully from the current state to the future one after the change. . A senior manager noted, "The culture here is that of self-interest and people do what will assist them to survive and the detriment of the organisation". The base for creating a sustainable change management and culture for results to achieve organisational financial performance is often what is ignored. According to Burnes

(2009) culture is unconscious, historically based and learned. Culture is input and output.

Schein (2004) further acknowledged organisational culture as a dynamic phenomenon that surrounds us at all times; created by our interactions with other and shaped by leadership behaviours with set structures, routines, rules, and norms. To manage culture for results the leadership has to walk the talk - considering that when a group undergoes a change, it is not the organisation that changes, but rather the behaviours of individuals. This change in collective behaviour is what produces different outcomes for the organisation. Some staff at PRASA is not motivated to deliver while others have declared that there is no culture in PRASA. This suggests that employees do not feel the mutual benefit of culture to PRASA and themselves. Baas and Riggio (2006) emphasized that transformational leaders tend to have more committed and satisfied followers as they empower followers and pay close attention to their individual needs and personal development and development of their followers own leadership potential. PRASA Foundation: CEO expressed that understanding how to achieve change at an individual level was essential to achieving the objectives of any large-scale change. This is change management at an individual level. Organisational change management and individual change management must be used together to manage change successfully Martins and Terblanche (2003). Martins and Terblanche (2003) emphasized that organisational culture plays an indirect role in influencing behaviour by using managerial tools such as strategic direction, goals, tasks, communication, decision-making and interpersonal relationships that are designed to implement various organisational successes, such as employee's satisfaction and loyalty, financial achievement and shareholder satisfaction.

Burnes (2009) argued that organisational culture is the way we do things around here; is multifaceted; and notoriously difficult to grasp. With a few employees, PRASA, who had both private and public sector experience, there was a concern of structure and a way of doing things. A clear indication was that to achieve results similar to those of the developed countries with regard to passenger rail services, the leadership needed to be brave and bold in managing a culture of results. It was well noted by PRASA Group CEO, "We have a picture to compare against, China had at one time been in a situation similar to South Africa but it had been very bold in its implementation of new programmes which had led to so much of its successes". That culture can provide competitive advantage but it can also create obstacles to the innovation and change necessary to be successful through badly embedded ways of doing things (Brown, 1995).

There has been little work carried out with regards to understanding the relationship between corporate culture and the strategies developed to meet organisational success (Schein, 1996). Over the past three years, the Human Resources Executive has partnered with consulting firms for the development of strategies to be implemented at PRASA; however she notes that these consultants apply a “drop box” approach and do not take time to understand the corporate culture of PRASA and make recommendations that are suitable to the culture of the organisation. It is argued that corporate culture acts as a form of “glue”, which holds together business units and organisation Martins and Terblanche (2003). This “glue” is argued by Martins and Terblanche (2003) as playing an indirect role in influencing behaviour by using managerial tools such as strategic direction, goals, tasks, communication, decision-making and interpersonal relationships which are designed to implement organisational successes through uniting an organisation. There are aspects and variables of culture, which are capable to represent a barrier to what the organisation is trying to achieve strategically, the culture, may need to be changed to achieve economic performance.

The Group CEO acknowledged that over the past five years, it has been a challenging journey to initiative change management strategies in PRASA due to the integration of different organisations into one organisation called PRASA. He has over time learnt and communicated that change management is a foundation of three key drivers: people, systems and processes. That power is needed, power which builds relationships and influences followers and leaders alike to execute strategic goals and adopt a culture of continuously achieving results. Bass (1990) indicated that transformational leadership occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group and stir employees to look beyond their own self-interest for the good of the group.

### 6.2.3.3 Conclusion

#### Leadership:

Leadership at PRASA is built on a hybrid of the following factors:

- Inspiration to followers,
- Educative leadership,
- Employee fears,
- Performance driven management,
- Self-actualization, and
- Emotional intelligence.

There are differences amongst some of the PRASA business units with regard to leadership styles and how leaders incorporate followers for sustainable change. Throughout, employees appear not to be responsive to the leadership style of the PRASA Group CEO which some consider to be autocratic. This results in lack of employee commitment to the various change initiatives or being positive about their future at PRASA.

Though the autocratic leadership style of PRASA's Group CEO is viewed as enforcing a work ethic of achievement and focus on results, it also leaves a minority of the organisation demotivated; especially in the integration of the merged entities. In the same breath it is critical for the entire employee force needs to acknowledge and appreciate the political nature of the leadership however focus on personal work ethic and know which battles to fight which should be aligned to career success and personal and organisational success.

Throughout, the PRASA Group CEO is conscious that vision is not sufficient without employee buy-in and support. That in addition to effective leadership it is critical to find an employee with a culture-fit to the ways of doing things in PRASA and deploy a participatory leadership style.

*Power bases:*

PRASA was built on coercive power through which employees are managed through negative administrative sanctions or the removal of positive incentives. The followers have also reciprocated with exhibition of low morale, low motivation and innovation. Management should use a psychological contract approach where the balance of wants and needs from both an employee and organisation context are managed.

The PRASA Foundation: CEO and Autopax: CEO were extremely conscious that as a leader in PRASA they have the power in themselves to impact change initiatives, that it is easier to exercise power when they are aligned with a compelling and socially valuable objective which followers can identify with.

Through the power, which followers and subordinates possess through legitimate power, coalitions and inclusion of followers in the change management strategy is vital to secure influence throughout the PRASA. The leadership of PRASA should utilize their power to seek to appoint employees who are aligned to the ways of PRASA and its culture to be aligned with the vision of PRASA.

Organisational Culture:

The fundamental task of the leaders and management is to establish, manage and sustain organisational culture that speaks to the vision, values and strategic goals of the organisation. The leadership might have a clear vision however the organisational culture is not boldly established and managed. The PRASA Group CEO expressed the lessons can be taken and used from the 2010 Soccer World Cup with regard to a unified PRASA embedded with a culture of exceptional customer service delivering the *Be Moved* brand promise.

Through this journey the Human Resource Executive realized that through creating a foundation of values, which are the bedrock of the organisations both from a culture and performance perspective are one of the ways to managing change for results. That to manage and achieve these results, leaders must value their teams and followers with clarity and know their subject matter.

# Chapter 7: Conclusion

## 7.1 Introduction

The previous chapter provided analysis of the findings, which emerged from interviewees in Chapter 5. This chapter concludes the findings of this research project. It therefore provides conclusions researched as summarized in Chapter 6 with the development of a framework model of the significant findings reached. Recommendations to managers shall be made and opportunities for future research outlined.

The research objectives of this research paper were to understand the leadership; power bases; and organisational culture constructs deployed in the implementation of a transformational initiative at PRASA. The leadership and their influence patterns on the organisations they lead to change and implement this change in a sustainable manner were central to this research project in order to better understand how perpetual organisations can be formed in which leaders can hand over control to successors and changes implemented are sustainable during the transition process.

## 7.2 Main Findings and Model Development

The questions identified in Chapter 3 directly relate to the data and insights presented in Chapter 5. The model developed in this conclusion follows the sequence based on the insights from Chapter 6 where the research results were discussed. The model shows how the three specific constructs relate to each other and impact on how an organisation can successfully implement a change management initiative.

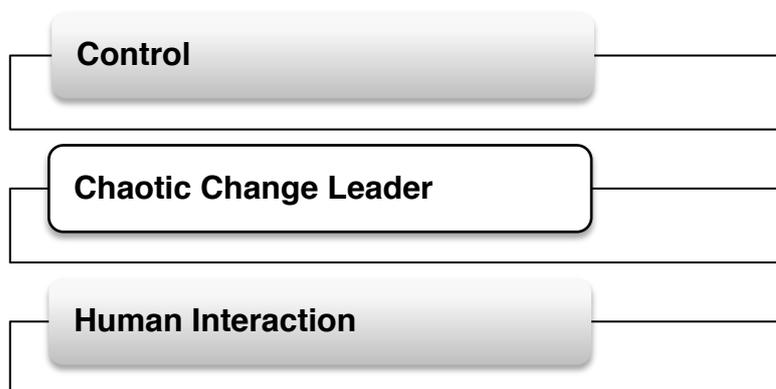
The figures representing the model can be understood as follows. Figures 8 through 10 are components of the final model shown in Figure 11. Arrows represent dependent relationships between components; direction showing which item had influence over the other.

### 7.2.1 Leadership

The leadership component in the existing literature appears to be comprehensively researched and discussed. How leaders are able to interact with the human capital of the organisation to motivate and influence them seemed to be critical to sustainability of the change. There needs to be willingness of the leadership to relax its control and focus on identifying with followers and relationships in changing organisations. For one to spearhead the merger of SARCC with organisations larger than itself (and possibly,

cultures more dominant than its own), and now sit at the helm of an organisation with approximately 17000 employees is testament to bold leadership; one that is willing to take a collaborative approach to leadership and change. Positive power bases and transformational leaders facilitate change. The PRASA Group CEO should consider collaborating more effectively with the various business unit CEOs who possess referent and expert power within their units to champion change initiatives. Employees connect more with leaders they relate to and believe in leaders who have subject matter expertise with extensive know-how. For successful leader style transformational leadership is critical with its fundamentals of motivating and inspirational strategies. Figure demonstrates this relationship as the first part of the model.

**Figure 8: Leadership Model from findings**

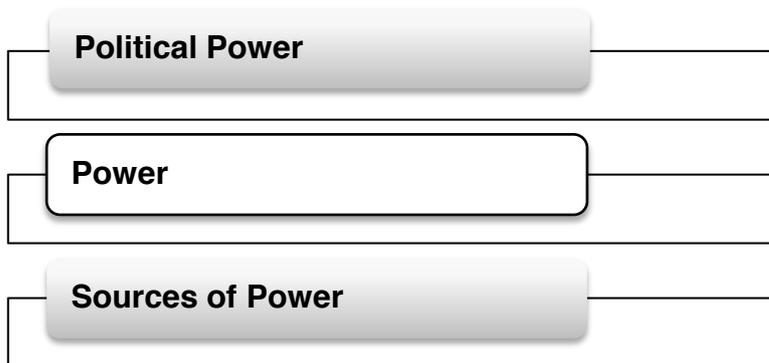


During the interview and observation process it was found that employees did not feel as though there was enough positive interaction with leadership structures, and instead felt that leaders were more focused on developing strategies and holding on to power - forgetting about their responsibility to employees and their inclusion in the change process. Whilst executives felt that they were on board with the processes in the organisation, senior, middle and junior managers did not feel included in the processes. There were perceptions that lower ranked employees were not allowed to apply themselves extensively. Loosening of control could create an enabling environment for innovation and sense of purpose as each employee would feel that his or her contribution made a difference towards the bigger picture of a sustainable national economic development. This can be seen with the contrast culture of employees in PRASA Foundation and the PRASA Group. The culture in PRASA Foundation exhibited a more human interaction leadership style. The PRASA leaders at all levels should be equipped to use influence tactics that modify followers' attitudes and behaviours in the desired direction at the same time build up followers' self-esteem and self-confidence should be a skill all leaders strive to master.

## 7.2.2 Power

The second variable of power was considered in isolation to determine if any relationships existed between the aspects used to develop this theme. Figure 9 shows the relationship between political power which prevails in public sector organisations and sources of power which leaders require to influence at all levels. This is an extremely sensitive issue as a large proportion of people are deployed without expertise. Through the interviews it was clear that people feared leaders more than they respected them.

Figure 9: Power base model from findings



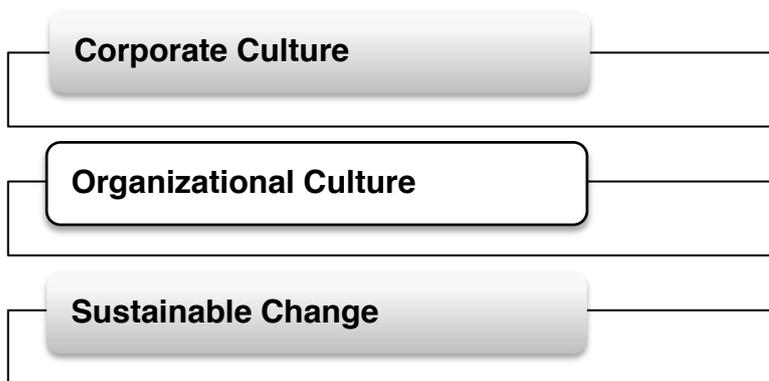
The interviews indicated that the relationship between political power and sources of power were viewed in a negative light. People could not exercise their expertise as the environment was not enabling, and punitive measures were reported to have been taken against those who fell out of favour with some office-bearers. This suggested misuse of power as leaders could use power (political and otherwise) to create a harmonious environment, which viewed organisational change as a business imperative. To achieve effective change management, the PRASA Group CEO needs to find a synergy of leader power and follower power. The collaboration of power forces can be a foundation to achieve the desired results and objectives. The motivation levels are low with PRASA, reward power to change the attitudes and behaviours, though this must be managed accordingly and not over emphasized, which might lead to leader and follower manipulation.

## 7.2.3 Organisational Culture

The third variable of organisational culture was considered in isolation to see if any relationships existed between the aspects used to develop this theme. Figure 10 shows that a well-moulded and positive corporate culture can bring about a sustainable environmental change as long as it is relevant to the strategic goals of the organisation as, the way we do things here. Leaders chaotic change leadership through their

sources of power will impact on the foundation of the culture.

**Figure 10: Organisational culture model from findings**

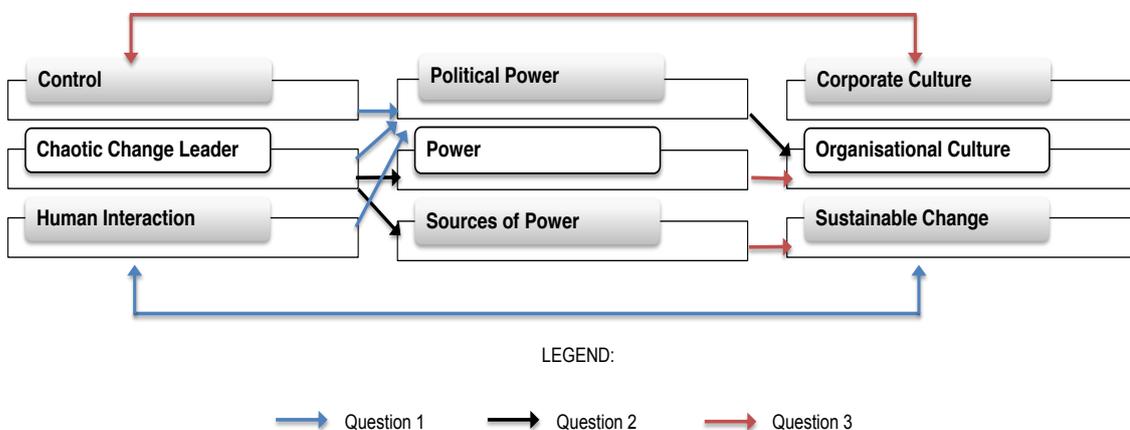


Change can happen at any time or stage whether forced or planned, the key issue is whether that change is sustainable throughout the organisation. Change should never be attached to a particular leader it should be part of the corporate culture of an organisation and owned by all employees to be sustainable and flexible.

Throughout the past five years, the Group CEO has realized that to drive a performance-driven culture at PRASA the capacity of human capital and the competencies are critical. Culture is fundamental to having PRASA attract the correct calibre of leadership who will effectively utilize their power bases to positively impact the economic performance of PRASA, and deliver on the government mandate bestowed on PRASA. . Strategies can be developed to achieve major organisational transformation if the culture at PRASA is not managed and shifted into a sustainable performance driven culture the efforts will bear fruits at a slower rate.

### 7.2.4 Final Model

**Figure 11: Final Organisational Change Model**



## 7.3 Recommendations for Change Managers

A leader planning sustainable change could use the model in Figure 10 in the self-assessment of their leadership powers and how to impact on the organisational culture for a continuous and sustainable change process. A strategic approach would be for a leader to evaluate their leadership styles and through robust human interaction with their employees, obtain a buy-in for employees to be receptive to their visions of change. This will create a platform for a sustainable change management process. A typical process would be as follows:

(a) Evaluation of leadership style

1. The organisational political power stock take should be evaluated.
2. Which sources of power are needed to achieve positive results?
3. Subordinate power, which will be evaluated to complement leader power.

(b) Assessment of power bases across the organisation.

1. Assess how far loosening of power can happen to encourage innovation.
2. Collaboration of political power and leader power.

(c) Building a change culture

1. Through extensive human interaction and buy-in sustainable change can be achieved.
2. Leader loosening control can create a corporate culture of accountability and performance-driven.

Though this model places the leader as a driver of the process, engagement with other stakeholders in the organisation suggests that the leader should not be the owner or sole driver of the change. The change should become an organisational activity to build on sustainability, as this will be part of the corporate culture of the organisation.

## 7.4 Managerial implications

Management should be conscious about the role and impact of the failures and successes of any change initiative. The research confirms the literature showing that leaders possess power bases, which elicit both positive and negative response from followers, which can shift change initiative to succeed or fail. Organisational design is therefore a fundamentally important aspect to consider when placing people at certain leadership roles within an organisation, as the same people will be instrumental to sustainable change in the business. These are the leaders who will pass on the baton of change to their successors, thereby building towards the establishment of perpetual institutions.

## 7.5 Recommendations for Future Research

This research planned to extend the work on three aspects in change management and resulted in the design of a model, which could be practically used in change management initiatives. Further research along various aspects of this model should strengthen the dimensions and extend the ability to plan and implement for change in dynamic organisation with heavy political power.

- A specific study on whether in a public sector environment, subordinates are following the leader or the power the leader possess.
- The effective of social media to engage employees in building a communicating corporate culture that is conducive for change management.
- Whether rebranding after a merger and acquisition transition influence a unified corporate culture of the newly formed entity.
- Understanding the employee resistance to change initiatives and how employees utilize their power bases to exhibit the resistance.
- Understanding the public and private sector corporate cultures to find a common platform during employee migration.
- Understanding the investment in employees and probable increase through the various scholarships/bursaries that PRASA offers to its employees and through employee mentorship programmes by executives and senior managers

It can be concluded that, while much has been uncovered from this study on the three pillars of institutional transformation, there is still much to learn.

## 7.6 Applicability to other institutions

This study contributes to both theory and practices in the areas of change management, namely, leadership, power bases, and organisational culture. At the heart of this study, outcomes reflect the process of change management as a diverse paradigm. The theoretical and practical contributions of each of the findings considered in the previous chapters can be generalized into the private and public sector. The findings reveal specific factors that can be used in the context of change management, and can be well governed across any industry or location.

## 7.7 Conclusion

Change is still a central aspect of organisational success. Literature talks to a broad range of subjects in this topic, but in the business context a key objective is being able to respond effectively and more successfully than the competition. That transformational leader is motivating, uplifting and aspirational; this is needed in public

sector and organisations across business. This is a clear indication that transformational leadership has all the ingredients to be implemented and performed successfully in the public sector. This research clearly does not provide the unified theory of change management, but does however exhibit the number of perspectives and relationships between three variables, which should support an extension of change management processes and improve the efforts of this needed fundamental in our daily business lives.

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# 9 Appendix A: Typical Questions

## SEMI-STRUCTURED AND INTERVIEW QUESTIONNAIRES

### Theme 1: Culture

Understanding how employees of PRASA describe culture in company

**Q:** What 5 words would you use to describe your company?

Assessment of the environment and whether culture drives strategy in PRASA

**Q:** What's it really like to work here?

**Q:** What is most important to your team from their perspective?

**Q:** How are employees valued here?

**Q:** What skills and characteristics does the company value?

How is the culture across PRASA?

**Q:** What is the common thread that ties everyone here together?

**Q:** How would you characterize the people you value the most here?

**Q:** How do people from different departments interact?

**Q:** What additional training and education does the company promote/support?

**Q:** How effectively does the company communicate its values to its employees?

### Theme 2: Leadership styles

**Q:** What are the most important decisions you make as a leader of your organisation?

**Q:** As an organisation gets larger there can be a tendency for the "institution" to dampen the "inspiration." How do you keep this from happening?

**Q:** Where do the great ideas come from in your organisation?

**Q:** Which is most important to your organisation—mission, core values or vision?

**Q:** Do you set aside specific times to cast vision to your employees and other leaders?

**Q:** How do you ensure your organisation and its activities are aligned with your “core values”?

**Q:** How do you help a new employee understand the culture of your organisation?

**Q:** What is one characteristic that you believe every leader should possess?

**Q:** What is the biggest challenge-facing leader today?

**Q:** What advice would you give someone going into a leadership position for the first time?

**Q:** What are you doing to ensure you continue to grow and develop as a leader?

Theme 3: Power bases

**Q:** What is the relationship between leaders and followers?

**Q:** Does every manager need to be a leader?

**Q:** You say anyone can become a leader. Is it really possible? Aren't there people whose traits make them unfit to be a leader?

**Q:** What is the shape of the perfect leader and does he or she exist?

**Q:** Does a leader need power? How can a leader avoid being corrupted by the power?

**Q:** Is a military model of leadership adequate to any company, as far as it is based most on authority and discipline?

# 10 Appendix B: Consistency Matrix

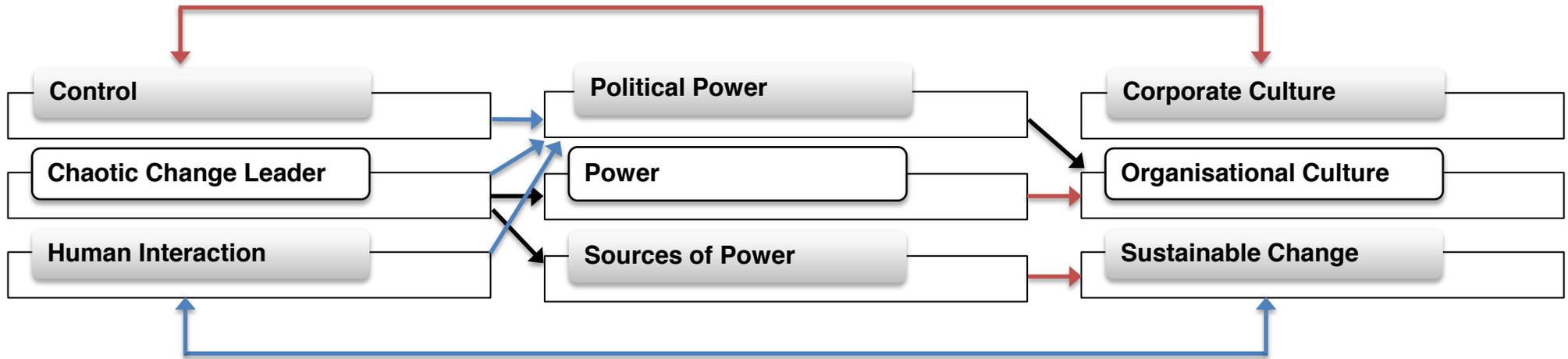
Table 3: Consistency Matrix

Questions	Literature Review	Data Collection Tool	Analysis
<p><u>Research question 1:</u> Which leadership styles facilitate employees' commitment to a change initiative?</p>	<ul style="list-style-type: none"> <li>• Tichy &amp; Devanna (1990)</li> <li>• Bass (1997)</li> <li>• Kotter (1996)</li> <li>• Bennis (1966)</li> <li>• Mintzberg (1998)</li> <li>• Moran &amp; Brightman (2001)</li> <li>• Hughes (1993)</li> <li>• Fielders (1967)</li> <li>• Burnes (2009)</li> <li>• Avolio &amp; Gardner (2005)</li> <li>• Karp, T., &amp; Helgø, T. I. (2008)</li> <li>• IBM (2004)</li> <li>• Diefenbach (2006)</li> <li>• Streatfield (2001), Griffin (2002) &amp; Stacey (2003)</li> <li>• Gill (2002)</li> <li>• Kotter (1995)</li> <li>• Tang &amp; Gao (2012)</li> <li>• O'Neill (2012)</li> <li>• Hiatt &amp; Creasey (2012)</li> </ul>	<ul style="list-style-type: none"> <li>• Interview guide: Change management grid</li> </ul>	<ul style="list-style-type: none"> <li>• Content Analysis</li> </ul>

	<ul style="list-style-type: none"> <li>• Raftery (2009)</li> <li>• Garber (2013)</li> <li>• Noor, 2011</li> <li>• Barro, 1996; Tavares &amp; Wacziarg, 2001</li> <li>• Baas &amp; Riggio, 2006</li> <li>• Wright 2011</li> <li>• Burns (1978)</li> <li>• Keobe, Reiter-Palmon &amp; Rickers (2001)</li> <li>• Caruso, Mayer &amp; Salovey (2002)</li> <li>• Babcock &amp; Laschever, 2003</li> <li>• Barron 2003</li> <li>• Adams &amp; Ferreira, 2009</li> <li>• Ely &amp; Meyerson, 2010</li> </ul>		
<p><u>Research question 2</u>: What power bases do management need to collectively achieve effective change?</p>	<ul style="list-style-type: none"> <li>• Hiatt &amp; Creasey (2012)</li> <li>• Pfeffer (1981)</li> <li>• Burnes (2009)</li> <li>• Hughes (1993)</li> <li>• Drory and Romm (1988)</li> <li>• Simon (1947)</li> <li>• Beshtawi, M., &amp; Jaaron, A. (2014)</li> <li>• Thompkins (1990)</li> </ul>	<ul style="list-style-type: none"> <li>• Interview guide: Change management grid</li> </ul>	<ul style="list-style-type: none"> <li>• Content Analysis</li> </ul>

	<ul style="list-style-type: none"> <li>• Mintzberg (1998)</li> <li>• Etzioni (1975)</li> <li>• Lee (1977)</li> <li>• Boonstra, J., &amp; Bennebroek Gravenhorst, K. M. (1998)</li> </ul>		
<p><u>Research question 3:</u> What factors hamper organisational cultural change</p>	<ul style="list-style-type: none"> <li>• Burnes (2009)</li> <li>• Rimanoczy &amp; Pearson (2010)</li> <li>• Smith &amp; Sharicz (2011)</li> <li>• Schein (1996)</li> <li>• Holbeche (2007)</li> <li>• Kotter (1996)</li> <li>• Gordon (1991)</li> <li>• O'Neill (2012)</li> <li>• Fernandez &amp; Rainey (2006)</li> <li>• Kunze (2013)</li> <li>• Haitt &amp; Creasey (2012)</li> <li>• Mou (2013)</li> <li>• Deal (1999)</li> <li>• Schein (2004)</li> <li>• Martins &amp; Terblanche (2003)</li> <li>• Brown (1995)</li> <li>• Bate (19950)</li> </ul>	<ul style="list-style-type: none"> <li>• Interview guide: Change management grid</li> </ul>	<ul style="list-style-type: none"> <li>• Content Analysis</li> </ul>

# 11 Appendix C: Leadership, Power and Culture Model



LEGEND:

→ Question 1

→ Question 2

→ Question 3