

EFFECTING ORGANISATION CHANGE IN ESKOM BY CREATING A LEARNING ENVIRONMENT

By

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- Lastly I thank God who gave me strength and wisdom to complete the research

DECLARATION

I declare that:

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Is my own work, that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this thesis was not previously submitted by me for a degree at another University.

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DEDICATION

This effort is dedicated to:

My late mother Stompi, who always encouraged me in my studies and derived pride in my achievements.

Summary / abstract

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The current social, economic and technological climate requires the management of change, which is sustainable. One sustainable corporate quality will be the ability to learn as an organisation. Individuals have traditionally equated learning with the acquisition of knowledge, during early age. The understanding of learning changes as individuals learn as a group within an organisation. Often organisations fail to make the connection between learning and training. To become learning environment there should be an existence of three critical issues, namely, individual, team and organisational learning. The five requirements of learning organisation, namely, systems thinking, personal mastery shared vision, team learning and mental models should be mastered to build a learning environment.

A learning environment seeks to create its own future, which assumes that learning is an ongoing and creative process for its members. The concept believes that organisations, which learn develops, adapts and transform itself in response to the needs and aspirations of the people. One of the reasons to fail this connection would be the absence of immediate tangible benefits that organisational learning can provide. The other difficulty could be in translating the theory into practice in the absence of explaining the process sequentially.

Organisations are experiencing the need to develop capabilities to handle challenges irrespective of the barriers. The learning organisation constitutes a

new perspective on learning which emphasise a shift in organisational management with respect to education, training and development.

One way of adopting such capabilities is through adopting the precepts of the learning organisation. The academics, management and practitioners have joined hands in unravelling the concepts and processes of the learning organisation and change management.

The study attempts to examine and explain the thinking and synergise various approaches to provide the relationship between the organisation change in Eskom by creating a learning environment. This is not a prescriptive document or critique on the current philosophy, but to create a learning environment model for Eskom within which change will be effected. The information will assist Eskom to accelerate its learning rate to sustain competitive advantage. The organisation needs to embrace change rather than to react to solutions.

OPSOMMING

Die huidige sosiale, ekonomiese en tegnologiese klimaat vereis die volhoubare bestuur van verandering. Een volhoubare korporatiewe vereiste is die vermoë om as 'n organisasie te leer. Individue het die leerproses tradisioneel geassosieer met verkryging van kennis op 'n jeugdige ouderdom. Die begrip van die leerproses verander soos wat individue as 'n groep binne 'n organisasie leer. Organisasies kan baiekeer nie die verband tussen leer en opleiding insien nie.

Een van die redes waarom hierdie verbintenis nie gemaak word nie, is die afwesigheid van tasbare voordele wat 'n organisasiewye leerproses kan bied. Dit kan ook moeilik wees om die teorie in praktyk om te skakel waar die proses nie in volgorde verduidelik word nie. Ten einde 'n leeromgewing te kan vorm, moet daar drie kritieke elemente bestaan, naamlik individuele, span-, en organisasie-leervermoë. Die vyf vereistes van die leerorganisasie, naamlik stelsel-denke, persoonlike beheersing, gedeelde visie, leer in spanverband, en denkmodelle, moet bemeester word ten einde 'n leeromgewing te kan skep.

'n Leeromgewing wil sy eie toekoms skep, waardeur aanvaar word dat leer 'n aanhoudende en skeppende proses vir sy lede vorm. Een van die redes waarom daar in hierdie verband mislukking kan voorkom, is die afwesigheid van onmiddellike tasbare voordele wat organisasieleer kan verskaf. Dit kan ook moeilik wees om die teorie in praktyk om te sit waar die proses nie stap-vir-stap verduidelik word nie.

Organisasies ondervind die noodsaaklikheid om uitdagings te hanteer, ongeag die beperkinge. Die leerorganisasie bied 'n nuwe perspektief op leer, wat 'n verskuiwing in organisasiebestuur beklemtoon, met betrekking tot opvoeding, opleiding en ontwikkeling.

Een manier om sulke vermoëns te ontwikkel, is om die voorskrifte van die leerorganisasie te aanvaar. Die akademici, bestuur en praktisyne het hande gevat om die konsepte en prosesse van die leerproses en veranderingsbestuur te ontstrem.



Die studie poog om die denke te ondersoek en te verduidelik, en om onderskeie benaderings bymekaar uit te bring ten einde die verwantskap tussen die organisasieveranderinge in Eskom te stig deur 'n leeromgewing te skep. Hierdie is nie 'n voorskriftelike dokument of kritiek op die huidige filosofie nie, maar is bedoel om 'n leeromgewing-model vir Eskom te skep waarbinne verandering kan plaasvind. Hierdie inligting sal Eskom help om sy leertempo te versnel ten einde mededingingsvoordeel te behou. Die organisasie moet verandering aanvaar, eerder as om te reageer op oplossings.

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CHAPTER 1

1.1 INTRODUCTION

The changes in technology, limited natural resources, increasing global competition and a more diverse workforce require organisations that remain competitive by learning more, faster and to continuously change. Such learning and changing organisations are termed *learning organisations*. Most institutions, like government departments and public enterprises, are inevitably faced with the fact that they must change. This can be attributed to environmental changes or internal dynamics. According to Van Der Waldt *et al.* (1999:117), "to be able to survive the changing environment, managers must respond proactively to technological advancement so as to adjust systems and processes". Eskom is expected to manage change effectively during transformation.

This research was conducted to produce answers on how to bring about organisational change within Eskom by creating a learning environment. The work covers the emergence of the relationship between the organisational change and the learning environment within the field of Public Administration. The study was conducted in consultation with custodians of organisational change within a learning environment and with referral to books and journals. Both published and unpublished literature sources were used.

Since the advent of the industrial revolution, technological change has affected all types of organisation. This change was brought about by, amongst others, new inventions, competitions, new markets, sources of production as well as social, political and economic pressures. Organisations operating within a learning environment are mostly affected by these changes. A learning environment seeks to create its own future, which assumes that learning is an ongoing and creative process. Learning organisations, which learn, develop, adapt and transform themselves in response to the needs and aspirations of people. The central requirement for this is that the organisation

must change in order to enable it to fully develop and exploit human potential. The results of this research show congruency between personal and organisational visions, goals and objectives, to release human and organisational potential. The shared vision should be achieved without conflict.

This chapter covers the description of the problem, formulation of the hypothesis, research methodology, clarification of concepts and terms and the purpose of study. Applied research was undertaken in order to effect organisational change in Eskom by creating a learning environment.

1.2 BACKGROUND OF THE RESEARCH PROBLEM

Eskom is a public enterprise, which generates, transmits and distributes electricity to South Africa and the rest of Africa. It operates within a rigid and hierarchical structure whereby the layers of management structure include top, middle, supervision and lower levels. Authority is delegated to subordinates, creating hierarchy of authority, which produces a pyramid structure. Leadership applies more commands, and control inhibits participation in goal setting and achievement thereof. The systems fail to recognise or focus on real issues. For example, the reward system is for control and focus is not on customers. Such a system does not encourage a climate of trust and openness in sharing information. Processes are task-orientated instead of people focused. The culture of learning is lacking and is not encouraged for self-development employees.

Charlesworth (1968:9) argues that "a hierarchical view of or organisational authority needs to be changed, administrators must view workers as co-ordinates rather than subordinates." Change that relates to problems of systems, processes, leadership, culture and structure, is inevitable. Charlesworth points out that Public Administration has not been able to deal with societal problems, and that it only highlights relevance, value, equity and change. Public Administration manages the affairs of the government's various levels, namely, national, provincial and local. Eskom operates for

public interest by supplying electricity to public and private groups. Public administration uses operations like Eskom to fulfil or enforce public policy. The minister lays down broad policies for Eskom to implement. Unlike other Public institutions, Eskom is obliged to generate revenue so that government should not be bound to subsidise or finance it. The Minister of Public enterprise, Mr. Jeff Radebe announced in "The Business Day" (April, 5th, 2000) that Eskom "needs to be reshaped". This presupposes includes Eskom's paying tax to government. Therefore Eskom is undergoing major restructuring and privatisation processes as laid down by government. Basu (1994:24) emphasises that "the study of Public Administration must be relevant to transformation taking place in the profession due to changes in the political ideology, science and technology "

1.2.1 Description of the Problem.

This research was aimed at testing the solution of organisational change in structures, systems, people development, processes and leadership in Eskom by creating a learning environment. The theories suggested particular solutions for the problem situation. What is not known is how the organisation seeks to create its own future through change. The research will focus upon evaluating the possibility of creating skilful, conscious and potential employees within Eskom by means of organisational change. Such employees will operate within a learning environment. The learning organisation views the skills and insight of its members as principal assets of a high-value organisation.

Effective change happens as a result of organisations level of continuous transformation. In Eskom this continuous transformation is not evident due to the structures, processes, systems, culture and leadership not being conducive to a learning environment. The changing organisation should assume an ongoing creative process for its members. Central to change is human resources development. During this process the organisation transforms itself in accordance with the demands of its people, inside and outside the organisation. The investigation is planned around two variables,

namely effective organisation change and the creation of a learning environment. The theories and the research problem deal with the relationship between effective organisational change in Eskom and a learning environment. The theories and research are concerned with organisation change and learning environment.

1.3 FORMULATION OF THE HYPOTHESIS

The research was conducted to verify that changes in Eskom could take place by creating a learning environment. The research problem is effecting organisational changes in structure, processes, culture, systems and leadership in Eskom. The answer to this problem is to create a learning environment. The assumption is based on the premise that there is a problem with Eskom's organisational structure, leadership, systems, processes and culture. The hypothesis was formulated in terms of operationalised construct. Organisational change in Eskom was defined operationally in terms of a learning environment structure, leadership, systems, processes and performance management system.

Figure 1.1 The Formulated Hypotheses In Terms of Operationalised Construction.



The dots in Figure1.1 represent operational definitions. Change in Eskom is defined operationally in terms of a learning environment. Under "operational",



concepts such as structure, leadership, systems and processes are included and represent the hypothesis investigated. The arrow moving down symbolises the investigation by means of a research hypothesis. According to Huysamen(1997) “the hypothesis is the positive statement about relationships between operationalised variables”, as symbolised by the arrow at the bottom. If the results obtained support the research hypothesis, both the organisation changes in Eskom structure, leadership, processes, systems and a learning environment are provisionally confirmed. The hypothesis formulated is that organisational change in Eskom can be effected if a learning environment is created. A causal relationship is postulated by using the two variables, namely, the independent and the dependent variables. The independent variable is the learning environment and the dependent variable is effecting organisational change in Eskom. A learning environment should exist in Eskom in order for organisational change to be effective. The dependent variable varies with the introduction or removal of the independent variable. For example if there is no learning environment then organisational change cannot be effected. The learning environment should be the answer to Eskom’s problem, which is organisational change. The answers expected are a change in Eskom’s structure, leadership, processes, systems and culture.

1.4 RESEARCH METHODOLOGY

The methodology employed in this thesis involved collecting information from articles in professional periodicals, books, journals, and unpublished and published reports. The research questionnaire was compiled from existing literature. The information was gathered to suggest solutions to contradicting results. The scientific knowledge was obtained by a controllable method. The data collected was analysed to explain the hypothesis that creating a learning environment can effect organisational change in Eskom.

The cost-effective data collection route was followed. This included random selection of learning organisations, organisations with ongoing learning and change, case studies, and literatures. The methods of data collection include telephone interviews, case studies and benchmarking. The research

questionnaire was not previously used in Eskom and the results are not based on existing data and therefore the thesis proves original research, resulting in the development of new facts and information regarding effecting organisational change in Eskom by creating a learning environment. The new facts that will be brought about will be provided to Eskom, the public enterprise.

1.4.1 Internal and External Benchmarking

The other methodology of collecting internal data was benchmarking the best learning organisations, in Eskom's departments, which underwent change. The Eskom departments, namely Transmission, Distribution and Finance, underwent transformation in the past four years. The process of change within the said business was recorded on the internal communication system. The information was gathered from the organisations by using Intranet. The Intranet is an in-house information system on a personal computer. Observing and facilitating the Transmission Group Leadership Gateway contributed towards the accumulation of data. The participants were from all levels of the department's structure. The employees were divided into groups of forty. During this transformation phase, the participants took charge of their own lives and work during this action research. Information from Distribution and Finance was collected from the Eskom Intranet and literature.

External benchmarking was explored in London learning organisations. London's organisations were chosen because international comparison of change and learning environment was necessary for the thesis. These organisations effected change by creating a learning environment. The organisations also aimed at working faster and better to connect their people globally. The organisations are competitive and learn continually. The transformation methods applied by these organisations include reengineering, restructuring, quality programs and cultural change to create a learning environment. Interviews were conducted and respondents had less time to elude it. Respondents unwilling to complete questionnaires were willing to talk. Respondents' answers to questions were recorded. The questions were



relevant and less complicated. The quality of the information obtained seems to be favourable. The information from the London learning organisations was also taken from daily observations and participation. A line was drawn when the data was analysed and recorded.

The organisations observed included, *The Investors in People, Training and Enterprise Councils Organisations, Mind Kind Learning Centre and The Scottish Vocational Education Council*. Benchmarking using case studies, which are national and international, were also used for information gathering. The qualitative study was applied to describe the changing organisations within a learning environment to develop theories for such organisations. The qualitative method is useful in studying cases, which do not fit into a learning environment and change theories. The qualitative methods help in averting unjustified conclusions such as *change is inevitable* and is effected when learning environment is created.

Action research aims at testing the practical problem, namely how to bring about organisational change in Eskom. The information gathered from the two case studies is used to investigate the dynamics of change and to search for a solution to the problem. A learning environment helps to develop and evaluate alternative to change through transformation, reengineering quality programs and cultural transformation. The theory of learning organisation suggests that organisations be consistently structured, bearing the essence of human nature in mind. The objective is not to test the theory but to come up with a theory suggesting a particular solution for the problem situation in Eskom. The design is continually changed and adapted to information gathered during the research.

The organisations used in the case studies are *The Centre for Management of Change* in South Africa and the *Performance Appraisal Programs for Human Resources Department of Firestone* in the United States of America. Descriptive statistics of the two organisations were used. The description of the two organisations systems and procedure permitted the application of



content analysis. The study was limited to performance appraisal program in Human Resources. In the two case studies, the field was restricted to the change in structure, culture, participation, and team and career development. The study will search for the recurring comparable patterns and examine them.

1.4.2 Scope of Research

(a) Time

The International study was conducted in London in 1996. The duration of the research was three weeks. The internal benchmarking was conducted in Eskom departments in 1997. The Eskom Culture Survey was conducted in consultation with the National Productivity Institute in 1996. Case studies were used between 1993 until 1999.

(b) Hierarchical Dimension

A 15% sample was drawn from B lower to E-band levels. The B-lower is the lowest level, according to Patterson Band organisation's structure. The structure according to Patterson Band includes B-uppers, C-lowers, C-uppers, M-lowers, M-uppers and then E-Band.

(c) Groups

The sample was stratified according to Group and Band levels. The Groups include Transmission, Distribution, Services, and Technology, Finance, Generation and Human Resources. However, gender, age, home language, qualifications and length of service were included as demographic factors.

(d) Statistical information.

Table 1.1 Represents a number of respondents to questionnaires circulated.

INSTRUMENT	RESPONDENTS
Questionnaires	1000
Individual Interviews	200
Total number of respondents	1200



Table 1.2 Represents the sample according to Groups.

GROUP	RESPONDENTS
Technology	81
Services	200
Transmission	100
Distribution	55
Finance	30
Generation	100
Human Resources	20
TOTAL	586

1.4.3 Relevant Literature

Books, documents and files on the aspects of public administration, change and the learning environment were consulted. Perspective on findings about best methods was discovered. The findings will be used to interpret the research results. The outcome will determine the actuality about effecting change in Eskom by creating a learning environment. It was easy to obtain data from literature, although it was time consuming.

1.5 CLARIFICATION OF CONCEPTS AND TERMS

The study will include some new administrative vocabulary to describe different organisational structure, culture, processes, systems and leadership.

1.5.1 Organisational Culture and Change

The organisational culture is shaped by the way people behave and do things. During this process patterns are formed which depend on people. The problem arises when the world changes and organisations like Eskom are stagnant. As long as populations, technology, information and markets grow, people will adapt and therefore change. As the world changes, a desire for radical organisational culture change is desired. Change demands speed, which is related to the changes in technology, competition, markets and population. Problems of change arise from people's reluctance to give in to

change. Change means people should learn anew. Yet, if people do not take a chance to adapt, they do not survive. Reaction to change is related to a learning environment. This relationship will be investigated in this research paper.

1.5.2 The organisational Structure

According to Weber (1964:337) every organisation can be defined as structure of activities (means), directed towards the achievement of certain objectives (ends). To maximise efficiency and productivity, every organisation develops a system of specialisation (division of tasks and a set of systematic rules and procedures). The critics of Weber's model of bureaucracy views the model as the ideal type, which cannot be related to reality. The concept of organisation to Weber was important because according to Parkin (1982:14-15) the organisation is the link between all social sciences. To Weber, according to Blau (1963:1) "the ideal form of organisation was the bureaucracy" which he viewed as an administrative system consisting of permanently appointed government officials. The concept of change and learning environment promotes the application of general scientific method. It encompasses a survey, hypothesis, and the collection of data and fact finding.

1.5.3 Innovation

Innovation is the generation, acceptance and implementation of new ideas, processes and services. According to Thompson (1969:5) innovation "implies capacity to change, in order to be effective to achieve goals of public institutions."

1.5.4 Technology

The word technology is derived from the Greek words, techno, meaning "art," and logos, meaning "word" or "disclosure" as described by Bledsoe (1979:29).

1.5.5 Reorganisation

Reorganisation results from implementing computer technology in public institutions, resulting in changes in the environment. This results in reorganisation and adjustment of procedures to adapt to changing circumstances.

1.5.6 Competitors

Public resources and budgets are limited and therefore public institutions compete against each other for availability of funds and other resources.

1.5.7 Business

Public Administration is interested in efficiency and economy. Business is concerned with issues of efficiency, co-ordination and measuring the organisation performance.

1.5.8 Organisational Structure

Organisations are social tools that utilise a variety of people and knowledge and to accomplish impossible things. These tools result in structures and systems to becoming an integrated whole. In the case of Eskom, as a public enterprise, suppliers, customers', Board of Directors and distributors are included in the organisational structure. Formal organisations like Eskom conscious planning with the objective of reaching organisational goals. The attributes of the organisation are determined through the arrangement of the organisation structure.

1.5.9 The five disciplines conceptualised by Peter Senge

Senge(1990:5-12) developed five learning disciplines concepts, which embrace *systems thinking, personal mastery, and team learning, mental models and shared values*. The five disciplines converge to create a learning system. A discipline according to Senge is a developmental path to acquire certain skills or competencies, based on the body of theory that must be

mastered. The discipline strengthens the mental character. Much emphasis is given to Peter Senge because he is the foremost proponent of the learning organisation in the United States of America.

(a) Systems Thinking

The systems approach includes a discipline constructing whole units from the parts. For competency and policies, it integrates the disciplines of judging, thinking, knowing and learning. The public manager should view the institution as a whole, but within a bigger picture, within the environment in which it operates. Systems thinking will assist people to visualise the structures that underlie the complex situations, to discern high from low point of leverage. It is a framework for seeing interrelationships and not things and for seeing patterns of change. Systems thinking integrate other disciplines to form a body of theory and practice. To understand the system, the whole and not the individual parts should be understood. Business and human beings are systems and are made up of interrelated activities.

(b) Personal Mastery

Senge (1990:7) sees personal mastery as a “discipline of continually clarifying and deepening personal vision...and seeing reality objectively.” which continually clarify and deepens the vision, for people to see reality objectively. Mastery explains a special level of competency to clarify important matters. Personal mastery fosters personal motivation to learn how personal action effects the outside world.

(c) Mental Models

Mental Models is the competency of revealing internal pictures of the outside world to the surface for scrutiny. Learning happens by turning the mirror inward to learn to bring the mental pictures to the surface. The mental pictures are brought to the surface through learning conversations, such as advocacy and balanced inquiry.

Arie De Geus (March/ April 1998) Royal Dutch/ Shell Group Coordinator, says that "the adaptation and growth in a changing business environment depends on institutional learning, which is a process whereby management teams change their shared mental models of the company, markets and competitors". A vision in an organisation is not dictated by the leaders, but is shared through involvement and commitment.

(d) Team Learning

Team learning is the capacity of members to think and learn together excluding assumptions. Dialogue is a tool used to recognise the patterns of interaction in teams to encourage learning and to avoid using assumptions. The group discovers insights of the organisation together, not individually. A shared picture of the future is formulated by co-ordinating the thoughts of the team of the organisation.

1.6 THE PURPOSE OF STUDY

The study is conducted to investigate whether that creating a learning environment in Eskom will bring solutions to the changing structure, culture, processes, systems and leadership. What is unknown at this stage is how effecting an organisational change in Eskom will seek the creation of a learning environment. The study of a learning environment is at its initial stage. The application of the learning organisation's principles, namely, *systems thinking, personal mastery, building shared vision, team learning and mental models*, are not realistic but are an interpreted reality. Since the study is about human behaviour it is difficult to detach from the presumptions and technological achievements.

Chapter one deals with the research problem, hypothesis, methodology, clarification of concepts, and the purpose of the study.

Chapter two deals with an integrated approach to learning organisations. The chapter includes definitions, underlying principles of the learning

organisations, the symptoms of organisations facing learning disabilities and characteristics of learning organisations.

Chapter three discusses building a learning environment in Eskom. The forces, which compel Eskom to change as well as the process of assessing its learning environment, are also discussed.

Chapter four outlines benchmarking international and local learning environment. It describes the purpose, types and process of benchmarking and gives an insight into benchmarking external organisations. Finally a learning environment model in terms of structure, leadership, processes, systems and culture is proposed, which will effect organisational change in Eskom.

Chapter five describes internal benchmarks within public enterprise in general and Eskom in particular.

Lastly, chapter six deals with findings, evaluation and recommendations in effecting organisation change in Eskom by creating a learning environment.

1.7 CONCLUSION

The foregoing chapter broadly outlined the research study of effecting organisational change in Eskom by creating a leaning environment. This is based upon the assumption that there is a problem with Eskom's organisational culture, structure, processes, systems and leadership. A relationship between the dependent variables and independent variables was established. The former includes effecting organisational change in Eskom and the latter is creating the learning environment. A wide-ranging inquiry through literature, benchmarking best learning organisations, internationally, nationally and within Eskom and case studies were used. Data will be analysed by means of comparing the systems, processes, structure, policies and culture of the benchmarked learning environment organisations with those in Eskom. The next chapter will explain what the learning organisation is



by laying emphasis on Peter Senge, who is the foremost proponent of the learning organisation in the United States of America. It will also include learning disabilities, approaches and characteristics of learning organisations.

CHAPTER 2

AN INTEGRATED APPROACH TO LEARNING ORGANISATIONS

2.1 INTRODUCTION

Organisational learning as a concept is not easy to understand. In this chapter attention will be paid to the concepts relevant to a learning organisation. In order to achieve this, a mind shift is required on how people think and interact. The changes go beyond individual corporate culture to the assumptions and habits of culture as a whole. The learning organisation allows this transformation. Basu (1994) points out that there is a close relationship between administrative theories, concepts, cultural and technological changes of society.

Senge(1994:5) presents the conceptual underpinning of the work of building a learning organisation. The management of the learning organisation is in its initial stages. It will take years of experimenting and testing before a fully-fledged handbook on learning organisation can be compiled, because it exists primarily as a vision in a collective experience and imagination at this stage. Perhaps the reason for this delay is the realisation and understanding the capabilities which organisations possess. An understanding of the concept of learning organisation is crucial in dealing with the subject matter being researched.

The learning organisation operates on three levels, namely individual learning, team learning and organisational learning. Senge(1990:5-12) identified five disciplines of the learning organisation, namely, *systems thinking; personal mastery; mental models; team learning and building a shared vision*. A system thinking is a framework for inquiry, making better sense and for guiding actions in complex situations for developing a meaningful world-view. Personal mastery is clarifying and deepening personal vision to see reality objectively on continuous basis. Mental model learning externalises internal pictures about the world through inquiry and advocacy. Team learning is a

process of creating desired results in a team through development of capabilities. Lastly shared vision is a focus by a team to achieve results.

Training plays an important role in the learning organisation, but it is not the sole distinguishing feature of a learning organisation. Training includes individual and organisational practices because it is intertwined with daily work activities. The learning organisation constitutes a new perspective on learning, which emphasises a shift in organisational management with respect to education, training and development. This is what Senge (1990:13) calls *metanoic organisation*. The term *metanoia* means *mind shift*. A *mind shift* is a fundamental change. This is the core of learning, which is continuous and systematic in approach, helping organisations to respond more effectively to change.

Against this background, the concept of the learning organisation will be explained in this chapter by defining the concepts of change and learning organisations in order to establish a relationship between the two. The approach will be crucial for the design of the learning environment model for Eskom.

2.2 DEFINITIONS OF LEARNING ORGANISATION

The term *learning organisation* means different things to different people. The various definitions of the term depend on what part of the concept the particular person understood. Calvert, Mobley and Marshal (June:3,1994) demonstrated this controversy when fifty practitioners from the United States of America, who had gathered to discuss the concept of a learning organisation, held five sessions for the purpose of learning organisation analysis. The outcome of the discussions showed that there was still a long way to go in translating learning organisation into practice. During the debate about the learning organisation definition, it was clear that the participants preferred definitions that were concrete and non-academic. Senge(1990:1) stated as follows:

“It is an organisation where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, and where people are continually learning how to learn together”.

The definition explains that for the learning organisation to exist, continuous learning should prevail. The aim of this definition is to destroy the illusion that the world consists of separate, unrelated experiences. Skill inventories and audits of learning capacity, and finally systems for sharing learning, rewards and structures for employee initiative in place. Organisations learn at different paces and are more systematic.

A more comprehensive definition of a learning organisation is presented by Pedler et al (1991:1) as “an organisation that facilitates the learning of all its members and continuously transforms itself”. Organisations that encourage learning continuously improve and operate differently from organisations that do not.

Fiol and Lyles (1985:181-91) define organisational learning as “the process of improving actions through better knowledge and understanding”. The actions to be taken by people depend on the organisation’s situation and on how its members learn.

Kline and Saunders (1995:) see the learning organisation as “an organisation so designed that new information and behaviours take their place in its structure and framework, so that they affect the behaviour of everyone in it”. A learning organisation is a complex system, composed of people, technology, buildings, communication, customers and quality products. Today, learning, which is needed should be relevant and quick to have an impact and ensures the involvement of everyone concerned. The pace of change requires learning to be continuous and life-long.

2.3 THE UNDERLYING PRINCIPLES OF THE LEARNING ORGANISATION

The learning organisations operate at three levels, namely individual, organisational and team learning.

2.3.1 Individual learning

Individual learning is a self-directed approach based on competencies, skills, knowledge and feedback. Individual learning means continuous learning, which is rewarded. It takes place when individuals take charge of their own learning and development by taking self-directed decisions. Individuals believe that it is not circumstances which determine their future, but their own choices and efforts. The learners diagnose their own learning needs and negotiate their learning goals, with the approval of the manager.

According to Eskom's Integrated Learning Programme Policy (November 1997), individual learning is excluded to accommodate training. Individual learning is learner-centred and defined by Gilligan, (1994:4-9) as " a process in which individuals work at what they want to learn, and how they want to learn, with others, in the context and framework of their situation".

2.3.2 Organisational Learning

Organisational learning occurs in an organisation, which supports and rewards people's achievements based on learning. Such an organisation commits itself to at least some of the following principles as laid out by Kramlinger (1992:48): -

- (a) Everyone can be a source of useful ideas.
- (b) The people closest to the problem usually have the best ideas.
- (c) Learning flows up as well as down in an organisation.
- (d) The more information people can access, the better.
- (e) New ideas are valuable.
- (f) A mistake is simply an opportunity to learn and
- (g) Nothing is sacred (except the governing vision and values).

Gerald (1971:297) discusses the variables for successful administrator as:

- (a) Recognition of new solutions rather than modify older ones
- (b) Turn crisis into advantage and deal with uncertainty
- (c) Learn from experience and uncertainty.

The definition of a learning organisation entails people who feel that they make contribution to themselves and the larger world whilst growing their capacity to create. The organisation is continually aware of its underlying knowledge base and allows people take risks and make mistakes.

Policies and procedures are developed within the organisations to create a learning environment that support these assumptions. These are the new ways of learning which differ considerably from traditional ways of learning. In this regard organisations also learn new service practices, which includes:-

2.3.2.1 Transformation

According to Richard *et al* (1978) “ future administrators will be leaders, learners and change agents and also be innovative, adaptable and knowledgeable”. Today organisations realise that there will be no survival if there is no change. The need to change is a forceful push in the direction of continuous learning and improvement. To survive this turbulent environment, organisations and their workforce must also be flexible and far-sighted. Employees should learn about the organisation as well as about own tasks. This will give them a chance to make a valuable contribution to the organisation. Consequently, the learning organisation will be used to help people to embrace change. Borman (1992:20) sees the learning organisation as:

“The one which learns from its environment and encourages learning in its people.”

Such organisations are proactive by being aware of changes taking place around it and rely on long term planning. Eskom as an organisation is in its transitional phase. The Transmission Group Gateway (1996) explains that the group as part of Eskom's business is moving from a functional towards a process organisation. The Transmission Group designed a programme that will ensure a fast and effective transformation. The intent of the entire programme is to establish and develop people that will expose Eskom to becoming a learning environment. The end result of the Transmission Gateway programme (1996) is to change the way people think about own abilities to change.

2.3.2.2 Improvement of the Quality of Products and Processes

Managing quality in service business does not produce a "thing" whose quality can be measured. In a service-oriented environment quality is measured by the attributes of service rendered by the server and the satisfaction derived by the customer. The server, in this case, is Eskom and the customer is an electricity consumer. Service quality is intangible and thus not easily measurable. Service business is mostly managed on what is most tangible. For example having measurable performance indicators accepted by the organisation and yet they do not produce quality service. This means that work of poor quality will be done. If quality is noncompetitive, foreign competition in service sets in.

Basu (1994:29-30) explains that the work of public administration is greatly transformed by among other things, the rise of industrialisation, change in political philosophy of the state.

O'Connor (1990) explains that in the past the industrial decisions were based on the control, which of manufacturers and suppliers of services exercised over the marketplace, even though the customer's demand for new products, inventions and services was taken into account. Customers' tastes were, however, influenced by the business world. Due to the growth of international markets, satellite communication and technology, this has gradually changed.

Companies began to face global, as well as local and national competition. This dramatic shift of power to the customer is the end result of the industrial revolution. The easy access of the customer to manufactured goods contributes to the existing competition. The work of the learning organisation dovetails with the total quality management. Organisations, which that are committed to quality management, are prepared to study the learning discipline.

O'Connor (1990) describes the various responses of the leaders of organisations towards the power shift to the customer as follows:

“Some ignored it and carried on producing goods as if nothing had changed since the Second World War. Others responded with scientific and rational approaches. They used organisation approaches such as systems analysis, strategic planning and rationalisation. Their basic approach was that finding their cause and applying the correct solution solves problems”.

O'Connor (1990) further explains that some leaders recognised that the direct response to the change in consumer attitude was essential. After listening to customers, the leaders launched *Customer Focus*, *Customer is King*, *Quality First*, *Total Quality Excellence* and many other similar initiatives. The leaders believed that customers choose organisations, which consistently serve them better with top quality goods and services. These leaders also realise that change is inevitable, wide-ranging and a challenge. The leaders therefore face an enormous challenge, namely, the complexity of managing company wide change.

According to the Transmission Group Strategic Document (updated May 1997) the core principles of *customer satisfaction* (business imperative), *self-actualising* (people imperative), and that of a *learning organisation* form the basis of the transition. The Transmission Human Resources Development Division intends to be results-orientated, so as to offer quality service to the customer, whilst developing people within a learning environment.

2.3.2.3 Changes in Technology

Van Der Waldt and Du Toit (1999:117) define the technological environment as “the state of science and technology within a certain environment”. The technological environment from creation of new products processes methods and management approaches. Basu (1994:32) suggests that “the administrators keep abreast of the rapid changes in knowledge and technology and know how to implement them in the changing socio-economic environment”. Organisations of different kinds learn not only to survive, but also to thrive, in the uncertainty of the changing world to face the ever-ferocious global competition. The predictability horizon is shortening as changes in technology and markets accelerate. Today there are more scientists and technologists than in the past and the sum total of information and knowledge is growing exponentially.

Advances in communications and manufacturing technologies are such that competitive advantage in specialised markets can be obtained quicker. Developing countries can learn to achieve superior national standards from the industrial nations of Western Europe. This means that the organisation must learn new ways of thinking and working in order to fully utilise the computer and other kinds of new technology to better serve the customer, which is the common goal. People in the learning organisation look forward to the creation of that which emerges in the New World, such as access to information, rearrangement of work, lifelong learning and effective invention. Eskom business of Transmission, Distribution and Finance underwent technological changes. The details of these changes will be discussed in the subsequent chapters.

2.3.2.4 Company Wide Standards

A Company wide standards guide a process of change that include shared responsibility to make change happen. Such a standard is based on analysis of data and informed discussion. Deming (1986:466-7) suggests that “efforts and methods for improvement of quality and productivity in most companies



and in most government agencies are fragmented, with no overall competent guidance, no integrated system for continual improvement". All human beings according to Deming(1993:111) "have inner drive to learn, take pride in their work, to experiment and to improve". This guiding idea will assist managers' thinking about watching over people to influence learning. Effective and efficient change management is one aspect of life in an excellent company. Richard *et al.* (1976:135-150) suggests that "to be effective in the eighties, public organisations will need organisational adaptability to change". Eskom as a public enterprise needs to have company wide standards, to encourage efficiency and effectiveness.

2.3.2.5 Driven by a Vision

Recognised public sectors have leaders with clear vision, which leads transformation of the organisation and known by everyone in the organisation. Van Der Waldt and Du toit. (1999:402) define a vision as "a leaders realistic and credible idea of the future". Corporate culture is a pattern of behaviour that develops over time and affects people's relations with each other in the course of their work. Change, which radically affects an existing culture, is difficult to implement. Transforming leadership requires a public leader to set the pace and direction. The leaders should describe the vision in such a way that it inspires their colleagues to change. Eskom's transitional leadership will be discussed in the succeeding chapters.

Senge (1990:206) believes that the vision should acknowledge the past as well as the present to build the future. The leaders should describe the vision so that it inspires their colleagues. If they know where the company is going, people are able to contribute. The vision should include the company's priorities. The success of any change depends on the willingness of the people to change their behaviour and to accommodate the company's priorities. Leaders need to close the gap between verbal and actual priorities. The company's priorities should be based on the company's purpose. This is not always easy. Companies owned by shareholders for example, have a legal responsibility to protect their investors' interests. A useful method of

managing change is for leaders to present a clear vision of the company's future.

2.3.2.6 Obsession with Cost-Cutting

Organisations look into ways in which they can cut costs while at the same time improving responsiveness to all its major constituents, such as customers, suppliers, shareholders, employees and regulators. Hammer and Champy (1994:11) remark that for classical American corporation to “renew their competitive capabilities is not an issue than getting people in these companies working harder, but of learning to work differently. This means that companies and employees must unlearn the way they work.

2.3.2.7 True Globalisation

The only sustainable source of competitive advantage is an organisation's ability to learn faster than its competitor. The report from Eskom's Chief Executive in *Eskom's annual report* (1994:26) states that “ there is an increasing international competition that may require Eskom to re-examine its relationships with other players in the international energy scene, including other utilities”. Natural gas also competes with Eskom. The report further identified that methane extracted from coal deposits is also a threat to the energy market. The Chief Executive statement confirms that Eskom is not a learning environment but shows awareness about competition facing the organisation.

The idea of true globalisation was articulated by Arie De Geus, the former Co-ordinator of Group Planning at Royal Dutch/Shell. De Geus explains globalisation as “any insight or invention, whether it is a new way of marketing, a new product, or a new process, is really a learning process”. (Harvard Business Review, March/April: 1988).

Innovations, inventions and new ways of doing things are viewed as learning experiences. At Shell employees continue to learn and generate new ideas and incorporate them into their work. By the time anyone had copied them

they would already be far ahead again. Global competition is becoming fiercer as increasing numbers of developing countries enter global markets.

The most successful company of the 1990's will be one that can be called a learning organisation. Senge (1990:4) foresees that:

“As the world becomes more interconnected and business becomes more complex and dynamic, work must become more learningful”.

He further explains that the organisations which will excel in future will be those which discover how to obtain people's commitment and enhance their capacity to learn. The success of reaching this target is by allowing people to function effectively by tapping their potential.

The global business community is learning to learn together and to become a learning community. In the past, as De Geus (1988:70) explained companies like Kodak and The International Business Market (IBM) were isolated, but today these companies are excellent because each learn from one another. European and American companies learn from the Japanese, for example, and, in turn the Japanese learn from the Koreans and Europeans. These corporations influence the whole world.

2.3.2.8 The Changing World of Work

The globalisation of labour is inevitable and this phenomenon will change the world. Two forces, namely companies responding to global labour markets and governments negotiating trade agreements, will drive standardisation. There is a paradigm shift, which is a shift in thinking from employment security to employability security. Labour mobility, namely of moving from one organisation to the other, is a fact of life. As business globalises, local loyalties decline. At the same time recessionary pressures and sweeping industrial transformation are compelling large companies to downsize.

According to Johnson in *The Global Work Force 2000* (1987) in Pakistan and Mexico, for example:

“The workforce is expected to grow by 3% a year .The growth rate in the United States, Canada, and Spain on the other hand, will be closer to 1% a year. In Japan it is expected to grow by 0,5% and Germany’s workforce is expected to decline. Women will enter the labour force in large numbers, especially in developing countries. As cooking and cleaning technologies ease their burden at home women tend to seek employment in the marketplace and their participation will have an impact on the economy.”

As more women enter the workforce worldwide their presence will change working conditions and industrial patterns. Women require services like childcare, fast foods, home cleaning, nursing homes and more time away from their jobs. This further explains the need for a learning environment with the changes that are taking place everyday. Eskom also want to add value to its employees by creating a learning environment that will ensure marketability and competitiveness. The Transmission Group Gateway (1996) encourages employees to be led to be career self-reliant. Employee resilience is a desired contract between employees and their organisations. To introduce this concept Eskom is planning on introducing work centres.

2.3.3 Team Learning

A team is group of people who need each other to achieve a goal, through team learning. When a team learns together it aligns and develops a capacity of creating necessary results. In team learning, people are from different backgrounds and their attitude towards work is different together.

High-performing and self-directing teams are created to manage change, influence people and get the work done. Long-term decisions are made at the top but team leadership skills are needed for the implementation of change. Leaders who want success for their company bring a quality-first attitude to their own performance. Companies today need corporation, commitment and good ideas from their employees.

De Geus (1988) gave three dimensions of team learning as the need to tap insightfulness about issues, to be innovative and fostering other learning teams.

Dialogue during team discussions is a tool for effective interaction. Argyris(1985) suggests team learning to be used to deal with forces that hampers productive dialogue. Argyris (1985) says that extraordinary results are not produced only through individual effort, but also through team learning. Dialogue is one discipline, which is used in learning through interaction in teams. Teams, not individuals, are the fundamental learning units within modern organisations. Organisations cannot learn unless teams learn. Eskom, a hierarchical organisation, is not conducive to team learning due to lack of using dialogue, reflection and enquiry in realising the vision .

De Geus defines planning as a “process whereby management teams change their shared mental models of their company, their markets and their competitors”. Planning is integral to learning, which is used to the changing world. This approach contradicts the notion that learning can be driven through training and education.

2.4 THE SYMPTOMS OF ORGANISATIONS FACING LEARNING DISABILITIES

A learning environment encourages an organisation to continuously improve and operate efficiently to avoid learning disabilities. Learning disabilities are created by organisations, which fail to proactively identify threats that lead to the organisations failure. Organisations need to identify these threats on time and come up with alternatives, to prevent learning disabilities. It is therefore imperative to that symptoms of learning disabilities be identified and eliminated.

2.4.1 Learning Disabilities

A survey conducted by Royal Dutch/Shell in “ *the Harvard Business Review* (March-April 1988: 70-74), found that one third of the firms featured in the

Fortune "500" in 1970 had vanished. The survey shows that there is always evidence of threats indicated to the organisation. The imminent failure of companies is due to the fact that managers fail to come up with solutions during the curtail time. Society tends to accept the death of companies under the notion of survival of the fittest. Such event is worse if the dying company affects other companies. It is also distressing when successful companies are poor learners, surviving but never living up to potential. Some companies are considered excellent, when in actual fact they are mediocre.

Before these learning disabilities can be cured, it is important to identify the seven learning disabilities as outlined by Senge (1990:18-25). This theory outlines that organisations learn poorly because of the way organisations are designed and the way jobs are defined and, finally, the manner in which people are being taught to think and to interact.

2.4.2 The Seven Learning Disabilities within Organisations

2.4.2.1 People Becoming Their Position

Organisations with hierarchical structure encourage people to describe the task they perform in the organisation. These people do not know the purpose of taking part in the enterprise. The employees operate within systems over which they have no influence. The employees end up taking little responsibility for the results produced due to limitations designed by the boundaries of their positions. In the end people confuse their jobs with their identity.

2.4.2.2 Blaming Someone when Things Go Wrong

People find faults with others or systems whenever important errors arise. This syndrome of blaming someone when things go wrong is the by-product of people's learning disabilities of becoming their position. When things go wrong, it is difficult to identify the reason for the failure, but there is always someone to blame. Etheridge (1985) believe that people rely on positioning themselves than genuinely enquiring to avoid embarrassment. When things

go wrong in organisations, departments blame each other. In Eskom, for example, the marketing division can blame the manufacturers, the latter can blame the engineers, and so on. Many companies suffer from this syndrome. For Eskom as public utility, other utilities, the labour unions, customers, government, and others are viewed as enemies out there. Companies that straddle the boundary between Eskom and the enemy are viewed as part of the system.

2.4.2.3 The Illusion of Taking Charge

The learning organisation suggests proactiveness to anticipated organisational threats. Proactiveness means facing up to difficult issues and coming up with solutions before the development of crisis situations. True proactiveness is the way people solve own problems and includes the way people think about their positions and facing what they perceive as an enemy. For example, many managers often adopt the attitude that, by virtue of their positions, they are in complete control of their field of work. Such managers do not tolerate any constructive suggestion or criticism of their decisions. This misconception is referred to as “the illusion of taking charge”. Any outside interference is viewed in a hostile manner and is regarded as undermining the manager’s authority. In the case of Eskom this phenomenon apply to the span of control defined by Dimock & Dimock(1959:110) as “the number and range of direct, habitual communication contacts between the chief executive of an enterprise and his principal fellow-officers”.

2.4.2.4 Fixation on Events

Conversations within organisations are fixated on, or centred on short-term events such as budget cuts, transfers, and so on. The fixation on events distracts people from seeing the longer-term patterns of change, which influence the events and understanding the causes of such patterns. The primary threats in people’s lives come from slow processes. Conversations within Eskom follow the communications channel from the top to the bottom.

2.4.2.5 The Parable of the “Boiled Frog”

The story of a “boiled frog” by Senge(1990:22) illustrates the reaction of a frog when it is put in a pot of cold water and the temperature is gradually increased to boiling point. As the temperature increases the frog becomes groggier, until it is eventually unable to climb the pot to get out. This happens without anything stopping it; it sits there until it is boiled. This is also the case in most corporate failures, where threats to the survival of the company build up gradually. According to the *United States Industrial Outlook* (1981:320 and 1989:34-35), in the 1960’s something similar happened to the American automobile industry, which had dominated North American production. The change occurred gradually with Japan starting to gain United States market shares in 1962, and eventually becoming a threat to its survival. Early in 1980, it began to look critically into its practices. At that time, the Japanese share of the market was already 21.3%. By 1989, the Japanese share of the market had risen to 30%.

As South Africa becomes increasingly accepted into the wider world community and as the economy becomes more open, there will inevitably be increased competition in the energy field. Richard *et al* (1976:32) views that organisation leaders must learn to anticipate social, economic and political change. According to the Eskom Chief Executive’s report (1995) the competition will come through the impact of natural gas, the establishment of the Southern African Power Pool (SAPP) and the limited entry of independent power producers, as well as the possible effects of restructuring and future legislation. Therefore, according to the Chief Executive, “Eskom needs to be well positioned to deal with future changes in these areas.” This means that Eskom should be proactive about threat facing it. In this case threats will be the competition setting in. Eskom should not blame competition for its failures but start blaming itself. The way the organisation thinks will determine its sustainability.

2.4.2.6 The Delusion of Learning from Experience

People learn from experiences and deny the consequences thereof. There is a learning dilemma, which confronts organisations, due to the division of functions resulting from hierarchical structures. As a result, in the analysis of the most complex issues in the organisation, cross-functional line becomes impossible or non-existent.

2.4.2.7 The Myth of the Management Team

Management is faced with a task of sorting the cross-functional issues that face the organisation and the problems of learning disabilities. According to Argyris (1990) most management teams break down under pressure because the team functions quite well with routine issues, but fail to confront complex issues that may be embarrassing or threatening. The stumbling block in trying to surmount these learning disabilities causes organisation teams to fight to protect their turf, avoid confrontation, and compromise to make some members of the team comfortable and to keep up their image. The disagreement is always expressed in a blaming mode, which fails to express the underlying differences in assumptions and experiences, and therefore the members fail to learn.

Peterfreund(1986:1-8)concluded that many leaders make reference to “our management team than “management team”, such reference does not create reality but perpetuate a legend”. Learning disabilities and their consequences persist in Eskom, since most of the departments are in competition with one another and survive on turf-protection. The five underlying approaches of the learning organisation that will be explained in detail later will be applied as a solution to the learning disabilities.

2.5 APPROACHES TO A LEARNING ORGANISATION

In order to provide an in-depth understanding of the learning organisation, additional approaches to the concept will be discussed in this section. The five requirements, the mastery of which will reflect the difference between the learning organisation and traditional learning, include-

2.5.1 Systems Thinking

A system approach sees any entity, human or non-human as a system that interact with a view to attaining a common goal. The parts (subsystems) of the system are assembled together in an organised way to influence the behaviour of the system a whole. Examples of systems include families, teams, diseases, and all organisations. Systems behaviour depends on the behaviour of its separate parts as well as on the behaviour of the whole. The public manager views the organisation as a whole, within a bigger picture, namely, the environment in which it functions.

To effect organisational change in Eskom requires a view of the institution as a whole, but within the environment in which it functions as a subsystem. For example if a need arises for Eskom to change, this need is communicated with government as a proposal. The proposal is debated in government and draft legislation is drawn up. After the final approval from government, it becomes an Act and becomes an official policy. The final policy is outlined to the environment, which in turn gives feedback for regulation and control of systems. Eskom needs to reposition itself in line with the new constitution and new policy directions. The influence is both from within Eskom and the environment. According to Van Der Waldt & Du Toit (1999:65) synergy means “that all subsystems within a larger system are more productive in their totality through co-operation and co-ordination than when each other operates in isolation”. This implies that Eskom can be viewed as a system, comprising of Human Resources division, Finance and Services can, for example be viewed as subsystems. The stated objectives can be attained if all the divisions co-operate. Any subsystem can be considered a system on its own if it can be independently studied.

2.5.1.1 The Systemic Structure

Van Der Waldt and Du Toit (1999:66-67) view a systems approach as “a valuable conceptual framework for awareness of critical elements that influence the functioning of public managers and their institutions”. The

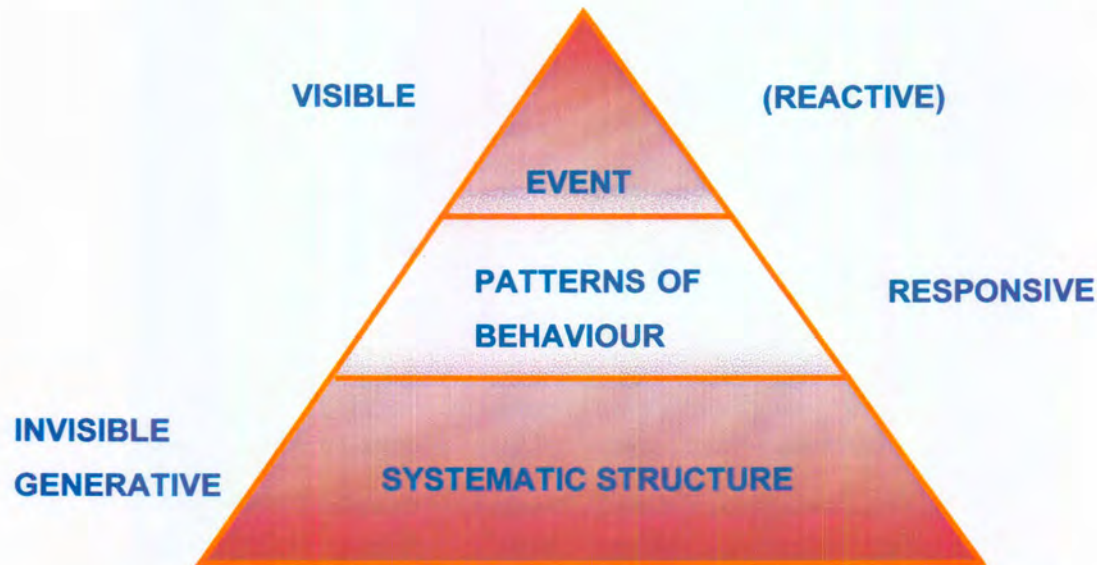
advantage of this holistic approach is based on examining a problem in the institution from different perspective. This includes hierarchy, process flow, attitudes, perceptions, the quality of products, the way in which decisions are made and other factors. For example if Eskom decides to restructure its business, a comprehensive impact study needs to be done to analyse the implications to the environment. The impact study should reflect the impact of the project to the whole environment.

2.5.1.2 Systems Thinking Tools, Methods and Principles

The systems perspective looks beyond individual personalities and events, but by looking into underlying structure. The underlying structures shape the individual actions and create conditions where types of events become likely. Meadows(1982;98-108)suggest that” a truly profound and different insight is the way you begin to see the system causes its own behaviour”. This means that the systemic structure is concerned with the key interrelationships that influences behaviour over time. The interrelationships include key variables such as population, product ideas and others. The learning disabilities operate within the systematic structures, when relating to the alternative ways of thinking in complex situations.

Senge(1990:52) explains the system structure perspective under three levels of explanation , in any complex situation as illustrated in Figure 2.1.

Figure 2.1 Three Levels of a Systems View



SOURCE: The Fifth Discipline. The Art & Practice of the Learning Organisation. (Senge, P.M.1990. Bantam Doubleday Dell Publishing. Great Britain.

Events occur within a troubled organisation; at this point problem-solving stops and people quickly come up with solutions. The organisation functions in a reactive mode. This leaves a little room for preventive actions. Managers or employees who focus on events spend little time to add real value to the organisation.

Patterns of behaviour explain focus on seeing things within the system, which occur over time and assessing their implications. For example, Eskom distribution of electricity may prove to have instability to customers. Customers will react to this instability. The organisation will respond by to changing trends about the customers changing preferences, resulting patterns of behaviour. Roosevelt (March 12, 1933) addressed the underlying causes of at a level that patterns of behaviour can be changed. Generative learning requires conceptual framework of systematic thinking or structural to discover structural causes of behaviour and create the power to change. If many

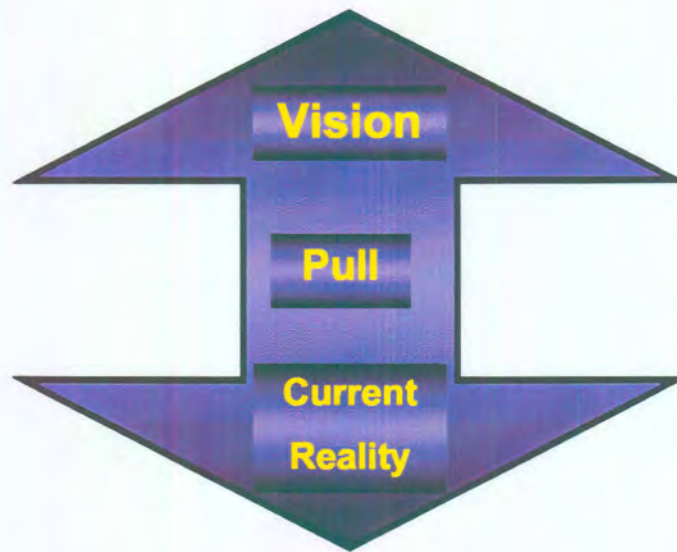
negative patterns of behaviour exist in an organisation the unintended undesirable results can occur. Such organisations should wake up and locate the real causes to their problems. If they don't do this, their well-intended actions can cause more ill effects.

The third level of explanation, the structural, is the most powerful. It explains the cause of the pattern of behaviour. This represents the cause of the problem. Structure represents not only the physical structure of the organisation but also systems, procedures, policies, standing instructions, and management attitudes.

2.5.2 Personal Mastery

Personal mastery means the capacity to take control of own personal capacities to improve other's capabilities to produce results. Fritz (1986 & 1991) designed a three-stage process for adopting a *creative* orientation to life. These include articulation of a personal vision, seeing current reality clearly and making commitment to the results you want. The concepts offer ideas for developing own personal mastery and creativity and the methods of generating creative tension. If the creative tension is understood, people move towards the vision. Robert Fritz describes how contradictory underlying beliefs can limit individuals from achieving goals. Fritz uses a rubber band one and two to symbolise *creative tension*, pulling a person toward a goal. Fritz uses rubber band two, pulling a person away from the goal because of the belief of unworthiness of the goal. As the first rubber tries to pull the person towards the goal the second pulls the person back. Structural tension results because it is the structure of conflicting forces. An example of a creative tension is a rubber band set up between two poles of vision and the current reality in Figure 2.2.

Figure 2.2 The Creative Tension



SOURCE: Robert Fritz [1991], New York: Fawcett-Columbine

The creative tension is the pull between personal vision and the current reality. The current reality is what prevails in the present situation. By merging personal vision with current reality, personal mastery is required.

The vision is important and who are committed to change their life in order to reach that goal, unconsciously or consciously assimilate such vision. Once a person wholeheartedly believes in a vision, it becomes possible to attain. The importance does not lie with what the vision is but with what it does. Therefore people should not underestimate their vision. Sometimes the results differ from their eyes to see the world original intent. Looking closely at the current reality is the most difficult about this tool.

If organisations do not encourage individual growth, it will never be able to tap the available resources. The old thinking was that only bosses think and that the workers simply implement their decisions. The individuals who enter organisations with energy and commitment, should be encouraged to grow. Failure to do so will make them lose their commitment, enthusiasm, and sense of vision. The organisation will therefore receive less of their energy. There should be a link between personal learning and organisational learning. This will encourage employees to become high-quality contributors.

The assumption is that people contribute more and are committed within the right atmosphere of learning. A key ability to personal mastery is to reflect on how the underlying assumptions can block the realisation of the personal vision. Understanding the current reality requires understanding interrelationships and connections among internal structures, namely, beliefs and values and external structures (career, work and family).

Transition is mainly concerned with the inner selves of people. In Eskom the *Transmission Group Gateway* (1996) identified the programmes to help the employees to take control of their own personal capabilities to produce results. The aim was to encourage personal growth of the people; to be inspired to believe in themselves and in the future. The individuals were compelled to be exposed to the programme. Fritz believes that compulsory training does not create a learning environment because it contradicts freedom of choice and creates tension about the current reality.

2.5.3 Mental Models

Mental models are deeply ingrained images, assumptions and pictures that people carry in their mind. The mental models influence understanding of self, others, the world and general actions. Gardner (1985 & 1987) wrote that mental models determine not only how people make sense of the world, but also actions taken. Mental models explain why two people view the same event differently. Argyris (1982), who has worked with mental models and organisational learning for years, puts it this way:

“Although people do not (always) behave congruently with their espoused theories (what they say), they do behave congruently with their theories-in-use (their mental models)”. Argyris(1982) classified learning skills into two, namely, reflection and inquiry. According to Chris Argyris skills reflection is a “slowing down of thinking processes to become more aware of how people form their mental models.” and Inquiry is openly holding a conversation to share views and development of understanding each other’s assumptions. People who learned to reflect talk more openly and make their assumptions

more explicit, and people who do not enquire spent hours arguing their ideas and end up with a kind of a compromise.

The culture in Eskom is a dominant collection of shared mental models of people from different backgrounds. Utilising the discipline of mental models in Eskom operate within bureaucracy. People are hampered from exposing their the ability to carry on learning conversations that balance inquiry and advocacy, where people expose their thinking and open them to the influence of others. Everyone in the organisation has unique mental models but act as if their mental models are the same. The private and shared mental models are always flawed and can get people into trouble when they are taken for granted. Assumptions of how things are supposed to work can put people into competitive disadvantage. Mental models are untested and unexamined because it is exist below the level of awareness. The mental models can only be brought to the surface if explored and discussed with less defensiveness.

2.5.4 Building a Shared Vision

A personal vision is a picture or images, which a person carries in the mind or heart. A shared vision is also a picture that people carry throughout the organisation. In shared vision people believe that they are part of a common entity. The discipline of shared vision is centred on vision, purpose, values and how it fits to the larger world. It focuses on building shared meaning.

Hamel and Prahalad (May-June, 1989) analysed the cases of corporate vision and concluded that the organisations accomplished because individuals visions were genuinely shared among people throughout all levels of the organisation. The vision must be intrinsic, exciting create a common identity and allow risk taking. The organisations shared vision, purpose and values establish the basic level of commonality.

People in Eskom can excel and learn, not because they are told to do so, but because they want to. This approach will encourage personal mastery that allows freedom of choice and genuine commitment. The organisation applies traditional top-down vision, were the top management write its *vision*

statement, with the help of consultants. Such a vision is one man's vision; it is written and sealed. This vision statement rarely makes the vision visible in the organisation. The vision statement in Eskom results in a vision not built in people's personal visions. Lastly the vision from the *vision statement* in Eskom will not be the solution to problems since it will lack genuine commitment and buy-in from leadership. Members of the organisation have mental models or underlying vision obscured by day to day organisational practices, culture and structure. Team members share visions and develop action plans of shared meaning to bind the organisation together.

2.5.5 Team Learning

A team is a group of people working or acting together to achieve results. Team learning is the process of learning collectively and starts with self-mastery, knowledge and aligning with others in the team. A situation which compels problem-solving deliberation is simulated to create something new, should the need arises. Team learning transforms mental model skills of reflection, advocacy and inquiry into capabilities by bringing the assumptions to the surface. It also spotlights the skills of building shared vision and using systems thinking for illustrating how people see the world. Dialogue and skilful discussion are used for improved learningful conversation. Dialogue as described by Bohn (1990:1) is a passing or moving thought. The purpose of using dialogue according to Bohn is to go beyond individuals understanding. A group uses dialogue to explore complex issues from many points of view, by suspending assumptions. Furthermore, the purpose of using dialogue is to reveal the incoherence in thoughts and to observe collective nature of thoughts. Dialogue gives people an opportunity to be aware of the context around their experience, and of the processes of thought and feeling that created that experience. During dialogue, people learn how to think together, emotionally and thoughtfully. The *reflection, inquiry and dialogue* discussed under mental models are used for team learning.

Teams in Eskom need mental models about situations, designing experiments to test hypotheses and to act systematically. As mentioned before, the

hierarchical structure in Eskom take place due to turf protection and internal competition. Bohn expresses doubts about possibilities of dialogue in hierarchical structures, since those in authority do not really level with that in subordinate positions. Inquiry and reflection skills can release energy within teams. The teams do not to explore together to consider its vision. The problem can arise from Eskom's policies and strategies and not from outside forces.

In the words of Russel and Branch (1979), teams are: "people who blend in with others or who tailor their personalities to match what's expected of them." This means that within a team, members focus on reaching a goal, irrespective of the diversity. To have a team, there is a need for co-ordinated, innovative actions that arise from insightful thinking of members about complex issues.

2.6 THE CHARACTERISTICS OF LEARNING ORGANISATIONS

There are several sources, which speculate what a learning organisation ought to be. A more comprehensive definition of a learning organisation is presented Pedler *et al* (1991:1) as "an organisation that facilitates the learning of all its members and continuously transforms itself". Organisations that encourage learning continuously improve and operate differently from organisations that do not. Argyris (1978), Revans (1982), Deming (1988) whose findings are endorsed in a research conducted by Peddler et al. (1991) list the following features or characteristics of a learning organisation as explained by these sources.

2.6.1 Learning Approach to Strategy and Participative Policy Making

A learning approach to strategy and participative policy-making means a conscious structure of policy and strategy formulation, implementation and evaluation as a learning process. Employees, stockholders, customers, suppliers and employers are given an opportunity to make a contribution through debates, conflicts and participation. Diversity should also be

considered, for example women, blacks, different religious systems, and others.

Participative policy making to learning involving all stakeholders is not evident in Eskom. Policy and strategy formulation emanates from top management and is disseminated to other stakeholders.

2.6.2 *Informatting*

Informatting describes the state of affairs in which information technology is utilised to inform and empower, rather than disempower. This involves a major shift in attitude, namely, that information should be made available for a broad spectrum of people who should be able to understand what the information is used for and who understand the available data.

Information technology in Eskom is restricted mainly to top and middle managers. The bottom structure does not have enough accessibility to information circulating through information technology

2.6.3 *Formative Accounting and Control*

It ensures that systems of accounting, budgeting, and reporting are structured to assist learning in order to satisfy the customer. This involves a huge change by involving customers. The emphasis here is on auditing, managing, and accounting for actions.

In Eskom, accounting, budgeting and reporting systems are used for internal control and management without involving customers.

2.6.4 *Internal Exchange*

All internal units contract with one another to come up with the best internal practices. The departments collaborate rather than compete in order to understand and adopt the roles of internal customers and suppliers. By doing this, a constant dialogue is maintained during discussions, negotiation and contracting. The process of internal exchange optimises performance.

There is no sufficient evidence that internal units or departments engage one another in discussions and negotiations in Eskom.

2.6.5 Rewarding Flexibility

In a learning organisation, new alternative ways of rewarding should be explored. Money should not be the only way to reward people. Reward systems should not be based on reasons but on processes, which is in agreement with the underlying principle. In a learning organisation, underlying assumptions used to reward people, are exposed. Performance appraisal in Eskom is not yet performance based.

2.6.6 Enabling Structures

The structures are there to create opportunities for the organisation and individual development. The roles are loosely structured in line with the established and contracted needs of internal customers and suppliers, in such a way as to allow for personal growth and development. The goal here is to create a learning environment, which will allow space for meeting current needs and responses to future changes. Eskom is characterised by rigid structures which are not flexible to future changes and demands.

2.6.7 Boundary Workers as Environmental Scanners

Data collection from outside environment should involve all those who are in touch with the external customer, because they deliver goods and services and carry back disseminated information. These boundary workers are in a favourable position to collect vital information, which may not be readily available for other workers. Eskom can use information from boundary workers to improve service to its customers. For example local authorities and mining companies.

2.6.8 Inter-Organisational Learning

This refers to joint training, sharing in investment, research and development, which involve organisations that engage in mutually advantageous learning

activities. This is a way of benchmarking, namely organisations of learn from world's best companies. It is evident that Eskom participates in inter-organisational training and not learning.

2.6.9 Learning Climate

The learning climate should allow for experimentation, learning from experience, and risk-taking. Mistakes should be allowed and external stakeholders, customers, competitors and suppliers should participate in learning. Managers should be able to try new ideas and their role should not only be to facilitate employee's experimentation and learning through experience.

2.6.10 Opportunities for Self-Development.

Self-development is based on making resources and facilities available to all members of the organisation. Resources include seminars, courses, workshops and others. A learning organisation has an awareness of external competition; involves people by giving them insight into issues and encourage them to develop themselves and make contributions as individuals and within teams. Self-development is more interested in processes than in structure and sustains a process of corporate learning. The learning organisation also takes advantage of all knowledge and experience within it, and applies this for its future success. Eskom as a public utility that monopolises the supply of electricity in South Africa, reacts slowly to the threats of competition. The parable of the "The boiling frog" notion of the disabled organisation exist.

2.7 CONCLUSION

The foregoing chapter discussed an integrated approach to learning organisations. The concept of a learning organisation, within a changing environment, was explored in terms of various definitions. The underlying principles of learning organisation are looked at in terms of individual, organisational and team learning. The chapter clearly explained the learning organisation concept involved with respect to the five disciplines, which

represent the experimentation, research, writing and invention from a lot of people.

The concept in the chapter presented knowledge about effecting change in organisations by creating a learning environment. Against this background, the advantages and challenges of change towards a learning environment were presented. The characteristics of learning organisations were covered to distinguish them from organisations that are not. This would provide the basis on which a learning environment can be created at Eskom by effecting organisational change. The change explained in this section is on structure, processes, systems, leadership and culture.

The concepts will be adapted to Public Administration context, although they also are related to other fields of study, such as human resources, engineering, and others. Eskom as a parastatal on the one hand, and a utility on the other, is managed on business principles for the benefit of the customers. This exposes the organisation to competition and compels it to become a learning organisation.

The learning disabilities described in this chapter explain that people fail to see how their activities affect other positions, to the extent that when problems arise they quickly shift the blame. Being proactive aggravates the situation of disability. This hampers their ability to learn from their mistakes or experiences. The most important consequences of their actions can occur elsewhere in the system; eventually backfiring to create the same problem they are blaming others for. Through learning, individuals tend to understand the structure that causes the system's behaviour and see more clearly their power to change behaviour within larger systems.

Understanding the concepts of effecting change in organisations by creating a learning environment will help learners to understand the art and practice of learning. Managers will be able to identify specific practices, skills and



disciplines that can assist in building learning organisations. Building a learning environment will be discussed in the next chapter.

CHAPTER 3

BUILDING A LEARNING ENVIRONMENT IN ESKOM

3.1 INTRODUCTION

The preceding chapter describes a learning organisation in terms of definitions, principles, disabilities, approaches as well as its characteristics. This chapter outlines the process of creating a learning environment in Eskom which will facilitate organisational change to be effected. Organisations like Eskom are compelled by internal and external forces to change or adapt to the environment in which they operate. Kroon (1995:56) elaborated on trends, which can be observed in the environment for change to take place in public management. The environmental change, according to Kroon, is affected by regulatory act, socio-cultural, economic and technological factors. Van Der Waldt and Du Toit (1999:86) suggest that “the environment of the nineties requires the public manager to identify changes in the environment in time, and to apply techniques through which changes and trends in the environment can be observed in time and managed effectively”. This means that public managers should be aware of internal and external forces, opportunities and threats, which affect the organisation.

In building a learning environment in Eskom, forces, which compel the organisation to change to become a learning environment, will be discussed. These forces may be due to international trends, national influence in South Africa or internal pressure within the organisation. Cognisance of these forces will facilitate the process of creating a learning environment in Eskom.

The study will also focus on the internal assessment whether change in Eskom will be effective when a learning environment is created. A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis will facilitate this through the assessment of the internal environment, the scenario and positioning papers of Eskom. The Eskom culture survey was conducted in

1996 in conjunction with the National Institute of Research, and the results thereof will be used for the analysis of the environment.

Willard (1994) believes that organisations will only adapt to change, avoid past mistakes and retain critical knowledge by learning. Often, organisations concentrate on in-depth understanding of learning in small pockets of the organisation. This might also be true in the case of Eskom, which is a parastatal organisation on the one hand and faces the challenge of the business market on the other hand. The organisation therefore has to face the competitive pressure in terms of evolution, natural selection and survival of the fittest. It would be risky for the organisation to simply wait for the natural selection to determine its survival or destruction. Senge (1992:4) believes that “the only source of the competitive advantage is an organisation’s ability to learn and react more quickly than its competitors”. This means that an organisation needs to accelerate its learning rate in order to sustain the competitive advantage.

Jones et al (1992: 160) supports the view that a starting point in creating a learning environment is:

“When an enterprise recognises the need for change, focusing on issues to do with leadership, power, the devolution of initiative and personal development, is linked to the needs of the organisation and the wider community”.

The definition emphasises organisation’s acknowledgement for the need to change. The change processes must be linked to a learning environment within the organisation as a base.

Smit & Cronje (1992:32-33) describe management’s environment as complex, uncertain, increasing instability and having interdependent variables. The complex environment exists when a public manager needs to make political decisions within political realities. Eskom is a public utility, which operates within the government’s directives. This situation results in a dilemma for the organisation. Uncertainty is a reality in any public sector because it cannot be confirmed with certainty that service offered to the public will have desired

results. The environmental interdependent variables explain that a change in one of the external factors may cause change in the internal environment and vis-a-versa and the other way. The instability and change in the environment is caused by the interdependence of environmental variables. The knowledge of how change happens; determine the specific advantages that would arise for the organisation and establish the interdependence context that encourages and produces learning to enable the organisation to change. The study will determine the relationship between effecting organisation change effected and the learning environment created.

3.2 FORCES WHICH COMPEL ESKOM TO BECOME A LEARNING ORGANISATION

Forces which compel organisations like Eskom to effect change by becoming learning organisations will be categorised into international trends, national influences and internal pressures. The international pressure includes the transformation of state enterprise. Schwella (1983:58) labels external environment as macro environment and defines it as “consisting of the cultural, political, legal, economic, social and technological environment”. These characteristics of external environment will be included in this section. The national influence entails the public as a customer, regulators, suppliers and social values. According to Van Der Waldt & Du Toit (1999:121) “the internal environment is thus the environment in which management plans, organises, leads, controls and creates a certain culture for the productive functioning of the institution”. The internal environment of the public institution is the institution itself. In this case Eskom will be referred to as the internal environment.

3.2.1 International Trends towards Transformation of State Enterprises

(a) Increased Pace of Change and Competitiveness

The international environment includes all foreign influences on South Africa. Kast and Rosenzweig (1974:134-135) regard the macro-environment as “everything outside the micro- environment of the institution”.

To evaluate the increased pace of change and competitiveness, de Geus (March/April 1988) confirmed that a royal Dutch/Shell survey found out that one third of the firms in the Fortune 500 had vanished.” The success of these organisations is related to the rate at which they learnt, as knowledge-intensified businesses. The failure and the death of these organisations according to the survey are related to the failure of managers to come up with alternatives when threat arises. This is the “boiling frog” parable that leads the organisation to fail to face competitiveness pressure. Businesses that took a long time to build die overnight if organisations do not adapt and change. The death result increase in the amount of change desired increased risk taking in experimenting. Learning is a prerequisite to adapt to change. If Eskom transform ideas into action faster than its competitors, this will increase its competitive advantage.

South Africa faces enormous international competitive pressure and market forces. Production of quality materials and customer expectations are a challenge to the country. Effective investment in people is essential in order to create excellence and continuous improvement in the field of human resources. Central to this change is the change of governmental, executive and administrative institutions in the country. The structures and functions of these institutions were influenced by the policies of the past. One of the strategies for change will be training. In order for the country to win in the international market it must have a world class workforce. The factor which makes the significant difference, is the people. This strategy will consider the present and future factors that will affect the training needs. According to Purest (1988:14-16), if a growth rate of 4,5% was to be achieved between 1980 and 2000, the shortage/surplus position in human resources by the year 2000, will reflect a considerable shortage of managerial, executive, technical and highly skilled staff. The scenarios would develop from the political and economic changes of the public sector’s training needs. It was taken into consideration that public sector institutions form part of public goods and services. The majority of employees fall within this sector of employment. Their actions therefore affect the social, economic and political progress of the

country. Eskom is a state enterprise and form part of the national electricity forum in South Africa.

(b) Changing World of Work and Workforce Competence

The process the organisations will follow to become competitive in the future involves changing the culture and increasing the workforce capabilities. Educating the workforce appears to be a major obstacle, which has to be overcome, but the challenge has to be met. Learning is the central cultural value of the organisation and has become essential, for career success, corporate survival and national prosperity. The transformation process should include different atmosphere in the workplace and high morale within the workforce. The workplace should be similar to the home, namely, less rigid, procedural and disciplined. People should feel the same in the workplace as they do at home, enjoying what they do, sharing with others, being creative, and experiencing a sense of teamwork and openness. Integrative learning not only increases the efficiency of training and development but also leads to spontaneous culture change. There is a need to adopt this culture as a training programme in Eskom because it is still lacking in transforming the workplace into enjoyable atmosphere. This means that in order to adapt to change, the morale should be high for the transformation process which affects productivity.

(c) Working Towards World-Class Quality Control and Re-engineering

Smit and Cronje (1992:459) refers to quality control as “the activities management carries out to ensure a level of quality for an institution that will satisfy the consumer (public) on one hand and benefit the organisation on the other.” The customer service in Eskom includes product quality, service quality and delivery reliability of electricity. Low standards of quality fail to advance with competition, resulting in failure to invest in customer satisfaction. If this happens, the organisation goals will gradually erode and decline resulting in a structure that underlies the “boiling frog” syndrome discussed in the learning disabilities in Chapter two.

Re-engineering means starting over again. This means abandoning long-established procedures and looking at a new way of creating products, services and value to customers. Hammer and Champy (1994: 31) define re-engineering as:

“The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality service and speed.”

The key words in the definition are, *fundamental*, *radical*, *dramatic* and *processes*. In doing business reengineering, people ask fundamental questions examining why they do the things they do and the way they do them. These questions help people to examine the rules and assumptions that underlie the way they conduct business. By examining the rules and assumptions under which it operates, Eskom will be able to provide quality service to its customers in a cost-effective way.

(d) Information Technology

Basu (1994:65) reports that “the increasing use of science and technology in the affairs of our economy and society at large is dependent upon the type of values which we cherish and propagate”. In this case administration can be a catalytic forces of change. The rapid changes, internationally facing public administration creates a challenge for public institutions in South Africa. Therefore public administrators are faced with new responsibilities imposed by public. To improve the situation international technological innovation will be viewed in this section.

The emphasis on changes in technology will be on introduction of computers in Eskom. The reason for this approach will be the fact that computer technology is one of the innovations, which is internationally recognised as a means to improve productivity. The innovation will be based on international standards by benchmarking internationally based learning organisations, as it will be demonstrated in the succeeding chapters. Innovation involves generating and implementing new ideas to reach the required goals for the public. Therefore technological progress and innovation create changes in

technology, in these case computers. Technological progress results from research and development of new things. In this case emphasis will be based on researching and developing new processes, systems, leadership, culture and structures for Eskom to create a learning environment. The variable to consider for implementation of change is resistance.

If information technology is readily available employees, Eskom will gain competitive edge in terms of acquisition of skill, introduction of new processes, systems and culture. The five learning disciplines, namely, systems thinking, personal mastery, mental models building shared vision and team learning are new “competent technologies” providing vital dimensions in building organisations which truly learn. This approach is new in public administration and Eskom, as a public utility. For these organisations to change to become globally competitive, innovation towards a learning environment is the answer.

(e) Managerial Practices

Social sciences focus on the art and science of human behaviour and interaction. The complexity of the subject result differences in opinions on relevant matters. Some management approaches are relevant to this study and results new perspective on management in Public Administration. The approaches include systems approach, management by excellence, Japanese management style and innovation and change. The systems approach was discussed in details in chapter two. The basis of systems approach is that the manager should view the organisation as a whole but within a bigger picture, namely the environment. The management by excellence approach emphasises characteristics an institution should follow to function with excellence. The principles the approach uses, amongst, others include quality, service delivery, productivity and customer service. The Japanese management style approach is based on culture of creating a climate of participative management for example existence of lifelong employment, collective decision making. The strategic management of innovation and change management approach is used to cope with the rapidly changing world.

How people apply their managerial experience is the key ingredient to improvement within the organisation. Managers should learn from their current experience rather than their past experience. According to McGill *et al* (1990:10), learning from experience includes learning from the external world environment; competitors; customers; own behaviour; organisations' strategies; policies and procedures; problem-solving processes; culture and expertise.

A systemic approach to recruitment involves more people in the decision to recruit, including line, colleagues, subordinates and outside human resources experts. In order for the systemic approach to succeed, the acceptance and support of the team is crucial.

(f) Training and Development

Andrews (1985:140) define training as "the extension of knowledge for the specific purpose of filling a given position and to effectively perform the work involved". To realise goals, training is used to apply knowledge and to develop behaviour. Development as defined by Andrews (1985) is "a continuation of education and training, for the purpose of gaining satisfactory experience and skills as well as the correct attitude, in order to be admitted to higher managerial position". A person who went through development is expected to have gained extra experience to face a higher position. This is not always the case. Training and development does not always address the people's needs by effective communication and consideration of the input of those people. The training programme does not always include on-job issues in the curriculum. Managers sometimes need help to integrate what they have learned in development and training programme and applying that to business. Prior to the allocation of achievable assignments and challenging projects, capability must be considered.

Eskom Human Resources development is responsible for providing direction to the organisation in the area of people development. This is achieved partly through the development and maintenance of personnel policies and

directives. These policies and directives include integrated leadership development, which will be discussed later in this section and bursary policy. The other directives include integration and application of technology and technical skill development, for example, trainee artisan's programme. This framework is aligned with national strategies, policies and legislation.

(g) Performance Management System

Performance management facilitates people development and can be used as a tool for assessment of the organisational performance. The global trend for performance appraisal involve all stakeholders (360 degree's appraisal), namely customers, colleagues and subordinates, and include business results. The 360-degree's performance appraisal is based on openness between the employee and the supervisor concerning the job, performance and career development. Clear communication encourages the establishment of job objectives prior to the rating period. Eskom is working on innovative performance appraisal, which emphasises bottom-up feedback, allowing managers to be assessed by their subordinates. The performance management system at Eskom needs to be overhauled to bring it in line with the global performance system. The performance management should be an imperative to achieve business targets.

Peers, subordinates and the next higher level of management do assessment of managerial talent. The difference that people make by contributing is celebrated. Organisations that encourage generative learning as part of their underlying reward system and culture are able to improve their sources of competitive advantage. Mistakes are translated into valuable learning experiences. There is no punishment for making an honest mistake. Profit sharing in the business is encouraged through profit-based reward system. Those who solve problems and meet challenges are given recognition within the organisation.

The reward and remuneration systems should be directly linked to performance. Eskom still practice "across-the-board" salary adjustments and

promotions are often based on length of service without regard to merit. Systems should be in place to reward outstanding performance.

(h) The Business Process

Hammer and Champy (1994:35) define a business process as “a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer.” The service that the customer receives is the value that the process creates. Eskom’s inputs are utilised to generate, transmit and distribute electricity, which is valuable to the customer. The concept reengineering is explained and extensively used in chapter four. Companies such as Ford Motors have shifted to process- based thinking by reengineering. Hammer and Champy (1994:46) concluded that the redesign of business processes to achieve dramatic improvement is critical to measure performance, in terms of such as cost, quality, service and speed. Eskom is not a process-orientated organisation but focuses on tasks, jobs, people and structures.

3.2.2 The National Influence

The national influence includes factors in South Africa which Eskom has a direct outward interaction. Since Eskom is a public utility, focus in this section will be on five external forces, namely government, social values, competitors, consumers and regulators. These factors have an impact on the business. While the organisation has control over its internal areas, it has little, if any control over the five forces surrounding it. The aim of this section is to highlight what is the influence of changes and trends of these external forces to Eskom.

Figure 3.1 below illustrates the five external forces, which influence Eskom to change. The customers are individuals or institutions that use the electricity product or service from Eskom. Customers expect quality product and service. This demand forces Eskom to comply with international and national standards. Eskom should not wait for pressure from customers to change or to make a move, like “the boiling frog” disability used in building a learning

environment. Proactive organisations move ahead of these forces and must learn faster and continuously. The basis of a proactive organisation is the change beyond individual corporate cultures and concentration on assumptions and habits of the culture as a whole. Lastly, customer's needs influence the organisation to change. Provision of products and services depends on customer needs. While the need for electricity is unquestionable, the way in which it is delivered to the customer is important. The quality products are promptly delivered to the customer through world class processes redesign. Hammer and Champy (1994) explain the world class process as "working towards total quality and world class reengineering".

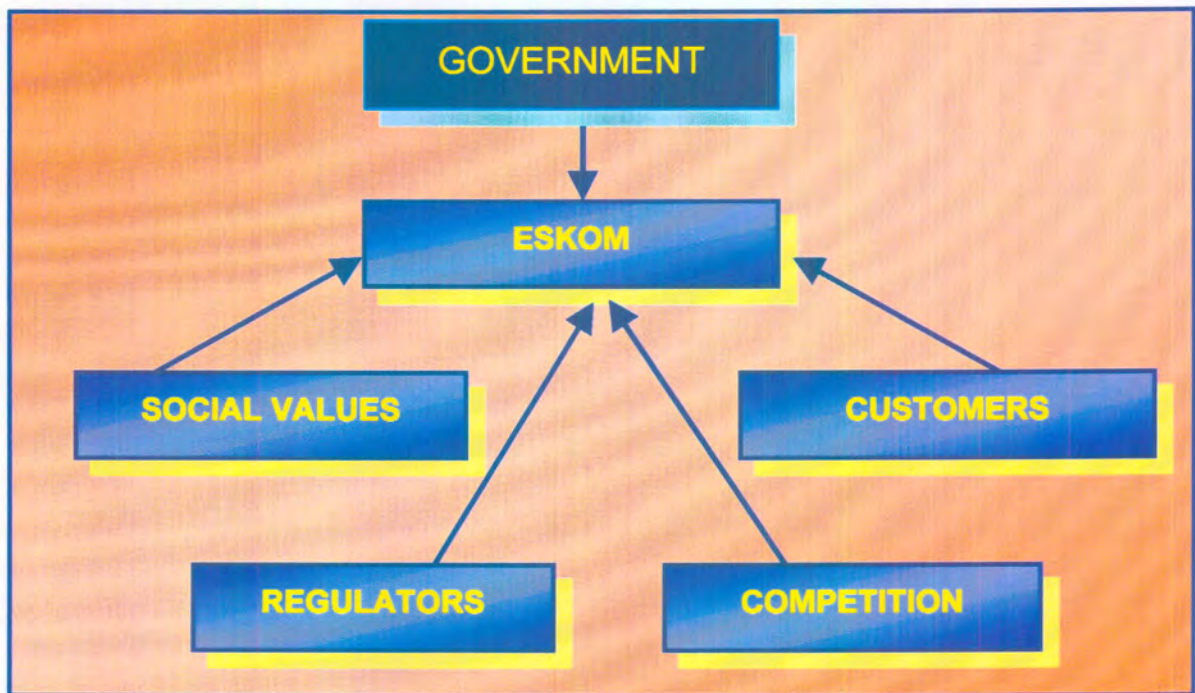
The government, through various legislations, like Eskom's Act of 1987 and the Electricity Act of 1922, determines the policy under which Eskom operates. Within this policy there are restrictions and requirements to which Eskom must adhere to and this forces Eskom to change.

Eskom is accountable to government and cannot carry out public activities, as it deems fit. Eskom must, therefore operate within the framework of social norms which dictate that a public utility, like Eskom should render an affordable, reliable and prompt service. The reaction to the customer's demands will force the organisation to shift its ways of thinking and it encourages it to learn. A culture of non-payment for electricity service in the 1980's and 1990's compelled Eskom to change its strategy regarding provision of electricity.

The resources and budgets of the public sector are limited resulting in public institutions competing against each other for resources or funds. The public organisations are independent to survive. The notion of "survival of the fittest" applies. Kanter and Stein (1992:26) believe that it is not a matter of "survival of the fittest" but rather "survival of the adapted" within a learning environment. This means that Eskom must reflect values, norms and standards of the community. The change in Eskom will involve modification or adaptation of customers, values and technology to the changing environment. Eskom

should avoid applying “the enemy is out there” syndrome but should be proactive instead of reacting to the problem. Eskom enjoys the monopoly of electricity provision in South Africa and as such does not feel national pressure of competition.

Figure 3.1 The Five External Influences towards Organisations



(Source - Eskom)

The State also demands restructuring in Eskom in order for the enterprise to use the customers' money effectively. The organisation is required to become accountable, to deliver electricity to the poor, and to become competitive. The state requires the financial burden of Eskom to be reduced in case it runs at loss or desire additional commitments. The Ministry of Public Enterprise plays a role in restructuring parastatals. Eskom will be affected by such restructuring.

3.2.3 Internal Pressure

The preceding section dealt with the five external forces, which influence Eskom to change by creating a learning environment. This section looks at

internal pressures, which prevail in Eskom that compel the organisation to change. Unlike the external influences, Eskom has control over its internal forces. If the pressure is threatening, the system in Eskom should not see the “enemy out there” but should realise that the internal pressure is its own doing. The organisation should not be fixed on events but should be aware of gradual processes, which pose a threat to the organisation (“the parable of the boiled frog”).

The internal pressure exists within the organisation, and includes among other things, mission, vision, goal, strategy and resources. Bureaucracy, strategic management and culture will also be discussed as internal pressure.

(a) Internal bureaucracy

A revisited version of Max Weber usage of term bureaucracy according to Hanekom *et al* (1987:72) is used in British sense, “to denote a pejorative connotation to government departments, in the sense executive public officials act as rulers of the country.” In this sense the bureaucrats are viewed as powerful rulers of people’s lives using the power granted to them by government’s legislation. Hanekom *et al* (1987) views the bureaucratic form of public organisation as still the best form of executive government, irrespective of the contradictions around bureaucracy. Bureaucracy can be a handicap in the organisation. Caiden (1971:2) observed that Weber did not envisage that the “bureaucracy might assume authority in its own right and perhaps constitute a ruling class with a monopoly of power”. This means that bureaucrats are political instruments who determine who gets what, when and how the capability of people and teams operate effectively and freely. To render better service, it is necessary to remove old bureaucracies. Vosloo(1966) argues that formal prescriptions and regulations lead to red tape, which in turn lead to delays that smoother initiative and flexibility. According to Weber the supervisors are the only ones qualified to issue directives and the followers execute directives. Eskom is a steeply hierarchical organisation which predicates decision-making at the top, on the assumption that only the bosses have answers. The existence of filtered communication,

productivity, activity and creativity is reflected in bureaucracy. The problem, which arise within the bureaucratic environment, according to Hanekom et al (1987:83), “evolve from a system of a fixed bureaucratic hierarchy”. Within hierarchical relationships, top managers are aware of the stifling influence of traditional organisational structures on communication.

The global competition requires top managers to learn and innovate in order to design organisations that can learn. The new systemic approaches to organisational structures are emerging; all of which move away from hierarchies towards flatter structures with self-organising and multidisciplinary teams. These allow employees to contribute inputs beyond their specific functions alone. Job structures in Eskom allow the establishment of research teams to set up to experiment with new products or services ideas. For the sake of flexibility the workforce uses job rotation or cross training. The jobs demand innovation in order to create new products, services and works processes.

(b) Strategic Management and Direction-Setting

Strategic thinking according to Van Der Waldt (1999: 400), refers to “the ability of the public managers to orient themselves and the institution strategically with regard to the future by means of their thinking patterns.” Strategic management gives the manager an opportunity to think beyond the future.

The traditional management style focuses on the pyramid, where the power base laid at the top. The learning organisation introduces planning as a new style of strategic management. People at all levels of the organisation are given an opportunity to decide about the path that the organisation wants to take to design its future. This will give the people a sense of ownership and empowerment. Interactive planning encourages a high level of positive leverage that results in positive outputs. The planning process should include all stakeholders who must have an understanding of the current situation and a focus on designing the ideal future.

(c) Culture

South African society is undergoing a rapid change socially, politically and economically. This requires the country to redefine its human resources in order to align to these changes without applying western management concepts. Mbigi (1992:20) suggests that the most effective management style will be one that addresses the realities of the country without real adaptation. He recommends *Ubuntu* or *Unhu*. *Ubuntu* means, “a man is a man who is entitled to unconditional respect”. This means that the principles of morality, interdependence, totality and the spirit of man apply.

The essence of *Ubuntu* according to Mbigi(1992:24) is:

“The collective participation of every member through free enterprise is a precondition to the creation of enterprising communities in Africa”.

He agrees with Athos et al (1982) that:

“Managerial reality is not absolute; rather it is socially and culturally determined”. Human beings are coming together to perform certain collective acts, and encounter common problems which have to do with establishing direction, co-ordination and motivation. Culture affects the way in which they can be resolved. Social learning also establishes horizons of perception”.

The definition addresses Mbigi’s South African model that is based on the assumption that Africa is a poor continent faced with development challenges. Therefore any effective management practices processes and systems should consider developmental issues. This will take into consideration the fact that cultural revolution must precede any transformation. Human resources practitioners have a role to play in interpreting patterns that occur in the environment and in guiding the organisation during the exploration. Business and economic transformation in Africa should be driven by people and not by technology. This model emphasises that transformation will start with the development and empowerment of people and their collective efforts towards continuous improvement and wealth creation.

Mbigi in *People Dynamics* (1992) adds that effective people's management should also restore human dignity through their development and empowerment.

The *Ubuntu* concept is further explored by the South African Airways in 1994. Dr Susan Wolmarans in HRM (1995) explains that *Ubuntu* is a pillar of traditional African values, which are centred on love, gentleness, sharing and caring for each other. *Ubuntu* ignores hierarchical structures, autocracy, power-based authority and selfishness. Both the French Revolution and the South African 1994 elections are examples of unselfishness and sharing. To enrich the company values, the *Ubuntu* philosophy can be incorporated to become part and parcel of the organisation's ethos. Individuality is not undermined, but should not take precedence over the common good. Standards and punishment are also not undermined by the concept when they are mutually agreed upon. This will be based on consultation and consultative decision-making and on taking control of your own destiny. By practising the *Ubuntu* principle, people start to realise how it interrelates to the universal standards of relationships, quality, quantity, cost and timing. This is the essence of value adding.

Innovation Associates (June 1996) believe that organisations that are best prepared to direct change innovation are organisations that are ready to learn new ways of rethinking business models, market strategies and organisation structures. The basic reason for Eskom to become a learning organisation should be the demands of its business strategy, which requires it to harness the collective intelligence and commitment of the workforce. The shift here will be from the top managers thinking for people to daily decision making from the entire workforce. The organisation seeks to create its own future, which assumes that learning is ongoing, creative and self-transforming.

3.3 THE PROCESS OF ASSESSING A LEARNING ENVIRONMENT IN ESKOM

The forces or influence, international, national and internal, which compel Eskom to change to become a learning environment, are identified in the previous section. It is now possible assess whether change should be effected in Eskom by creating a learning environment. The assessment will be done mainly on Eskom's culture, processes, systems, leadership and structure and initiate a conscious effort to create a learning environment.

3.3.1 Assessing the Culture in Eskom

Organisational culture is shaped by the way people behave and do things. During this process, patterns of behaviour are formed which dictate how people should respond to prevailing situations.

The *Eskom Culture Survey* was conducted in consultation with the National Productivity Institute in 1996. The objective of the study was to determine the environment and culture of broad Eskom strategies, systems and processes. Eskom has its own subculture based on its operational successes and various functions that drive the core technologies of the organisation. This subculture is called an *engineering culture*. At the top level there is the executive management, the chief executive and his immediate subordinates, representing the executive culture. The three cultures are often out of alignment with each other, causing failure of organisational learning. Cultures in this sense arise within the organisation's own history and experience, from the founders, who shared in the successful growth of the organisation and developed a set of assumptions about the world and how to succeed in it and taught these assumptions to new members. Shared assumptions are also based on similarity in educational background or similarity in organisational experience. The kind of subculture that reflects the common experiences of given levels within a hierarchic structure does not exist. The culture arises through shared experiences of success. It is this hierarchy-based culture that creates communication problems associated with selling a new way of

thinking to senior management. To create alignment among the three cultures is to create enough mutual understanding between the people to enable the evolution of solutions that will be understood and implemented. In the survey:

a) The analysis and interpretation reflected some cultural irregularities around issues of race, affirmative action, meaningful influence, and people's participation in the organisation, reward and recognition system and performance management. The study results are used to assess culture climate in Eskom. The organisation's strengths, weaknesses, opportunities and threats were identified from this study.

(b) Analysis examining the strengths, weaknesses, opportunities and threats (**SWOT analysis**) of the organisation was conducted in various human resources departments in 1994 were used. This analysis is used to facilitate environmental scanning. The technique is flexible and is useful for planning change and testing ideas.

(c) A questionnaire was used to assess Eskom's readiness to change and the presence of learning environment. An honest and fearless Assessment culture and climate survey was conducted. (Refer to Annexure A:207). Compilation and analysis of the results reflected that:

3.3.1.1 Strengths

Eskom has a monopoly in the generation, transmission and distribution of electricity within the country and to the African states. It is aligned to support the government's Reconstruction and Development Programme. The Reconstruction and Development Programme, according to Van Der Waldt (199:309), is an integrated, socio-economic policy framework that strives to mobilise citizens and the country's resources to build a democratic, non-racial and non-sexist future. By 1999, the Reconstruction Development Programme was, to a large extent replaced by Growth, Employment and Redistribution

(GEAR). The customer base is increasing due to the take-over of the independent states and the pressure to electrify rural areas.

There are existing internal resources for expansion, training and development. The availability of such resources encourages the organisation to be a major player in the National Training Strategy. A great number of change programmes exist within the organisation. The change programmes include among others, diversity management, leadership development, cognitive coaching and cognitive learning design. The information was communicated through the Internet, Profs. Pegasus-mail, internal newsletters, and television. A policy is in place to develop everybody in the organisation.

3.3.1.2 Weaknesses

The weaknesses, which the survey will focus on in Eskom, are classified under organisational structure, leadership, culture, systems and processes.

(a) Organisational Structure

Eskom functions under a steeply hierarchical structure that predicates decision-making at the top. The systems, structures, policies and procedures of the organisation are not designed to be adaptive, flexible and responsive to internal and external stimuli. The assumption is that the bosses know it all, and this severely filter communication. Communication is also hampered by red tape. The hierarchy encourages status consciousness and individuality reigns supreme. The bureaucracy severely restricts the capability of teams to operate freely and effectively. The organisation fails to grow individuals' potential, contribution and responsibility. Employees fear to make contributions for fear of victimisation. Organisational politics abound due to bureaucracy. Productivity, activity and creativity are constrained, leading to paper shuffling rather than producing. The organisation is not perceived as having been designed for problem solving and learning.

(b) Leadership

Leadership is afraid of removing its blinkers to avoid additional responsibilities. The organisation's leadership is predominantly white and male dominates and this reflects the continuity of the old apartheid system. Women are in the minority at the top level of the organisation. Decision-making lies with top managers, with little or no involvement of the low levels. The participative structures are used as a means of communication on behalf of low-levels employees. Black managers are faced with new job challenges without having experience. Management does not demonstrate learning to people's by taking an opportunity to evaluate day-to-day operations and reflecting on what they have learned.

(c) The Vision and Strategy

A vision is an ideal image of future compliance. A strategy is a body of tactics employed to achieve desired objectives of the organisation. The experience of inventing a shared image of the future fosters a genuine commitment rather than compliance. The strategy and the vision continuously update the business environment and create changes for the organisation to adapt. People know the organisation's overall goals and long term strategies. Discussing the trends and future forces that will drive the organisation's occurrences should be a normal part of the work. The organisation's vision and strategy documents clearly articulate its desire to become a learning and adaptive organisation. Learning and changing in Eskom should be a way of life, such that people will have a broad understanding of the organisation's structure, processes and systems, and their interrelatedness. If the designed strategy does not achieve desired results, then it must be revised or changed. Eskom should learn and change its structures, processes and systems in order to become a learning environment.

(d) Culture

Employee's morale is low due to the transformation that is taking place within the country and the organisation. Uncertainties cause a high levels of stress



which is unmanageable, and which blocks continuous improvement. Whites' fears and blacks' high expectations of affirmative action have reached a peak. There is a lack of integration of change. The selection and recruitment system is not competency-based. Political games and turf protection dominates the culture of the organisation. People are not free to hold open debates in order to be creative and there is an unwillingness to break old patterns. Introduction of new ideas is considered unacceptable.

The reward systems exclude competency-based remuneration and risk-taking. Errors are associated with punishment instead of being regarded as part of an exploratory process. Many highly competent people avoid taking a risk. Informal structures are not designed to encourage people to share what they learned with peers and the rest of the organisation. Recognition is given to those who have knowledge, not to those who share it. Workers at all levels are rarely directed towards relevant, valuable training and learning opportunities. It is difficult to distinguish between training and learning. Resources are available for people to become self-directed. Information is transferred unsystematically, within disjointed systems.

(e) Systems

The systems in Eskom do not encourage people to continually expand their capacities. The performance system, which exists, does not adequately measure performance or competency. The organisation does not view its division as a whole, but as fragmented divisions working independently. The organisation is not proactive to business threats and usually reacts to competition late. The organisation's mission, vision and strategies are formulated at the top, with no input from the lower levels.

(f) Processes

Hammer and Champy (1993:35) define business process as "a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer". The business process measures performance such as

cost, quality, service and speed. Eskom is not process-orientated but focussed on tasks, on job, on people and on structure.

3.3.1.3 Opportunities

The organisation is diverse racially, sexually, physically in its skill's base. Transformation is handled through the introduction of change management initiatives. Core human resources competencies and strategic plans are available. Leadership is aware of the New World of work, skills' plans, policies, and processes.

3.3.1.4 Threats

South Africa has introduced a new labour Relations Act No. 66 of 1995. And the Basic Conditions of Employment Bill of 1997 The National Qualification Framework (N. Q. F.) which considers levels of achievement and areas of competence. The changing Electricity Supply Industry and repositioning of the organisation cannot be ignored. A large number of customers have carried over the non-payment for electricity that formed part of the sanctions against the apartheid regime. The existing national, economic and social challenges demand a balance with business principles. The increased expectations of low-paid labour and pressure from the unions demand change. The labour unions are granted more power and say in decision-making. Globalisation and a more competitive and challenging environment demand competent people in order to survive.

A questionnaire to assess Eskom's readiness to change and the presence of a learning environment was designed. Randomly selected respondents were used to for this assessment. The questionnaire encouraged honesty and fearlessness from the respondents. The questionnaire is Annexure 1:195 in the research paper. The results reflected that:

(a) Commitment

There is no consensus in the organisations as to where it is and where it wants to go about learning. People do not speak their mind. There is no indication of effective commitment from top management towards the development of all employees in order to achieve Eskom's business objectives. The commitment to training and development is not communicated effectively. Learning is determined at the top. Employees at all levels are not aware of the broad aims or vision of the organisation. Consideration of what the employees can contribute to the success of the organisation is limited. People at the lower levels get their information about the vision of the organisation, where the organisation is going and their expected contribution through their representative structures.

(b) Planning

There is little or no regular review of the needs and plans in respect of training and development in the form of a written but flexible plan setting out the organisation's goals and targets. The written plan should also identify the organisation's training and development needs and specify what actions will be taken to meet these needs. The training and development needs are not regularly reviewed against goals and targets at the organisational, team and individual levels. Training and development objectives need to be linked to the National Qualifications Forum (N.Q.F.) and South African Qualifications Authority (S.A.Q.A).

(c) Recruitment and Employment Training

The organisation fails to take action to train and develop individuals after recruitment and throughout their period of employment. The new employees are not introduced to the organisation effectively. Most of them are not given the training and development they need to do the job. Not all employees are encouraged to help identify and meet their job-related training and development requirements.

3.4 EVALUATION OF THE COLLECTED DATA

The assessment of the organisation's environment refers to the employee's perception about the how things are done in Eskom. Employee's perception refers to the way an employee observes and understands how tasks and operations are undertaken. A learning environment is thus created which will facilitate an organisational change to be effected. The ideal learning environment provides systems, structures, policies and procedures that are adaptive, flexible and responsive to employees. Assessment and evaluation of training and development does not achieve and improve future effectiveness. The evaluation of the impact of training and development do not include components on knowledge, skills and attitude. Evaluation of the impact of training and development on performance is done in some parts of the organisation, but not everywhere. People are not encouraged to become self-directed. Top management fails to understand the broad cost and benefits of training and developing employees. Continuous improvement is not practised and aligned to the organisation.

The data collected reflect the reality and description of the Eskom culture and environment, although there may be some subjectivity from the respondents. The subjectivity may be caused by employee's perceptions. The idea is to provide data that will indicate to the organisation what to change and what to keep. The results reflect the degree to which the respondents believe that Eskom possesses the characteristics of a learning environment. A learning organisation has mutually interdependent attributes, which can be identified and developed step by step. This chapter further provides some possible explanations for the failure of innovations to occur or survive in Eskom, in other words, why Eskom fails to learn how to learn, remaining competitively stagnant.

There is growing evidence that Eskom is adaptive in learning, by showing concern for communities, stakeholders, customers, employees and suppliers but allowing no one group to dominate management. The evidence also shows that the organisation believes that people can learn and value learning

and change. There is a shared belief that the world is changing and that Eskom has the capacity to change its environment and to determine its own fate. The existence of enough diversity, groups and subcultures provides creative alternatives in the organisation. Lack of shared commitment to open communication, which is a stumbling block to learning, is evident. Clearly economic, political and socio-cultural events are all interconnected, which holds true within the organisation as well as in its environment. As the world becomes more complex and interdependent, co-ordination and cooperation become more important. In getting the job done, the emphasis is on teamwork.

The organisation has inherited a legacy of hierarchy, patriarchy, white male dominance and superiority resulting in stagnation of development. The result is that the male manager starts out with a self-image of being in control, decisive, certain and dominant.

This chapter emphasises that Eskom needs to become an effective, perpetual learner accepting the evidence is a reality. The collected data will be used in Eskom to find a way of making a contribution towards assisting the organisation to achieve more effective learning. Ultimately the culture cannot be judged without relating it to the goal to be accomplished, which is learning.

3.5 CONCLUSION

In building a learning environment in Eskom, forces, which compel it to become a learning environment, were discussed. These forces are international trends, national influences and internal pressures. The chapter further discussed the process of assessing a learning environment in Eskom by focusing on its culture. The threats, strengths, weaknesses and opportunities, which existed in the Eskom, were highlighted. The threats and weaknesses were related to the symptoms of learning disabilities as reflected in Chapter two. This reflected some possible explanation for failure of innovations to occur or survive in Eskom.

In conclusion, the data collected was evaluated to assess whether Eskom possesses the characteristics of a learning environment. The characteristics of the learning environment will be related to what was defined as a learning organisation in chapter two. Benchmarking international, national and internal learning environments in the next chapter will provide information to design a model for change in Eskom to become a learning environment.

CHAPTER 4

BENCHMARKING INTERNATIONAL AND LOCAL LEARNING ENVIRONMENTS

4.1 INTRODUCTION

A learning organisation was described in chapter two and a process of creating a learning environment in Eskom to effect change was outlined in chapter three. An assessment of Eskom environment was conducted to confirm the relationship between effecting change in Eskom and the creation of the learning environment. Benchmarking the international, national and internal learning environments will be the focus to this chapter. The meaning, purpose, types and process of benchmarking will be highlighted. The organisations, which operate within a learning environment, will be mentioned and analysed. The study will be based on how they effected change by creating a learning environment. The organisations will be international, national and internal. Case studies will be used in some cases. The results from benchmarked organisations will be used to develop an “ideal” learning environment model for Eskom.

Benchmarking is a tool whereby organisations measure themselves against the best practices of other organisations. According to Mcnair *et al.* (1992:10) it is “an external focus on internal activities, functions, or operations in order to achieve continuous improvement”. The focuses on existing practices and activities within the organisation are analysed in order to understand the processes and then identify an external point of reference or standard by which that activity can be measured. The objective here is to compare the accumulated data to the best practices in Eskom. The information that is gathered will assist Eskom to know how to change or what to do or can do things differently. Bullivant (1994:1) defines, benchmarking as: “one of the range of quality management tools designed to help organisations measure and improve the quality of their products and services and to assist in the management of change”.

It means that the concept of the learning organisation is a fundamental tool of quality management, and, therefore, benchmarking, with its culture of openness, focuses on interaction with other organisations and on continuous improvement. Benchmarking will look at how much to improve and how to improve. It is a process whereby an organisation's performance and processes are rigorously measured against the best-in-class companies, by using the analysis to meet and surpass the best in class. Benchmarking, then, is action generating, which provides the details about finding and implementing best practices. Competitive benchmarking looks at focus key production methods and characteristics that can provide competitive advantage. Industry benchmarking is used to detect performance standards and to detect trends in the competitive environment. The concepts emphasise the best -in-class company that is better than others, or provides reasons why they are better and what steps to be followed to accomplish that. Benchmarking also exposes weaknesses in the organisation and punishes those who are responsible for it. Areas of improvement, which determine how to improve and reward those who create world-class operations, are discovered. Leading edge companies are using benchmarking as a tool for obtaining information needed to support continuous improvement and to gain competitive advantage. This information provides facts and analyses, with a clear focus on meeting and exceeding customer expectations in pursuit of excellence.

Benchmarking provides tools for management to make decisions about resource allocation and to get information about the competitor. Spendolini (1992: 3) defines benchmarking as: "a process that could be used to understand not only one's competitors but any other organisation".

Through benchmarking, organisations are able to learn from others, including their competitors. This operates from different locations, departments and divisions, as in Eskom power stations, distribution and transmission. Some organisations begin benchmarking best practices within their business, in order to reinforce the notion that best practice begins at home. Internal

benchmarking operates under the assumption that there are differences in the work processes due to differences in geography, types of managers, employees in different locations, and others. Gains within the organisation can be experienced through to the identification of internal best practices. Spendolini (1992) advocates that benchmarking being conducted internally means that key functions within the organisation are isolated, for example, manufacturing and marketing. Organisations compare their own business practices to those of organisations that have established themselves as world leaders. Explanation of world-class leadership in business will be discussed later.

4.2 THE PURPOSE OF BENCHMARKING

Benchmarking is a long-term process of defining issues, problems or opportunities. It is also used to assess an organisation through enquiry, in order to produce information that helps the organisation to make a decision about organisations known to be excellent in the area examined. Such organisations are chosen for investigation and analysis according to the best in class concept. The organisation will be used for reference to comparison and change. Once the activity is completed, there will be a call for action that involves a variety of activities for the implementation of change based on benchmarking.

Spendolini (1992:16) sees benchmarking as learning from others or something new and bringing it to the organisation. The learning organisation concept also implies that organisations need to step outside of themselves and scrutinise their internal view of the world.

The purpose of benchmarking is to collect and analyses extensive data of comparative information. The information provides for benchmarking the best practices to constitute the core of investigations. By doing so, this will help to detect the extent of improvement opportunities by extending the awareness or gaps of internal activities. The potential gap that exists between Eskom's activities and the best practices of external organisations is then investigated

and narrowed. An ideal model for a learning environment in Eskom will then be developed. Benchmarking provides the objectives of change by exposing the type of solutions used by best organisations.

4.3 TYPES OF BENCHMARKING

Benchmarking consists of various types, only three types will be mentioned for the purpose of this study. These types include, internal, external and functional benchmarking.

4.3.1 Internal Benchmarking

Internal benchmarking involves collecting information about the best practices inside the organisation, in this case Eskom. This study will benchmark inside the organisation first and then venture into the outside world so as to create a baseline for benchmarking. This approach will differ from what Spendolini advocates that benchmarking should be externally done first in order to collect information relevant to the organisation, which need comparison.

The internal benchmarking in Eskom will be done in business Groups like Transmission, Distribution, Finance (Finesse) and Human Resources Integrated Learning Programme. These Groups underwent transformation to become learning environments. This will be discussed later in this section

4.3.2 External Benchmarking (Foreign and Local)

According to Spendolini (1992:18) competitive benchmarking involves “identification of the products, services and work processes of your organisation’s direct competitor”. The reason for identifying products, services and processes that are similar to those of competitors is to make a comparison in order to improve. Therefore people who benchmarks need to acquire specific information about competitive products, processes and business results which often have something in common with theirs. To identify the commonalties is an added advantage. When benchmarking, competitors' issues must be approached with sensitivity and caution because

benchmarking is different from doing competitive analysis. The purpose and methods are presented upfront to partners for consideration in order to establish a benchmark relationship, based on trust and respect.

Benchmarking helps identify those features or areas that are supportive to ongoing success as well as those aspects of the organisation that are far less important. The process is continuous, gradual and unending moving towards doing things better and achieving higher goals. In a long history of standards, it is a process towards world-class competitive capability.

McNair et al. (1992:12) considers organisations that fail to improve gradually to be “facing extinction or radical upheaval as observed evolution in society and its social institution”. Benchmarking is a change management tool that uses examples of governments that fail to respond to the demand of their stakeholders and are eventually overthrown. Holding on to the present can block the long-run survival of the organisation by denying and avoiding the realities of change until competition threatens. Benchmarking is a continuous vehicle of evaluating current performance, setting goals for the future and identifying areas for improvement and change. As a change management tool, benchmarking undertakes to improve upon existing performance in an objective manner. Benchmarking identifies gaps in performance and opportunities for improvement and highlights new information on old methods.

The data collected externally was mainly from organisations in England, namely, *Investors in People* and *Mind Kind Learning Centre*. Additional case studies for example, *The Centre for Management of Change* and *The Human Resources Department of Firestone’s performance management system*, were also consulted before the research was conducted in Eskom. These were used because of having a learning environment and their willingness to share information. This information will be used to discover innovative practices and technology to compare to those available in Eskom.

4.3.3 Functional Benchmarking

Functional benchmarking involves identification of products, services and work processes of an organisation that may not be the benchmarking organisation's direct competitor. The objective is to identify the best practices in any type of organisation that has established a reputation of excellence. The organisations, which were researched in England, fall within this category. Functional benchmarking is used to denote a specific business activity within a given functional area, such as human resources or manufacturing. This type of benchmarking is also known as generic benchmarking. It focuses on excellent work processes rather than on the business practice of a particular organisation.

Benchmarking is the basis for this measurement process that forces clear communication of goals to all involved. Employees become actively involved in establishing current practices, identifying best practices and establishing the type of results or change needed to match and exceed best practises. In order to establish external benchmarks or performance targets, the organisation must identify and communicate with their customers. Current practices desire results and acceptance of changes needed to meet or exceed essential goals established for benchmarks of similarities. Valid comparison and identification of improvement opportunities can only be achieved by proactively making efforts to become the best of the best. Eskom is serving different communities simultaneously. Benchmarking succeeds best when everyone's interests are understood and considered when choosing solutions. For example, placing customer interest above employee's interest is contradictory. It can result in a crisis situation if it is unresolved. Benchmarking provides room for improvement by learning from others and acknowledging that change must take into account all stakeholders' interests. Benchmarking provides the objectives of change by exposing the type of solutions used by external organisations. Eskom can use the information to have a global perspective on improving efforts in areas where gains can be translated to value for everyone involved.

To become world class capable, the organisation needs to be focused by adjusting its activities and goals to respond to perceived shifts in customer needs. Benchmarking is the cornerstone of planning towards an ongoing success.

4.4 THE PROCESS OF BENCHMARKING

The purpose for the benchmarking process is to collect and analyse extensive data of comparative information. The data collected will be used to benchmark the best leadership practices, systems, structure, culture and processes to use to build Eskom's model for a learning environment. The starting point will be to benchmark best practises internally to constitute the core of investigations. This exercise helps to detect the extent of improvement opportunities by extending the awareness or gaps of internal activities. The potential gap that exists between Eskom's activities and the best practices of organisations that are investigated can be established by having external information. To give a good impression about Eskom during benchmarking, enough knowledge about external practices must be presented.

4.5 BENCHMARKING EXTERNAL ORGANISATIONS (Foreign and Local)

Case studies from local sources and from abroad are used for the purpose of benchmarking. The case studies include, *the Centre for Management of Change* in South Africa and *Evaluating performance of The Human Resource Department of Firestone and Bridgestone*. The Centre for Management of Change is a South African based research, consulting and networking organisation. It is involved in management of change processes.

4.5.1 The Centre for Management of Change

The information from the Centre for Management of Change was extracted from a conference paper that was presented in (1995:23rd-25th January). The presenter was Karin Osler, the Director of the Centre. The information will be used as a base for a case study that will be used for benchmarking purpose. The paper proposes a transformational movement from mechanistic

bureaucracy to a systemic learning organisation. The paper focussed on the organisational change in structure, culture, strategic planning, reward and remuneration, recruitment and selection and team development within a learning environment.

(a) Structure and Strategic Planning

The organisational structure, according to the paper is currently hierarchical. This structure compels planning to be done from top to bottom. The top management in the structure is expected to have all the answers to the organisation's problems. The employees at the bottom of the structure are expected to carry out orders. The specialists in such organisations are viewed as experts. This is the case in Eskom; planning is top-down and decisions are made from the top. The paper proposes a shift from such mechanistic structure and planning towards a systemic learning organisation. According to Osler (1995. Unpaged) the organisational planning should be participative and interactive to create the organisations future. The planning should be continuous and focus learning, with the planner playing a facilitator's role. Such learning and planning can only take place within a structure, which is flatter with fewer layers. The movement from mechanistic bureaucracy to systemic learning will effect change to a learning environment.

(b) Culture and Values

According to Osler, the culture within the mechanistic bureaucracy is value stated, namely, it is based more on individualistic issues rather than group focussed. This is the case in Eskom were decisions, for example, promotions, depends on the manager's discretion. The paper suggests an organisational change towards multicultural inclusion and group focussing in decision making process. The model that will be created is within a learning environment, which Eskom can benchmark to create a learning environment.

(c) Rewards and Remuneration

The mechanistic structure's reward and remuneration system is based on knowledge and experience. The reward system is monetary, inflexible and based on individual incentives. The remuneration system is not competency based. The reward system in Eskom is the same, it is neither competency nor performance based. The paper suggests a learning environment for reward and remuneration system. The systems should be flexible, monetary and team based. Such learning environment will be used as benchmark for Eskom's future reward and remuneration system.

(d) Team Development

Osler (1995) explained that the mechanistic approach to focussed on events. The systems thinking in chapter two views such organisations as having learning disabilities. Eskom focuses more on events and development depends on individual management. The paper suggests a process-focussed organisation with leadership, which encourages shared mental models as defined in chapter one. Benchmarking such learning environment will provide information to build a model in Eskom. The current situation is process-focused, namely, it does not acknowledge diversity and it operates on shared leadership.

(e) Recruitment and Selection

According to the Centre for Management of Change, the traditional recruitment and selection is based on people's knowledge and experience. Selection process relies on tests, which are usually biased. Eskom selection and recruitment system also considers knowledge and experience. The paper suggests a change in the recruitment and selection processes, which should be based on competency, ability to learn and wider stakeholder involvement. Such recruitment and selection process creates a learning environment, which Eskom can benchmark.

4.5.2 The Human Resource Department of Firestone

The Firestone *Human Resources* department's function is to offer advice and service to line managers and staff. According to Claypool and Cangeni (1993:45) "in evaluating the performance of the department, one area often overlooked is the quality of service and advice being given to line and staff department" The qualities of service and working relationships between the Human Resource staff and managers need to be established. A survey for line staff will add credibility to the appraisal of each member of Human Resources. If it is correctly applied, it can provide positive motivation to cultivate improved communication and relationships between the employees of the Human Resources.

(a) A Performance Appraisal Program

Claypool and Cangeni (1993) believe that the performance of human resources staff can be obtained through performance appraisal feedback system from the clients. The performance appraisal of Firestone encourages open communication between the employee and supervisor on matters relating to the job, employee's performance and career development. The job objectives are established subsequent to the employees rating period. The appropriate objectives, which describe the results expected in each job output, must be set so as to create a fair and impartial appraisal. If the objectives are accomplished, then the performance appraisal results will be reliable and valid. Members of the Human Resources Department should establish objectives to evaluate performance in a standardised and job way. Training and development, compensation and benefits usually establish these objectives.

(b) Measuring the Quality of Service and Advice from the Human Resources at Bridgestone or Firestone

Claypool and Cangeni(1993) developed a performance appraisal form, which divided jobs into most accountabilities. The evaluations give line managers and staff an opportunity to evaluate the Human Resources function. The corporate Human Resources Department of Firestone developed a

performance appraisal similar to Annexure B. Line managers and staff completed the form to evaluate the quality of advice and service they receive from Human Resources. The first column endorsed the position specification, which is divided into the most important accountabilities. The development of performance definitions was designed to meet the needs of the organisation. The definition gives line managers the opportunity to make a perception about the quality of service provided by the Human Resources Department.

(c) Evaluating Working Relationships with Other Areas in the Organisation

The performance appraisal form also provides an opportunity for line managers and employees to make perceptions about each attribute possessed by Human Resources staff. This exercise allowed relationships between managers and Human Resources staff. The instrument that is used allowed monitoring these relationships on daily basis. Once the results are tabulated, achievers are praised or assistance is offered to those who face problems. The other sections of the form allow managers to give feedback on the overall performance of the department and suggest where they need to make improvements.

(d) The Results of Rating

Annexure B according to the case study shows performance rating for each Human Resources employee. The form provides a summary of total responses from managers of designated areas. Line managers and staff who made comments in the “fails to meet” category that assigned value of four or five in the “Attribute” section participated in individual discussions. These conversations developed a foundation that stimulated necessary improvements.

According to Claypool and Cangeni (1993) the Human Resources practitioner received a summary of the report for information about the service that they provide for review. Listed next is a summary of the responses received for each of the practitioners. The number in parenthesis represents the

percentage of the total possible responses. Each practitioner received a summary sheet, which provided a detailed breakdown of the total responses received from each practitioner and managers. These allow for the discussions about negative and positive comments. The information allows the practitioner to make the necessary improvement and it reinforces available strengths. The total department statistic is shared with all corporate departments, their managers and the Human Resources practitioner. Each practitioner receives a summarised set of data.

(e) Human Resources Credibility Improved

The use of Firestone Human Resources survey added credibility to the appraisal of each Human Resources employee because it was used successfully. It also helped in establishing the department's objectives for the next year and in the evaluation of the overall performance. The results of this method of evaluating Firestone suggest utilising the instrument to other Human Resources departments, for gathering and tabulating data, for assessment of strengths and weaknesses.

There are lessons to be learned and benchmarked from the Firestone/Bridgestone, performance appraisal system by Eskom. The learning environment proposes the appraisal system that included all stakeholders, namely 360 degrees appraisal. The stakeholders involve customers, colleagues and subordinates. The appraisal also encourages openness between the affected parties concerning the job, performance and career development. The appraisal system allows positive and negative input and all departments share negative comments and information. This encourages transparency and credibility to the appraisal of each Human Resources employee. Eskom can use such appraisal system as a benchmark.

4.5.3 Data Gathered from London Organisations

In order to gather enough data that will clarify the phenomenon in learning environment organisations, in London were targeted. The objective was to benchmark those organisations systems, policies, strategies, practices, culture and structure related to a learning environment. The successful

learning environment concepts would be utilised to construct a learning organisation model for Eskom.

The organisations consulted included *Investors in People, Training and Enterprise Councils, Mind Kind Learning Centre and Scottish Vocational Education Council*. The research method applied included: observation of performance within organisations, video observation, one-to-one interview of employees, telephone conversations, meetings and seminars.

4.5.3.1 The Organisation of Investors in People

The Investors in People is a learning organisation based in London. An interview was conducted with the Director of the organisation, Anthony Felstead, in May 1996. The interview confirmed that Investors in People is made up of:

(a) Vision

The vision of Investors in People's is having a network where everyone has access to a totally open-ended menu of development opportunities for individuals and their organisations.

(b) Mission

The mission of the organisation is to create such a learning organisation network of like-minded and forward thinking individuals to form a centre of excellence so that its vision turns into practicable action.

(c) Competitive Advantage

The organisation believes that people play a significant role in making a difference in business, management, research, technology and other widely available developments. Today no organisation is isolated from international competitive pressure and everyone is challenged by the speed of change, technological advances and short product life cycle and customer expectations. This points out to one thing: the company with the most skilled, flexible and committed workforce has a competitive edge and the country with



a world class workforce wins in the international market. Through improved performance, *Investors in People* organisations develop a competitive edge, which secures its customers future prosperity.

(d) The National Standards Overview.

The standards offer organisations an opportunity to review what they are doing against a *best practice* benchmark. Through standards the organisation is able to have a framework for planning future strategy and action. By further using the standard the organisation has a structured way to improve the effectiveness of training and development activities. The *Investors in People* complements other quality standards. The process acts as a framework to bring together and maximise the effect of standards, which aim to raise organisational effectiveness. The *Investors in People* standard is based on four key principles namely:

(i) Commitment

According to Felstead (August 1996) the organisation makes a commitment from the top to develop all employees to achieve business objectives. The commitment is communicated effectively throughout the organisation. The employees at all levels are aware of the broad aims and the vision of the organisation. The organisation considers what employees at all levels will contribute towards the success of the organisation. Where representative structures exist, communication takes place between management and representatives about the vision of where the organisation is going and the contribution employees will make to its success.

(ii) Planning

According to Felstead (1996) the *Investors in People* regularly reviews the needs and plans the training and development of all employees, by using a flexible plan that sets out the organisations' goals and targets. This written plan identifies the organisation's training and development needs and specifies what action will be taken to meet those needs. Training and development needs are regularly reviewed against goals and targets of the

organisation, at team and individual level. The written plan also identifies the resources that will be used to meet the training and development needs. The responsibility for training and development of employees is clearly identified and understood by the whole organisation, starting at the top. The objectives are set for training and development action at the organisational team and individual level. Where appropriate, training and development objectives are linked to external standards, such as National Vocational Qualifications (NVQs) or Scottish Vocational Qualification (SVQs) and units.

(iii) Action

The *Investors in People* according to Felstead (1996) takes action to train and develop individuals on recruitment throughout their employment. All new employees are introduced effectively to the organisation and are trained and developed towards their new jobs. Managers are effective in carrying out their responsibilities and they support employees training and development. All employees are made aware of training and development opportunities available to them.

(iv) Training and Development

Felstead (1996) contends that employees are also assisted in identifying and meeting their job-related training and development. Action is taken to meet the training and development needs of individuals, teams and the organisation.

(v) Evaluation

The organisation evaluates the investment in training and development in order to assess achievement and improve future effectiveness. The evaluation is based on the impact of training and development actions in the areas of knowledge, skills attitude and performance. The contribution that training and development make towards the achievement of goals and targets is also evaluated. The evaluation processes assist top management to understand the broad costs and benefits of training. Continuous commitment of top management towards training and development is demonstrated to all employees.

4.5.3.2 Training and Enterprise Councils Organisation

(a) Background

The Learning Organisation Team (LON) of the Hertfordshire Training Enterprise Councils (TEC) described the Councils as “ organisations that are private and non-profit making organisations designed specifically to influence and address local needs”. Its aim is to increase Britain’s competitiveness by improving the skills of its workforce and the capacity of its businesses, to be able to compete in the world class markets.

The main aim of the Councils is to help organisations to face the realities of change. Change is viewed by this organisation as forced by technology, market, competition, statutory frameworks or environment. It also believes that change is triggered by the organisation’s progress in research and development or by setting new targets and objectives. However, the reality of change is inevitable but the organisation has to survive. The transformation process, therefore offer the opportunity for success through a process of self-appraisal, which can bring many benefits.

(b) The Process of Promoting Successful Change

The primary objective of *Training Enterprise Councils* is to support and improve economic growth and prosperity of the country. The expertise within the organisation includes understanding change processes, by producing a measurable, relevant and cost effective benefit to the organisation. Research findings conclude that the employer’s request and a team of specialists drive the economic performance. Through the specialists, human resources development services are offered to public and private organisations, throughout the country.

The organisation also acts as a facilitator by working with a network of training providers that deliver quality advice, courses, seminars and business development programmes. Through this Training Enterprise, organisations

are expected to identify their skills, plan their training to meet the organisation's need and implement training and development programmes.

To develop a learning culture, the organisation uses different approaches to learning. They develop their own learning and assessment facilities. Personal development is also encouraged to overcome barriers in learning. The results are motivated staff, flexibility and adaptability, improved levels of customer service and staff retention and loyalty. All these factors lead to genuine improvements in performance.

Eskom can benchmark the Learning Organisation Network team for improvement of workforce skills. The Hertfordshire Training Enterprise learning culture of self-managed learning and assessment can be used as a benchmark. The organisation believes that customer loyalty, motivated staff and flexible systems improve performance. These are the lessons to be learned by Eskom to create a learning environment.

4.5.3.3 Mind Kind Learning Centre

(a) Background

The Mission statement of the Mind Kind Learning Centre Chief Executive Officer, Chris Gamble and the Managing Director, Mark Haward in the interview conducted in (May1996) from the United Kingdom, states:

“The learning centre operates in the unshakeable belief that each individual has the ability. The organisation will apply the best techniques that exist to achieve potential and we believe that every learning problem has a solution.

Mind Kind operates in the belief that whenever an individual experiences the power of their brain, there will be an accompanying change in attitude. The organisation aims to give every student the experience of being an effective learner and improve motivation and confidence as a result.

The organisation will treat each student as an individual but the goal for each is the same, namely, mastery of learning skills that bring achievement and independence to that the student can be the designer of their future."

(b) The Concept of the Learning Centre

The resources are designed to imitate the performance of an excellent teacher, using knowledge about how a brain learns best. Any educator who uses these resources has the power to transform students and performance. The learning centre creates certain resources in order to discover the missing link in education. Individuals using these resources achieve the maximum.

Methods and resources cover the curriculum and save the teacher time in training, eliminating preparation, giving the students confidence and responsibility. The resources consider a multi-cultural society. According to the learning centre concept, students can brilliantly solve planning problems associated with new syllabi that are being introduced everywhere to force changes in educational outcomes. The package is equally beneficial to advantaged and disadvantaged students, homes and communities.

(c) The Purpose of the Learning Centre

The learning centres were established to enable students to take advantage of what is offered in education by spending their time on the same skills and content as is being taught back in the classroom. Students are assessed, monitored and taught several key areas which will help them perform. Assistance for any subject, even from peers, is available. The techniques enable an educator to change Learner State and behaviours, to programmes a brain to learn how to learn, and master the content easily. The programmes address most of the problems associated with education.

The educational programmes used range from early childhood to tertiary, providing learners with skills. The skills' areas that are used includes reading, fast writing, to making notes, research, speed reading, creativity training and life analysis. Each programme is modular and can be personalised to suit

different language, cultural, and age group. Many skills are taught at once, namely, memory, listening, analysis problem solving designed to suit students. Simple basic formulas like synergy are used.

(d) Reasons for the Establishment of The Mind Kind Education System

Mind Kind Education was established to improve on the effectiveness of learning techniques in schools. It investigated why productive learning was slow to implement. Then it came up with strategies and formulas to overcome the problems of implementation.

The methodologies applied in the system reduce the tuition load off the centre teacher are economically viable. This is attained by carefully creating orchestrated immersions by addressing the educator's confidence. This method gives immediate and positive feedback and hook students into their own learning, making the job of the teacher easier. By using the resources, teachers do not have to face challenges of large classes or restructuring resources. The computer manages that.

Mind Kind Education uses a resource based training system that can quickly train teachers at centres. A mathematics teacher can be trained in three hours. Primary teachers require two days. Practical and simple methods on how to use resources, which is a pure method of how to learn, are created. The students will be in control of their learning immediately and will learn at an accelerated pace. The packages and training are cost effective and they support and guide teachers in a long term.

(e) Mind Kind Resource Learning Centres

The aim of *Mind Kind* is to provide a service that introduces the new learning technologies more rapidly and efficiently. These techniques will address the problems they encountered in the classroom and failure to supply industries with enough of the right kind of learners and workers. It agrees with modern technique, which believes that the class is the least efficient way of learning. Students should be given tasks, which are co-ordinated, monitored and

assessed centrally by a computer. This will give the educator free time to be involved with individuals. The centres offer distance learning needed by communities. The teacher is no longer required for the transmission of content, but will be there for personal, social and learning support.

The resource centre also has the expertise to lead the way to high technology independent learning, which revolves around the centre teachers who facilitate the most efficient progress of their charges. The centre offers expertise that is always available to meet the needs of the community. It acts as a constant supportive and positive influence ready to help and run courses relevant to everybody in the community. It addresses the community's need for competent students ready to face reality in the working environment.

The learning centres according to Howard (1996) address potential target of the cause of inequity in educational outcomes. Students have changed. There is an increasing numbers of them who are hyperactive or attention deficit because of change in culture. This creates stress and a need for constant sensory stimulation. Culture and advanced technologies no more require students to use their imaginations. Education needs magic solutions, which encourage students to use their neglected whole brain abilities.

Mind Kind solutions allow students to have either a self-defensive or a positive, relaxed, powerful learning state. There is an understanding about the culture that produces easily distracted and unmotivated learners. The centres teach students how to change their states to productive ones. The centres' resources tap into the student's own experiences, and encourages affirmative behaviour by quick learning.

The changing world allows few unskilled jobs. Future work will provide opportunities for performance based contracts. Abilities to market oneself, learn quickly and respond to the market place are the priority. Individual responsibility will remain a priority in the market place. The centre teaches the attitudes and skills for the modern world. It hands back responsibility,

teaching students how to adjust quickly and confidently, as necessity dictates. Knowing how to learn quickly will become a precondition for a vocation. Performance is linked to the mastery of the potential of the brain. The demand for fast learners will rise. In the long term there will be demand for places of learning to learn, called learning centres. *Mind Kind* has developed the expertise to establish these places of excellence in learning. It uses interactive computer programs, which are infinitely creative, and add the human dimensions, in learning.

Mind Kind programs teach students to think, record, remember and write all at once. All programs are empty of content. Students use their own contents and use the computer as a tool as in word processing. As they use the tools, they learn the processes of learning and mastering the content. As students are constantly asked to respond, the programmes teach a human dimension. The student responses are recorded on to Mind Maps and the students can apply simple formulae to power write from that form into a written document, just by making choices and instructing the computer. The programmes are designed for student to desire to repeat the computer the skills they have acquired. Skills are transferable back into life, the workplace and the classroom. Students are immediately able to participate in their classes more efficiently, an executive is immediately able to communicate effectively and save time.

(f) Description of the Learning Centre Package

The learning centre tried and adapted the world's best techniques into an easily comprehended and managed package, run by an independent individual with excellent results. In many situations the centre can teach in one-hour skills that have proven impossible in many years of school practice.

A learning centre comes as a complete package, namely, materials, expertise, training, support, and management. The resources can be used across the curriculum. The features include coherence and learning how to learn.

(i) Coherence of the Learning Method to the Brain

All methods have been tried and systematically refined, incorporating the best of fast learning. All match exactly the way a brain likes to learn. Methods are cross-curricular and absolutely meet the aims of new curricular. Students can apply; for example, they're reading skills to any subject. Different teachers can teach students the same course without loss of continuity. Skills taught are not dependent on the tutor's personality. Students can quickly teach their peers, taking stress and responsibility off their teachers. Non-specialists aides find the teaching simple.

(ii) Learning How to Learn

The Mind Kind Learning Programme belief that the only practical model to use in today's world is to acquire the most practical outcome in learning how to solve the problem of remaining in well-paid and satisfying employment. Across the curriculum students with abilities can smoothly progress in any subject area. Students learn to take advantage of what their classroom teachers offer. Very important in a changing world; fast learning and techniques to cope with modern technology are available in the centre.

(iii) Innovation

The package philosophy is to use the best the world can offer. Methodologies are found and tried. If they are successful they are passed on to others. The package is designed to keep up with the changing world, syllabi, technology and economy. Computer managed individual learning, videos showing skills being taught, and mastered and masterminds maps and teaching aids across the curriculum are offered free of charge. The centre co-ordinator believes that its training is the most stimulating and practical fast learning offered. The operator can run the centre only. The programme is designed for learners with ages ranging from eleven to ninety-nine years of age to efficiently and confidently teach non-readers to read and accelerate a genius in the same environment. The programme is also culturally sensitive to suit the needs of all backgrounds. Strategies are available to identify and help difficult learning

problems. The methods used mean specific information is easily gathered, which pinpoint what a student can or cannot do. The strategies can then be focused to re-educate or program the brain to overcome the problem or compensate.

The Mind Kind way of rapidly and effectively introducing new learning can be benchmarked by Eskom. The methodology used by the organisation complies with culture, technologies, changing world of work and performance based contracts as desired by the learning environment. The information about effecting change to create a learning environment from Mind Kind can be used as a benchmark to design model for Eskom.

4.5.3.4 The Labour Market and Skill Trends

The department of Education and Employment in England conducted Labour Market and Skill Trend research in 1995. The aim of the research was to establish a workforce that is flexible to adapt to changes and future challenges to become a nation that is competitive. This provides a major opportunity at national level to work more effectively to achieve the common aim of a country, which is better educated, trained, an aim, which is essential both for economic prosperity and individual fulfilment.

The White Paper “Competitive Forging Ahead”(Cm2867, 1995:79) recommends that, in order “to compete internationally, the United Kingdom needs a highly motivated and well qualified workforce. The country needs young people who are well prepared for work, employers who see the importance of developing the skills of their employees and people in the labour force who take their development seriously”. The Competitive White Paper reinforces commitment from employers and employees on development and training to produce the best-qualified workforce in Europe. To achieve this goal, the United Kingdom government endorsed updated National Targets for Education and Training.

The success in meeting the skills challenge depends on the efforts of all stakeholders. The stakeholders in the labour and learning markets range from employers and individuals, to educators and trainers, *Training and Enterprise Councils* (TECs), *Local Enterprise Companies* (LECs) and *Industry Training Organisations* (ITOs). Efforts to co-ordinate this can be done at local and sectoral level as well as at national level. The Hertsfordshire Training Council was discussed in the previous section.

(a) Labour Market and Skill Trends

Shepard (1996:2) believes that effective plans for action to develop vital skills must be based on a sound assessment of current and future labour market trends in the specific locality involved. *Labour Market and Skill Trends* (1996/1997) according to Shepard(1996:2) “provides a benchmark for comparison by assessing the key national trends in the demand for skills, the nature of the workforce to meet these and the education and training that will help them acquire the necessary skills and knowledge.”

According to Shephard (1996:2) the employment growth is experienced following the effects of the recession in the early 1990's. Growth is projected to continue at 0,8% to 0,9% per annum resulting 1,6 million more jobs during 2001 than 1994. A wide range of changes in types of jobs will continue than the decline of primary and manufacturing employment, with the growth in part-time and temporary self-employment. The continuing increase in higher level jobs and a shift from manual skilling towards manual dexterity is associated with understanding and monitoring of complex systems. In other areas a movement from routine processes towards co-ordination and communication is exercised. An increasingly wide range of general work with the ability to use Information Technology is demanded.

The higher level skills and increased flexibility is demanded by the labour force, in order to cope with the demanding changes in the existing type of job. Self-employment also needs those kinds of higher level skills. The employment projections produced by the Institute of Employment Research

(1995) further suggest a fair growth in employment to the year 2001 with an increase of over 6000 between 1994 and 2001. The other changes that will be experienced will be an increase in women participation, which will make out 45% of the labour by the year 2001. A more qualified workforce 79% in 1995 had more qualifications than 60% in 1985 and 20% with higher qualifications than 13% in 1985.

In order to match the future labour and skill demands, the labour force trend needs to facilitate the changes required by future labour market demands. For instance, women have traditionally played a greater part in part-time and service industry employment. For social change it cannot be taken for granted that women will continue looking for this type of employment. The trend suggests that women will have an increasing role to play in higher level jobs. The increase in qualifications held by the workforce must be consistent with the increase in higher level jobs and future needs. Adjustment from some groups, for example older men, who traditionally occupied full time manual work, needs to happen. This group is least likely to get training.

The research sees the need to assess the current and future skill and knowledge needs. The assessment needs to establish what extra knowledge and skills will be required by the economy over the next few years. The skills survey from the Trend show more than one in five employers reporting a significant gap between the skills of their current employees and those they need to meet their current business objectives. How well the skills of the current labour equip business, localities and the country to compete internationally; it becomes clear that low-level skill shortage is reported. This may result in an employer finding that his workforce lack of skills hamper the improvement in productivity. These limitations may be acceptable to employers, resulting in adaptation to them. The current qualification level of people working in some key occupational group may cause concern. The skill level of the labour force also needs to match the standard needed for real international competitiveness.

In future there will be a rise in demand for skills with further economic growth. The shift towards high level jobs will demand many more people with higher level qualifications. Upskilling with specific occupations is as important as changes in the balance of employment in determining skills needs. Even where occupations are reducing in number, training is essential to replace turnover. In a situation of rapid change, where it is difficult to predict exact skills needed, it is important to develop broad core skills. They will encourage future flexibility, such as learning and communication skills.

The research concluded that young people are vital source of new skills needed to meet the competitive challenges for the future. Therefore the young should not only be better qualified but also more adaptable to their predecessors. They must have education and training that will ensure the skills needed to establish successfully employment, which fully uses their capabilities. Training must provide for the future lifelong learning to adapt to future changing and skill demands. The training should have work-linked skills and broader academic knowledge. In recent years most employers have been satisfied with young people they recruit. They have a concern in business, writing skills, levels of literacy and numeracy. The education and training route for young people comprises general education and vocational and work-based training. It is necessary for the young to take the route that best suits them. The traditional academic route may well remain the best one. The significant number chose the training route to further education. Modern apprenticeships aim to improve the supply of technical, craft and junior management skills. Youth training is the main work-based route and participants increasingly gain qualifications. Effective and efficient guidance for young people is vital.

The Government has a commitment to pupils from ages 11, these having a specific entitlement to guidance, and has to make extra provision for 14 and 15 years olds. The adult labour force on the overall is getting increased training and education, but much remains to be done to achieve a lifetime learning culture. Employers are doing a considerable amount of training, but

are they doing a sufficient training, and is the skills' level being raised sufficiently, or are other groups of employees left behind? Ideally, training should include transferable skills enabling progression to other jobs and forming the foundation for learning higher level skills.

The survey portrays that training continues to be disproportionately concentrated on those already in high-level jobs and those in their 20's. Women on the whole get training as frequently as men, but tend to have less time devoted to their training. Employers need to encourage individuals to train to meet their individual needs to get real personal benefits, which will outweigh their costs.

The proactive employer must realise that the employee who learns produces real business benefit. The emphasis on staff development should be a way of improving the overall competitiveness of their organisations. This is the rise of a learning organisation that recognises the need for continuous training and retraining on part of the corporate culture. The *Investors in People* standard stimulates this.

**(b) What Needs to be Done to Ensure a Future Match of Skills
Demand and Supply**

The widespread support principle for learning needs to be translated to a greater level of actual training and education for the skills necessary to produce a competitive local and national economy. The employers and individuals need to be aware of the availability of the necessary skills. No single individual can achieve this. Alliances of employers, colleges, training providers and TEC's need to do that. A detailed examination of the relevant aspects of the labour markets is essential to planning and provision. It is equally important to communicate these assessments to employers and individuals.

A useful tool should be developed to inform labour and learning market. The information is an essential foundation to help individuals become more

competitive in the labour market, their employers more competitive in wider markets and localities more competitive in attracting and retaining business.

The Labour Market and Skill Trends research (1996/97) provides a benchmark for comparison to use the key national trends in demand for jobs and skills for Eskom model. The nature of the workforce from the research can be used as a model for a learning environment in Eskom.

4.6 A LEARNING ENVIRONMENT MODEL TO EFFECT CHANGE IN ESKOM

Questions have been raised by organisations aspiring to have a learning environment, such as: how will managers know their company has become a learning organisation or what concrete changes in behaviour are required? The answer is that there is no evidence at which level an organisation is a learning organisation. It is a philosophy and practice of continuous development for life. The organisational learning process must exist whether it is known or unknown, good or bad.

To become learning environment there should be an existence of three critical issues, namely, individual, team and organisational learning as proposed by Senge(1990) in Chapter two, the underlying principles of the learning organisation. Learning should be actionable and easy to apply in an organisation. There is also a need for clearer guidelines for management practice that is supported by operational advice. Lastly there is a need for better tools for assessing an organisation's rate and level of learning, to ensure that gains have in fact been made.

Learning is a continuous journey with challenges rather than a specific destination. There is no such point where an organisation can claim that they are now a learning organisation. It is a philosophy or a doctrine resulting in an attitude that the organisation as a collective whole develops. The organisation uses this advantage to benefit its workforce, customers, suppliers and community. It has been observed that learning at the organisational level is constrained by the ability of individuals and teams to learn. Enhancing

individual and team learning ability is a starting point. It is about creating an environment that puts into place new concepts of mission, vision, commitment and empowerment. This opposes objective, strategy, structure and job description Human Resources management. It brings about change in behaviour, whereby members of the organisation become active learners and developers. This also brings about changes in culture, structures and systems.

The following section proposes effecting change in Eskom by creating a learning environment model. The model will be developed from benchmarking learning organisations in London as proposed in the previous section. The case studies, namely the Centre for Management of Change and The Performance Appraisal System for Firestone will also contribute towards the design of the learning environment model for Eskom. The model will be created from ideal structures, culture, leadership, processes and systems to prevail in Eskom.

4.6.1 The Organisational Model Structure in Eskom

The rigid structures in organisations are known to inhibit flexibility and adaptability. The focus in such organisations is rather narrow and hierarchical, leading to top-down flow of instructions and mechanistic approach to work.

In order for Eskom to be effective in a radically changing environment it should remove the layers of hierarchy. It should have less than six layers from the top to the bottom. The organisation must find new management structures that embrace trust and responsibility. The emerging organisational model is the team-based structure under which the organisation is functioning around a small number of key business processes. The cross-functional team is grouped around key business processes. These processes encompass complete pieces of work and their cross-functional teams comprise specialists from functional departments. This structure will increase productivity. Field workers will feel comfortable with this structure since their work is directly related to the customer.

The centralised, bureaucratic management systems should disappear. The Eskom's corporate headquarters, expensive offices, layers of middle management and internal controllers must disappear. To get the best out of people, Eskom needs the structure that will create space for intelligence. Bureaucracy in Eskom should be eliminated, considering that change is painful. Commitment to this change must come from the top of the structure. Progressively the reduction of a number and quantity of reports should be reduced. Bureaucracy should provide people and teams with space to perform, not space to produce reports.

4.6.1.1 Organisational Structure Change

A structure that facilitates the use of job rotation, planned experiences and transient project groupings helps employees to become accustomed to change. Eskom should break down barriers between units and functions resulting in learning to spread more rapidly. Strategic rotation between functions in Eskom will facilitate learning by helping employees understand the business from multiplicity of perspectives. This makes organisational knowledge easier to put into practice.

In Eskom the organisational structure is important within which enormous energy is spent. The organisational structure is used as a mechanism to resolve issues by providing answers. The basic unit of the organisation is the functional department and a collection of people performing similar tasks. A lot of energy is invested in designing structures because the shape of the organisation means a lot to Eskom. How the organisation is shaped determines its work organisation, mechanism to exercise control and performance monitoring. The lines of communications and decision-making hierarchy are determined.

Eskom structure can be reengineered to become flatter. The structure is flat as teams supported by fewer managers perform work. Work is organised around processes and teams performance. There is no line of communication;

people communicate with everyone they need to. The control lies with people who perform the process.

4.6.1.2 The horizontal Strategy

Eskom needs to apply the horizontal strategy for regulatory and non-regulatory businesses. One strategy will be applied at business unit level and the other at corporate level. The business units should chart the course for Eskom's activities within the business unit. The enterprise strategy must address the composition of the organisation's portfolio of the business unit. The business unit management must have authority and responsibility. The portfolio management should be left at the corporate level. This is decentralising the authority. Economic, technological and competitive advantage applies to organisations, which identify and exploit interrelationships among related businesses. This development creates horizontal strategy, which cuts across divisional boundaries. The horizontal strategy is required at Group, Corporate and Business unit level. The strategy provides for explicit co-ordination among business units, which makes the corporate or group strategy more than the total of individual strategy. It is used as a mechanism by which a diversified organisation allows the competitive advantage. The horizontal strategy is not built on financial consideration in the stock market but is based on competitive advantage. It is therefore the essence of corporate strategy.

The organisational mechanism to facilitate interrelationships that are included in decentralised corporate organisational structure should apply in Eskom. Eskom development should depend on a shift from growth to performance coupled with growing global competition. Independent business units, for example, Generation, Distribution and Transmission are a vehicle to increase growth and co-ordinate business units. The technological change can break down the barriers between business units driving them together. Eskom can use the growing sophistication of information system as a powerful force that encourages interrelationships. The improved system can be shared among

related businesses. The information technology in Eskom can be used to restructure Distribution, Generation and Transmission processes.

There is a need to identify all tangible interrelationships to formulate the horizontal strategy in Eskom. This is possible by examining value chains of each business unit for actual and possible opportunity of sharing. The tangible interrelationship can be identified by the boundaries of the organisation. Eskom need to benchmark organisations where sharing is feasible or might be feasible. Intangible interrelationships should also be identified.

The London institutions that are benchmarked, in the previous section consider that as more people work from home in project teams and on short-term contracts, managers will have to revise their responsibility and control. The institutions believe that managers must trust people and should use the information system, which supports them and the one that binds together the interests of managers and workers. The information system should neither have top to down nor down to top flow, but should flow horizontally. The horizontal systems acknowledge that work is the primary cause of costs and that the work worth doing must satisfy the customer. The horizontal system also helps managers and workers to measure quality. The process will cut costs, save time, add value to customer and lead the organisation to be competitive.

4.6.2 Changing Culture

The changing culture involves challenging beliefs and myths that the organisation holds about it. This will challenge the fundamental strategies derived from these myths. Culture change need to provide the organisation with the ability to deal to deal with the ambiguous situation. The company should be capable to learn and change from training and developing manpower.

The organisational culture in Eskom needs to facilitate team learning to have a high- performing self-managed teams. The self-managed team needs to

develop a culture of life-long, individual and team learning should exist in Eskom. A diverse and empowered culture results a wider range of application. Culture is a set of norms and attitudes that help to shape an organisation. It is an important element of success within the organisation. Differentiation may be facilitated by a culture in Eskom that encourage innovation, individuality and risk-taking. The power of such culture can reinforce the competitive advantage that the organisation's strategy seeks to advice. Such culture change will only exist within a learning environment.

4.6.3 The Team Organisation Model

Teams that are united and have a shared vision are more confident to be successful together. Through their openness they learn from their experiences and how to improve the business vision. The team organisation addresses an inspiring challenge. It assists in getting people with diverse personal styles, vested interests, cultural background and educational training to work together. The unity will encourage the team towards a goal. The team will be committed to continuous improvement in themselves, the organisation and communities. Employees need respect, recognition and honest communication more than job security. The learning organisations benchmarked work in teams to succeed together as the Hertsfordshire Learning Organisation Network Team functions.

The Network Team believes that the leader, as part of the team, supporting and encouraging the team, forms the corporate team. If Eskom changes to a team organisation, people will be excited about the company's vision. People will be free to present ideas and feel powerful when they are faced by complex situations and customer needs. The team, in Eskom, with its diverse skills and commitments, will forward recommendations about the vision. The team celebrates the individual, team and organisation's achievements. People will be able to recognise the relevance of their input to their department's goal and the organisation's vision. The organisation's success depends on the corporation of people at all levels. Problems that arise are explored by exchanging views openly to create solutions. Reflection of experiences will be

done to check and celebrate progress and to learn from mistakes. Reflection is a communication tool discussed in chapter two. Through unity, exploration, empowerment and reflection, team members complements each other. Reflection also encourages members to discuss problems to strengthen their work relationship and to relate team productivity to the team organisation model that can create a learning environment in Eskom.

A shared vision must include a search for opportunities to initiate change, innovation and growth. Team members should share a vision of taking risks and learning from mistakes. Dialogue within members of the team must take place in order to discuss the vision, corporate strategy and the organisation's framework. The update of the vision must include all members and customers ideas and complaints must be endorsed. At the end the team celebrates its capacity to change and rewards progress towards its vision.

4.6.3.1 Establishing Team Organisation Model

Eskom leaders should initiate action to form the teamwork necessary for high performance and commitment. The way in which the team is formed is crucial because everybody in Eskom need to be involved. Teamwork is sharing knowledge, confronting differences and dealing with the ambiguities. Teamwork requires intellectual understanding and emotional believe. Effective groups in Eskom should monitor and regulate themselves so as to continue working together without supervision. The team will grow towards independence of becoming productive for the present and future.

The team assesses its strengths, success, frustrations and limitations. Celebrating success will encourage teams within Eskom the team to build upon abilities to accomplish its long-term vision. Teams drive the organisational innovation and continuous improvement, which binds together the team, the organisation.

Managers, supervisors and workers in Eskom must understand that the nature of teamwork they need to utilise must be useful to pursue. Allowing



team members to express their controversial emotions is rewarding to the team. Members of the team can discuss their hesitations and concern. People working together search for means and ways of combining ideas, resources and energy. This will help them to continue with their mission and will strengthen teamwork in Eskom.

The management team in Eskom must form a new relationship with the unions to create an effective organisation to improve performance. This will benefit the people, managers and supervisors. The managers and unions must not protect themselves against each other. They must maintain open dialogue. The team organisation recognises that management and labour have opposing views and common interests. The common goal that management and labour has is to create a quality relationship that helps the two parties to work together. In order to be competitive unions must be regarded as partners and allies in the development of constructive relationship. Co-operative union-management relationship results in a highly committed workforce. Effective industrial relations are a competitive advantage. Application of such relationship in Eskom will effect change towards a learning environment.

By using a strong, co-operative links, managers can work with employees to develop teams that foster the organisation's productivity and innovation. In service providing organisations like Eskom, the providers of the service are crucial for quality service and competitiveness. Employees must feel empowered to possess procedures, resources and skills to make use of the opportunities. Quality customer service and electricity will be provided within a competitive environment, which is a learning environment.

Problem solving explores opposing views. In solving problems, new opportunities are explored and the frustration is used for learning and effectiveness. Structures, procedures and skills must be put in place for problem solving. Opposing views must be considered to create innovative but practical solutions.

4.6.3.2 The Team Leader

Benchmarked organisations, which operate within teams, suggest that to create a viable team organisation, leaders must be able to confront the competitive independence of their organisations. The leader, within team organisation helps the employees to learn and appreciate teamwork by learning its benefit on profits, stockholders and customers. The leader in Eskom can change to put teamwork to work in order to achieve synergy at all levels of the organisation. Leadership is a joint responsibility and endeavour. Leaders in Eskom are supposed to be flexible but consistent, direct but open minded and confident but selfless. Followers in Eskom must see the leader as honest, competent and credible. Leadership should be a two way process, followers need to reciprocate. Leaders in Eskom must behave the same way towards everybody and be supportive and not confrontational. If Eskom can succeed in interpersonal situation, the organisation can lead to competitiveness. A competitive organisation is a learning organisation that learns quicker than its competitors.

Leaders in Eskom must encourage people to have an inspiring vision about the organisation's mission, to achieve business objectives. The leader will inspire the team towards a shared vision whilst allowing people to feel powerful towards achievement of the common goal. Employees want respect, caring and achievement. Leaders inspire people to fulfil their potentials. Leadership is what people do together. Leaders and followers can together cut the barriers, which divide them to become united. Team organisation result in a competitive advantage because it introduces new technologies, find new markets, improve service to clients and create new products. Leaders envision a more productive way of working. The expectation from a leader in this paragraph is a proposal from learning organisations benchmarked. If leaders fulfil such a role then Eskom's leader will be world-class leaders operating within a learning environment.

Successful leaders emphasise that everyone should learn and improve skills in leading, working in teams and managing conflict. Emphasis should be on

training and development of individuals and groups. Members of the team discuss opposing views openly and create useful and practical solutions. The route of contracting the team organisation requires ongoing discussions and feedback. This will assist to diagnose the problems and give and receive feedback to deal with conflicts. People will be encouraged to develop new skills and the way of working. The leader should be knowledgeable, inspiring, empowering, supportive and challenging. It is difficult and challenging to develop relationships among employees. These relationships are critical for the leadership success, organisational effectiveness and business sense. A leader needs to design a framework, which explains the kind of relationships expected.

4.6.4 Reengineering the Corporation

The executives and managers in Eskom should reinvent the organisation for competition in a New World of work. To do this they must do away with old business principles and how they run the business. Reengineering the business is neither a quick fix that managers can apply nor a trick. It is a means of starting business from scratch, by forgetting about the past and focussing on how it can be done best. In reengineering work, is done differently to suit the demand of the markets and technology. The core of business reengineering is identifying and discarding outdated policies and fundamental values underlying the current business.

To improve performance, Eskom needs to observe and change the way things are done. The business processes should either be altered or replaced. The organisation should develop new techniques that will help it to survive by looking beyond department. The process should combine a set of activities to produce results that will benefit the customer. In order for Eskom to change radically without a failure it needs to understand why it changes. The change should include structures, systems, processes, culture and leadership. Employees in the organisation perform tasks to satisfy their boss and colleagues and not the customer. The patterns of actions and procedure affect the shape of change within the organisation. These sets of procedures are

business reengineering because a radical change will take place. The organisation will break away from the ineffective ways of doing business to become successful.

Eskom must aim at adjusting quickly to changing market conditions to become leaner to beat the competition. The success can be achieved through competitive price for electricity, innovative way of producing quality products and the best customer service. The way in which Eskom is doing things and why they do them need to change. The efficiency of the whole organisation depends on the efficiency of its parts. How departments cooperate and coordinate can be either the failure or success in the organisation. As Eskom's tasks grow, the production of electricity and the delivery of service becomes complicated. To manage such process is difficult. The growth of managers and middle managers can also be the cause of difficulty due to the fragmentation of work. The spread of work within hierarchical structure is a barrier for managers to respond to customer's needs. Eskom therefore resists change because of these principles and structures, which used to work well in the past.

The main three forces, which will compel Eskom management, are customer, competition and change in the market. The customer today tells the supplier what they want, how they want it, by when and for how much. The customer demand unique products for their unique needs and individual treatment. The customer demands the service provider to give more. Technology allows the service provider to have information about their customer's preference and needs. This will lay the foundation for competitiveness. Customers on the other hand must have access to information. Every customer is important to keep because they are irreplaceable. Customers today know what they want and prefer to deal with suppliers who change.

Competition within the markets is high. The organisation, which gives out more of demanded products or service at the best price and quality get business. The best price and quality service can be a standard for all

competitors. The organisation must be able to rub shoulders with the world's best in competition in order to survive. Technology change is the determinant of the nature of competitiveness. Organisations which survive will be those which learn faster than their competitors. These are learning environments, which plan ahead to prevent threats.

Change is inevitable, pervasive and persistent when the customer and competition change. Globalisation of economy and various competitors increasing new products and service undergo innovations. The rapid service undergoes innovations. The rapid change in technology also promotes innovation. Today's companies move fast or die. The process of producing goods and service determine the long-term success for the organisation. People are the most important assets the organisation in invention, production, selling and providing service. Organisations need to be managed differently for survival and how to do things better. The work must be organised around the process and not task-orientated.

Eskom needs to abandon long-established procedures and look at new ways of working and service production and customer satisfaction. Eskom will be compelled to start all over again by inventing a better way of doing work. The rethinking and radical redesign of business processes will be made to achieve dramatic improvements in critical areas of performance. The learning environments benchmarked are process-orientated and not task-orientated. The areas, which will be affected, include costs, quality, service and speed. Usually an organisation undertakes re-engineering because it finds itself in deep trouble. The company therefore is left with no alternative but to change. These companies are desperate; others are not yet in trouble but see it coming. Lastly other companies re-engineer, because they are in peak conditions. To start with re-engineering assumptions and guesses should be excluded. To re-engineer, Eskom must first determine what the company must do and how to do it. It should concentrate on what it should be in future. Eskom is in peak conditions and have no difficulties but their management is ambitious and aggressive. The organisation should use re-engineering to

further lead over their competitors. To radically redesign, Eskom must get to the bottom of things. The old habits of structures, processes, systems, leadership, systems and culture should be discarded. The organisation will be assisted to accomplish a new way of working. In this way business is not improved but it is reinvented. The willingness to discard what has long been successful is the key to success. Abandonment of long worked practices and performance will encourage the company to come up with the best practices.

Eskom focuses on people, structure, tasks and jobs. A business process involves different activities that use different kind of inputs which results in output, which is valuable to the customer. The customer may be internal or external. Re-engineering must focus on redesigning the fundamental business process and not departments or business units. Eskom is doing the opposite, redesigning departments and business units and not the fundamental business. Once a real work process is re-engineered automatically the organisation structure is compelled to perform work differently. This will result in some departments disappearing. In engineering, information technology is an essential enabler. The process cannot be re-engineered without information technology.

The improvement in business does not occur by attending to narrowly defined tasks and working within predefined organisational boundaries. It is, however, achieved by looking at the entire process that cuts across organisational boundaries. The successful re-engineering relies on breakthrough. The organisation must break old traditions and abandon assumptions of specialisation and training. Re-engineering is not downsizing, restructuring and reengineering is not downsizing, restructuring and business fix of the month and business fix of the month.

Problems facing Eskom result from its process structures. Re-engineering on the other hand seeks breakthrough and discard existing processes. The prominent role played by information technology in business re-engineering does not make it the same as automation or software re-engineering.

Bureaucracy as discussed previously holds Eskom from progressing. Therefore Eskom can eliminate bureaucracy and flatten structures by reengineering the processes so that they are no longer fragmented.

Reengineering is not the same as Total Quality Management although quality programs and reengineering share some common themes. The two recognise the importance of processes, which begin with the needs for customers and work backward from there. The difference is that quality programs work within the framework of existing processes and enhance them by continuous, incremental improvement. Reengineering on the other hand seeks breakthroughs, discard existing processes and replace the processes with the entire new ones. Therefore reengineering is starting all over again and rejecting assumptions of the past, reinventing new approaches to process structure. Reengineering rejects Adam Smith's division of labour, hierarchical control, economies of scale and the other past stages of developing economy. It searches for the new model of organising work.

4.6.4.1 The New World of Work

Reengineering starts with process redesign and changes that have implications to other parts of the organisation. Functional departments will disappear and managers become coaches and not supervisors. Workers concentrate on customer satisfaction and not on bosses interest. Every part of this is transformed beyond expectations. Work units change from functional departments to process team. The process team performs the process, which replace the old departmental structure. The characteristics of reengineered organisation will be the same as a learning organisation. This kind of reengineered organisation will be used as a benchmark for Eskom.

Eskom at the moment is not organisationally integrated. People operate from corporate Departments, Groups and Businesses. This fragmentation results in incongruent goals among the different people within the same organisation. The solution for the reengineering process to take place is that the organisation becomes a learning environment. In reengineering process the

team is formed by a group of people working together to complete work. People working in a process team are exposed to a different project besides the one they are assigned to do. These people's day to day thinking is improved because they think along a bigger picture. Their job stretch to become multidimensional and no longer operate within restricted boundaries. The work, which does not add value to the organisation, is eliminated through reengineering. People get an opportunity of doing real work that is relevant to the organisation.

Process performance satisfies the customer and allows performers to share challenges and rewards. Personal development in process environment means learning more to expand through the larger part of the process. The workers in process environment make increased contributions. The jobs become more fulfilling and more difficult. People's roles in Eskom should change from controlled to empowerment. The organisation must move from being task orientated, namely, people hired to follow rules. People must be hired to make their own rules. Process team is required to complete the entire process; therefore management must give employees authority to make decisions needed to finish the process. The employees who work within reengineered process are empowered to think, interact, and make judgement and decisions.

The teams performing within process orientated work are self-directing. They function within the boundaries of the organisation and within agreed deadlines, goals, quality and standards. They make decisions on how and when to complete assignments. Recruitment policy in Eskom must not only focus on education; training and work it must endorse self character and discipline. Individuals who are self-starters with character to please the customer must be considered. Eskom should encourage self-directing teams that operate within a learning environment.

Employees in Eskom need sufficient education to exercise judgement to do and understand the right thing. A shift must be made from training how to

perform to educating them how to perform. Training increases competencies and skills on how to do the job. Education increases insight and understanding and teaches why the job is done. Jobs are becoming multi-dimensional and ever changing. Eskom should not fill in slot vacancies but hire people who will figure out what the job takes and do the job. People must create positions that will fit them since the jobs continuously change. Within the changing environment people hired need to understand what they need to know. Lifelong learning should be a norm in Eskom.

A shift about focus performance measurement and results compensation must be done in Eskom. The organisation must pay people for their time. Individual work does not provide quantifiable value. If the work is fragmented into simple task, the organisation will have no choice but to measure workers on efficiency along narrowly defined work. The increased efficiency of narrowly defined tasks does not imply improved process performance. Employees performing process work can be measured on their performance and be paid for the value they create. To measure the value is possible because process teams create products and services that have intrinsic value.

In reengineered organisation reward will be based on outstanding performance in a form of bonuses. This is the case with the performance appraisal for Firestone, which is one of the benchmarks for Eskom model. Other compensation assumptions will be discarded; for example, paying people based on their seniority or giving automatic increment at the end of the financial year. Paying people according to the ranks is against the principles of reengineering and the principles of a learning environment. To avoid this to happen, finely graded hierarchies must be discarded.

Reengineered Eskom must look into workers contributions and performance as a primary base for compensation. Advancement to a new job within the organisation is not a performance but a change to and must not be rewarded. Promotion should be based on ability and pay should be based on performance. Results review must be separated from the development review

in order to identify people with outstanding results. These people will be acknowledged and exposed to additional growth and development.

The extent of the reward system will encourage the employees to believe in customer satisfaction over satisfying the boss. Reward system will consider customer satisfaction. The employees must be aware that customers pay their salaries and should focus on maximising customer satisfaction. The employee's values and beliefs are shaped by the way the organisation measures performance. The value statements support Eskom management system.

The cultural values found within Eskom are the by-products of fragmented management system that focus on past performance. It emphasises control and functions within hierarchy. People therefore do the job to please the boss and not the customer. The employee strategy is to focus on what they do then avoid stretching the abilities. The employees aim at having more direct link with the customer because the customer pays their salaries. If the employee is aware about this, the customer satisfaction will be maximised.

Eskom's management system is supported by value statement, which reinforces the system. The management system gives the values life and reality within the organisation. Managers must live by example when they apply values. The culture of employees having more direct reports does not promote performance, which is customer orientated. These values are inconsistent with the new processes created in a reengineer organisation.

If these values do not change the new processes, no matter how well designed, will never work. Changing values should be part of reengineering. An organisation, which reengineered will have employees who belief that the customer pays the salaries and in return they must work to please them. They must belief that their job is important to make a difference. People should be paid for the value they create. They must be empowered to accept problems and create solutions. Individuals should operate within teams and constantly

learn. Managers should be coaches and not supervisors to assist the teams with problem solving, facilitation, enabling and development of skills.

4.6.4.2 The Role of Technology in Reengineering

To reengineer the organisation Eskom must change the way it thinks about information technology. Computers must be considered a solution to the organisation's problems. To apply information technology, the organisation should use inductive thinking. The inductive thinking is the ability to recognise a powerful solution and look for problem. The organisation avoids using technology by viewing through the lens of existing processes. The organisation must know the use of technology.

4.6.4.3 People Who Need to Reengineer

Processes are reengineered by people and not by organisations. It is therefore important for organisation to select the correct people for reengineering.

4.6.4.4 Executive Change to Leaders

According to Hammer and Champy (1993:103) flatter organisations move executives closer to the customers and people performing the job. The reengineered environment depends on the attitudes and effort of the empowered workforce and not on the task-orientated manager. The effective change in Eskom depends on executives becoming leaders who influence and reinforce the values and beliefs of the employees.

The executives have responsibility over process reengineering without directly controlling the people who performs the job. Executives in Eskom should shape processes and provide workers with motivation. When the organisation reengineer, jobs change and new people should fill the positions. The career path and compensation management also changes. Reengineering practically changes everything within the organisation. The linkage is changed people, jobs, managers and values. The way work is performed determines the nature of jobs performed and how these jobs must be performed.

(a) Leadership

A leader is an executive who authorises and motivates the overall reengineering effort. The leader appoints the process owner. The leader makes the reengineering process happen. The leader helps the people within the organisation to accept the disruptions when the organisation turns up and down or inside outside. This is a self-nominated role where leadership plays a visionary role. The followers must develop energy and enthusiasm from the leader to pursue a voyage of the unknown. Hammer and Champy (1993:104) believe that the leader creates a new vision and appoints a manager who will be responsible for achieving performance and making the vision to become reality.

The leader must create an environment, which will allow reengineering to take place. The leader must support the team to go through barriers along the way. All stakeholders who will be involved in reengineering will get authority from the leader. The chief executive rarely plays this role. This role is assigned to chief operating officer or the general manager of a division. Leadership should not only be a position but must be an ambition, restlessness and intellectual curiosity. The leader must articulate a vision and persuade people to become part of it, willingly and enthusiastically. The leader should be visionary and upfront when the risk prevails.

Leaderships require someone who can change a mind and subjects. The constant repetition about the message of change will help the follower to understand the reengineering message. The leader in Eskom can use management system to measure and reward people's performance to reinforce reengineering message. The reward system must celebrate novel failure. An organisation should not demand constant perfection. The environment in Eskom should be ready to change to implement reengineering that will lead to a learning environment.

The highest percentage of the leaders' time should be spent on project review and communication about the process reengineering and progress. The new organisational structure, which will remove the paternalistic culture, must be

installed. The leader should be strong to force the changes in the old systems and to reinforce change.

(b) The Process Owner

The process owner should be a senior manager with line responsibilities. The process owner makes reengineering happen at the individual level. The process owner is the one who takes a risk about the process during reengineering. The process owner manages the functions and does not do re-engineering but must see to it that it is done. The process owner obtains and uses resources that the team needs and removes the bureaucracy around the functions, to motivate, inspire and advise teams. This can be acquired by the process owner becoming the teams spokesperson, monitor and liaison person. Process owners defend the process team during difficult times to give it a chance to concentrate on making re-engineering to happen. In a process oriented organisation process forms the basis of organisational structure.

(c) Re-engineering Team

For Eskom to reengineer, the engineering team should do the actual work of re-engineering. The team produces ideas and plans and often changes them to realities. The team re-invents the business. Teams are small, between five and ten people and comprise of insiders and outsiders. No team can re-engineer more than one process. Insiders should see the illogic of doing the things the old ways. They should know the rules and how to get around them. The insiders assigned to re-engineering should be the best, intelligent and credible to others. Insiders need support of outsiders to avoid narrow perspective on the process. Insiders can also hold a vested interest on the existing process and this can be difficult for the team to avoid cognitive and institutional biases. The team needs outsiders to assist them to change.

The outsiders do not work in the process and thus hold a high level of objectivity to the process. The outsiders must be good listeners, communicators, big picture thinkers and quick learners. They need to be imaginative thinkers who are capable of envisioning a concept and making it

to happen. Eskom can find its outsiders from engineering, information and marketing department. If there is non-existence of internal outsiders the organisation can resolve to consultants. The ratio should be two insiders to one outsider. The meeting between insiders and outsiders is never easy but the but the disagreement should results in the common goal. There must be no hidden agenda and private turf.

The process team must be self-directed and the process owner must be a client and not a boss. An appropriate space for the team is essential. Since reengineering involve creativity, discovery and planning they must be allowed to take risks and enjoy ambiguity. The team must expect to make mistakes and learn from them and must go through interactive learning process as it discovers the new ways of working. The team appoints its captain, who serves as a facilitator and will set agendas and meetings for the team. The captain can also do administration job and mediate when conflicts arise.

The Eskom team should invest 75% of its time to the reengineering effort. Members should remain on the team until implementation, which usually takes a year. Part time workers and contributor's input to the reengineering effort should be is allowed and specialists in different fields are considered in the outer core. They can be assigned to carry out certain assignments to support the new process.

(d) Steering Committee

The steering committee emerges as the organisation emerges and comprises of senior managers including the process owner. The project leader should chair the committee meeting and overarching issues are discussed in the committee. This group determines the priorities among competing reengineering projects and how the resources should be allocated. The process owner and teams present their problems to the steering committee for resolution and the latter offers help and solutions.

(e) Reengineering Supporter

The engineering supporter reports directly to the leader and concentrates on actively managing the reengineering effort as a whole. The role of reengineering Supporter is to strongly support staff, which performs day to day management. The Supporter enables and supports each individual process owner and reengineering team. The Supporter also co-ordinates all ongoing engineering activities. The Supporter should have approaches for accomplishing reengineering to explain to the process owner and can help select insiders and outsiders and advice newly appointed owners about issues and problems and keeps them on the track.

The Supporter must anticipate the changes in infrastructural needs and meet them before they arise. The Supporter must not be too controlling over the leader. Organisations reengineer the work that the people do and not what the departments do. Processes are what organisations do. According to Hammer and Champy (1993:118) processes correspond with day to day business but are often fragmented by organisational structures. Processes are not named and managed because there is no one given responsibility for getting process done. The name given to processes should express the beginning to the end with the process. Eskom can use the process map which gives a picture how work will flow throughout the organisation and design process language. Process maps require less time to construct.

The challenge is that people need to think across organisational spectrum. Identification of which processes to engineer rely on which process is in trouble which is characterised by non-performance, namely, failure to produce a new product in five years. In this case the root cause should be eliminated. A lot of work should be done on processes, which do not add value to the organisation's product or service. The aim of re-engineering is to eliminate mistakes and confusion in doing the work.

In reengineering, processes are created to restore and uncover the original process. In process redesign decision point must be installed upfront to send work along one simple process. The second criteria to consider about which Process to reengineer is its impact to the inside and outside customer. Customers are a good source of information to compare the importance of various processes. The organisation can determine which issues are of importance to customers and correlate them with the processes that most influence them. Issues like product cost or time delivery and product features can be used.

- Lastly, feasibility includes checking factors which determine the likelihood that particular reengineering effort will succeed. The scope of reengineering is important. The broader the scope, the higher the costs and the higher the barrier in reengineering. The strength of the reengineering team and commitment should also be considered making feasibility assessment. The three criteria will be used to help in decision making. Weighing the impact of each criteria depend from organisation to organisation in search of reengineering opportunities.

Before reengineering in Eskom, the process owner, team and steering committee should understand the process. The team needs to have an insight and knowledge about the process. Detailed process analysis will assist others in the organisation to see the importance of reengineering. The process team should not only consider the output to understand the process but also comprehend the customer needs, requirements, problems and what they use the output for. This will help the team to understand the customer better. The team should observe and work with the customer in their own environment and will thus get an idea how the customer use the output and figure out the outcome of the current process. Eskom's team can benchmark in order to spark ideas to get a different mindset to design a model. Benchmarking should be from the best in the world and not the best in the industry. The team studies the existing processes to learn and understand what is critical in their performance. This will give the team a better objective of redesigning.

(f) Process Redesign

During the process redesign the team starts on revising the organisation and reinventing a new way of doing work. Redesign desire imagination, creativity, inductive thinking and some craziness. According to Hammer and Champy (1993:135) if the team ignore the rules, value and procedures they used in the past, redesigning does not require procedures but have precedents.

The process redesign session starts with brainstorming ideas from the team leader. The team goes through a lot to analyse and detail. The challenge is to come up with big ideas by thinking outside. The team uses the principle of reengineering, namely, work that is best organised around outcomes, not tasks and can also use the principle of ongoing discovery to spark powerful ideas. Few people should be involved in the performance of a process as this will the team a chance of getting the redesign moving. During the process redesign the other technique to utilise is raising questions to stimulate creativity and to identify assumptions. The team can turn around assumptions and can also look for opportunities for creative application of technology. The redesign process is full of fun and includes outsiders to help. The preconceived notions must be discarded to see things from a customer's perspective. The team needs to give feedback and explanation about its progress to the rest of the organisation. The team also needs move to implementation phase, which is a challenging stage.

By embarking on reengineering Eskom must get people to accept the idea of radical change in their work and lives. Change should be sold and communicated well to employees and a clear message should sent through in explaining the necessity for change. The top management should be convincing employees about where the organisation is and why it cannot be where it is and what the organisation needs to become. The message should clearly explain the need to change. The top management will get the opportunity of honestly assessing the organisation and its performance in relation to broad competitiveness.

If the organisation is aware about what it needs to become competitive, it sets a goal to reach its target. Management in this regard will be able to think clearly about purpose of change, programs and the extent of change needed. To explain why the organisation has to change, failure for the organisation to succeed must be reflected to persuade people to reengineer.

The business context should summarise what are happening or changing and what is newly important around the organisation's environment. The business problem should be the source of the organisation's concerns. The market place demands must be included when considering the reasons for change. The diagnostics of the organisation problems should reflect performance requirements and why the organisation is losing its competitive edge. The employees should understand the consequences of not reengineering.

The business case must describe what is changing and what is important in the environment within which it operates. The report should reflect the consequences of not reengineering. The call for action must come from management to get reengineering underway and must emphasise change that will results in vision formulation. Creating a vision require art because a vision is imaginary because it is what the company believes in and wants. A well thought vision will results in stress free engineering process. The vision also provides a yardstick to measure reengineering progress. It is leaders role to articulate and communicate the case of action and the vision. The first audience in the meeting is the senior management team with the help of an outsider (consultant) to convey the message that can be spread to the rest of the organisation.

Most organisations begin reengineering but and end up being unsuccessful. The reason for this failure is that the organisation makes insignificant changes without achieving major performance improvements. An unsuccessful reengineering is not a high- risk process. Reengineering must not be associated with fixing old process but should be associated with radical process redesign. Organisations downsize by using fewer people to do the

work and in some instances use incentives to motivate people to do more work. Incrementalism invites less resistance within the organisation but can also cause failure in reengineering

Eskom should not focus on business process but on task force, which must be given a time frame to come up with recommendations as to how the organisation can make progress on a respective issue. The task force can end up producing nothing and this can be attributed to a poorly defined problem. Eskom can emphasise issues such as teamwork, empowerment and innovation describing characteristics that the organisation must exhibit. This might exclude a direct way to achieve goals. A failure might result in a process perspective on the business that cannot succeed in this regard.

(g) Organisational Changes

A reengineering process triggers changes of many sorts, which include organisational structures, management system, job designs and other changes associated with the process. Managers are often scared by the full range of changes that redesign require. The manager may be alarmed by a new job rating systems required by redesign and may think of additional costs and errors as a threat. Remaking the organisation is what reengineering is all about.

Employees must be provided with reasons for reengineering and be motivated by leaders to rise to the challenge of the process. They must be able to support the new beliefs and values, which are demanded by the processes. The new management system that rewards people's behaviour should be cultivated. Senior management must give talks about the new values and should show commitment towards them. Results must be recognised even how small they may seem to be. The organisation must not stop reengineering when the signs of success or failure show but must break the boundaries and leave a feeling of discomfort in the organisation.

Eskom's cultural characteristics inhibit a reengineering effort as the top-down structure handcuffs reengineering. The organisation's short-term orientation of

focussing on monthly results makes it difficult to longer horizons in visioning. Reengineering must happen from bottom-up. The push for reengineering which comes from the top deprive middle managers to have broad perspective that engineering demands. Their expertise is confined to individual functions and departments. Middle managers may feel disempowered and having diminished influence and authority when the business process crosses the organisational boundaries. This will result in fear and resistance to change. Strong leadership will encourage middle managers to accept change that reengineering brings.

The leader for reengineering should be a senior who understands reengineering and must be committed to it. This leader should be process oriented and must have thinking about adding value through the right frame of mind. The organisation must invest time and money on reengineering and make it the top priority. Senior management team must invest in guiding and monitoring activities of reengineering projects in the organisation. Managers handling reengineering must give it its complete attention to assure people that it is a good idea to pursue it. Managers in Eskom involved in reengineering retired a year later and the designate senior manager may be more interested in individual performance. The manager may also feel threatened by change.

The organisation must separate change from other flavour of the month like rightsizing, quality improvement and down sizing. Reengineering must also not be looked at as a program of the month. It should be the responsibility of line managers. Reengineering success lies with what people do with translating new designs to reality. Resistance to change is part of reengineering and should be expected and dealt with. Reengineering is stressful and must not exceed twelve months to implement.

In order for Eskom to implement a radical change to all human aspects of the organisation, change must happen. The change can be achieved through small interventions in a specific area of its business. The model that will be

designed in this chapter entail the integration of different methodologies by benchmarking the best external and internal learning organisations. The data analysis will recommend to Eskom in order for the organisation to become a learning organisation. The country fails to utilise the diversity that exists Eskom's visions that motivate and inspire teams must be created. The Human Resource practitioner must ensure that the organisation does not become immune to change and outside influence. The leadership must be encouraged and forced to engage the outside world in order to learn. The organisation and its people must be allowed to fail in order to learn. The key role must be to inject morality and humanity into the workplace. Reengineering would have effected change in Eskom's systems, structure, leadership, culture and processes to create a learning environment.

4.7 SKILLS REVOLUTION

The role of the South African government, business and workers should be to design skills development strategy that should address skills revolution. The South Africa government needs skill revolution to suffice when it considers the urgent need for employment and productivity growth. The statement was drawn from the fact that South Africa is rated one of the poorest in human resource development when compared with other countries at the same level of development. The South African skills revolution must result in economic growth and social development. The revolution must be well planned, structured and highly organised. The government should come up with clear policies, directives, and priorities, funding schemes and incentive schemes. The government already formed structures like National Qualifications Frameworks, South African Qualifications Assessment, and proposed National Training Board to form the National Training Board and the National Skills Authority.

Business should be ready and willing to be involved in skills revolution. The firms need to be prepared to invest more money, time and effort in designing training plans. The Government Gazette of(9th May 1997)allow organisations to work with their Standards Generating Bodies (SGB's) to get their learning

units registered. The learning units must be aligned with the strategic plan, which is embedded in Human Resources Development philosophy of the organisation. A well-designed and clear career path must be included. According to the Government Gazette of 9th May 11996, the organisation must have a holistic perspective of the learning units and qualifications developed must be relevant to the Human Resource Development philosophy, strategic plan and career paths. The development of the learning units must also provide participation and inclusiveness. Expanding the strategic investment in skill development must created in Eskom to build an enabling environment. The task that is involved is enormous and need government support, structures, directives as well as business-focussed efforts. Computerised processes facilitating the development of learning units and administration of training to individuals must be included.

The computer must also be designed to enhance the human processes associated with skill development. The quality of working life can be enhanced for workers who enjoy higher levels of autonomy and responsibility. A career path, associated with an individual training plan, will add more meaning to the routine of getting to work everyday. It will also open up the opportunity to pursue higher levels of learning which were previously inaccessible. If individuals develop beyond the organisation the National Qualification Framework, workers have a labour market, which improves their chances of equivalent employment when they are faced with retrenchment or redundancy. Workers must also join hands with government and business in promoting the aims of skills revolution.

4.7.1 Empowering the South African Workers

Employment should provide a conducive work environment, good training and development programmes. Workers involvement in decision making will result in efficient communication system being in place. Redressing the imbalances of the past as people belief may involve taking wealth from the rich and giving it to the poor. Others believe that empowerment is a form of opening opportunities and business to the previously oppressed.

According to the Government Gazette, 9th May 1997, training must empower workers to be independent thinkers. Workers must be provided with life skills to give the information about what is happening around them in order to feel as part of the organisation. Communication should be used as an empowering tool. Discriminatory practise must be eliminated and those who were discriminated against must be part of the business. Each culture within the organisation should be embraced and understood. There must be a change in mindset from paternalistic view of Eskom looking after its employees to encourage employees to look after themselves. If the workers are empowered and motivated, then this is competitiveness.

This is the year 2000, a new millennium and the 21st century. A profound change will take place that includes management outlook. Eskom Future organisations will be global in their operations. This means that in order to be involved in big business the organisation should be the best in the world. Process based and flatter structures are model organisations for the future. There will be fewer jobs existing for life. The trend will be for working with organisations and not working for them. Delaying the organisation structure can assist it to focus on customer care. Information technology should be basic and continuous learning will be the key to competitiveness. Employees need to reinvest and become employable.

The challenge to managers in Eskom is to create an environment, which stimulates people in their jobs and fosters growth within the organisation. The organisations must keep in track with the changing world of work. The change in reward system helps the organisation to change.

4.7.2 Leadership Development

Managers for the next millennium should realise that the organisations are changing and should use the opportunity by getting involved in shaping their own jobs and industry. By the year 2010 leadership will be exercised in a different way. There will be less traditional ways of command and control. Such structure will require a more inspired and wiser person. It will call for a

person who is more of a facilitator and listeners who will adapt at designing processes that involve people. The successful transformation is 70%-90% leadership and only 30% management.

Management has been institutionalised in corporate culture, discouraging employees from learning how to lead. The environment in Eskom should be characterised by change, diversity, ambiguity, complexity and interdependency. The need is for leadership, which is better and different because the future organisations will be different. The reformed context of the organisation will require better leadership responses, actions and styles. The new act of leadership will move from linear, static, mechanistic and individualistic leadership. Managers will see their organisations as a whole and relationships among its various sub-units and to visualise how the organisation fits into its broader environment. The manager will be able to conceptualise and synthesise the whole, to see the connecting parts during the age discontinuities. The leader will be able to imagine the future. A legitimate moral centre must guide the act of leadership and credible code of ethics with deeply held sense of values.

In times of transition, leadership becomes critically important. The magnitude of today's changes will demand effective and new ways of leading the fast-changing environment of the future demand leadership, not just plain old management. The assumption is to comprehend the role of each piece in order to understand the whole. This is a systems approach in a learning organisation. The new science makes people to see systems and organisations as "wholes" not just as a collection of parts as Senge(1990) sees it. Taking a holistic look into things will dismantle the old-age functional hierarchies and replace them with functional teams and communities, which will be conducive to lifelong learning. Leaders need to know the dynamic behavioural state their organisations are in and be able to adjust their leadership and managerial styles relevant to that particular state. Life organises itself into greater levels of complexity to support more diversity and greater sustainability. This is because people are intelligent, adaptive, and

self-organising and seeking meaning. The networks, patterns and structure emerge without external imposition or direction chosen by the organisation. Such a system encourages a learning environment.

4.8 CHANGE MANAGEMENT

People can be more adaptable to change if they have an understanding on how to control their reactions to it. People who are faced with this can deny and resist and later resort to exploration and commitment. To successfully deal with change employees must go through denial, resist, exploration and commitment. Recognising and understanding feeling that everyone goes through during change makes participants better able to handle future changes. They therefore become change masters.

The new science as in the case with systems thinking and complexity theory, includes a movement towards holism by understanding a system and focusing on the relationship that exists among seemingly discreet parts.

Organisations are moving towards a more fluid, organic structures, which are and is boundaryless organisations. The challenge for the future leaders, who want to be successful, is of stewardship. The organisation success to investment is attributed to the contribution made by staff members in fostering positive relationships. When this fundamental shift of mind occur people begin to accept each other as human beings. Systems are self-organising and those systems have an organisation within themselves. Therefore it is important to allow these organisational systems to emerge and develop. Continuous disequilibrium forces systems to change and accommodate a continual influx of information. This implies that leaders should not impose stability upon their organisations but should discover relationships between their organisations and the organisational systems that is already present in the systems they lead. To be effective, leaders must search for the hidden, self-organising principles rather than impose organisation upon system. Change, which is often resisted, is necessary to keep the system from the death spiral seen in closed system.

4.9 IMPROVING PERFORMANCE IN BUSINESS

Improved business performance of the organisation will be a starting point or the foundation for designing and managing organisations that respond to change. A new way to identify improvement needs required dimensions for business performance, namely, setting priorities for improving the overall effectiveness. Today's business world is faced with ever-increasing competition, which needs improved efficiency and effectiveness. Delays in responding to new business threats and opportunities can be fatal. In response to this need for continuous improvement, Eskom management uses a number of consultants to address business problem. They usually come up with their chosen solution. At the end, for example, financial consultants will tend to see financial solutions and human resource consultants will tend to see human resource solutions. This brings about a connotation that "To a hammer, every problem is a nail". The role of a hammer will always be to see a nail, even if glue is the solution. In order to strengthen its competitive position, however finding improvement need is seldom difficult. Most organisations bristle with opportunities to improve both customer satisfaction and organisation effectiveness. To discover improvement needs is easier than determining priorities. For example, determining the top priority between the way people are managed and financial, human and information resources. Which resources should be given priority and which one will be at short, medium and long term. In order to improve performance knowledge or skill of the people making the improvement should be in use. A good work process will result in the best performance.

Development of an improvement process that is applicable in any organisation or business unit, irrespective of the size is recommended. Business results depend to a great extent on the performance of the people in the organisation. Piecemeal approaches to improving the performance of these people are expensive and can divert attention away from what is really needed. The best people to manage the changes needed to ensure continuous improvement and to sustain any competitive advantage are the people involved in the organisation.

Improving performance should be done by the managers of the business, not outsiders. Most of the managers fail to understand the variables that influence the organisation and individual performance. Improving business performance requires a comprehensive approach that addresses all these variables in a systematic way. This approach must exploit the connection between human and organisation performance.

This approach exposes organisations to rewarding experience in Total Quality Management (TQM) and Business Reengineering Process (BPR). The idea is behind horizontal organisation approach. The most important work takes place horizontally even if the organisation is vertically structured. The work done by the organisation to provide value to its customers is called Business Process on Strategic Processes. Unless the horizontal work processes are effectively managed, they are the source of most customer dissatisfaction and create employee conflicts at the handover points between departments. It also adds delay, rework and extra costs without adding value to customers. Eskom is also faced with unresolved difficulties and duplication between departments and different functional needs. For example, duplication of functions between electrical issues, electrification and Marketing Departments is experienced in the organisation. A systems view affective realities of competition and changing customer expectations. Looking at an organisation horizontally will also help to understand the system it uses to drive its business and the method it uses to convert all kinds of resource inputs into product or service outputs. This will create a real value to customers.

Eskom must look into becoming a project driven organization in future. For Eskom to have a horizontal structure it must work around project management. This includes related business processes that have been properly re-engineered using systems thinking. A properly integrated information system that reflect these processes, support the program or project, functional and general management needs accessibility to required information by people. Teams should be actively encouraged to work together. A lot of existing individual competition should be discouraged. The

reward system should be based on both individual and team performance. Such organisation operates within a learning environment. The 21st Century Company must focus on the capacity to improvement and innovation. This idea has radical implications. It means learning becomes the axial principle of organizations. It replaces control on the fundamental job management. Empowered, self-governing project teams, who operate within an integrated project management process will continually improve and innovate, with the right leadership. This is a concept of a learning organization.

4.10 ORGANISATIONAL STRUCTURE CHANGE

In Eskom the organisational structure is important within which enormous energy is spent. The organisational structure is used as a mechanism to resolve issues by providing answers. The basic unit of the organisation is the functional department and a collection of people performing similar tasks. A lot of energy is invested in designing structures because the shape of the organisation means a lot Eskom.

In reengineered organisation the structure is not an issue. Work is organised around processes and teams performance. There is no line of communication; people communicate with everyone they need to. Control lies with people who perform the process. The structure is flat as teams supported by fewer managers perform work. Such environment is a learning environment, which will be happening in Eskom.

4.11 CHANGING SYSTEMS

Kanter, Stein and Jick (1992:26) believe that “institutions survive because they can adapt to change in the environment that exists at a given time”. The authors belief in “survival of the adapted” and not the “survival of the fittest” The employees therefore become change masters. There is a need for a business centred holistic approach that looks at what positively enables continuous learning for individuals and organisations. The learning benefits are measured in terms of success. The measures include among others,

innovation, productivity increase, survival and growth and customer satisfaction

Eskom at the moment is using systems to control behaviour. For example the financial system is used to monitor and control performance. This is a discipline to sense the discipline inside and outside referred to scan the environment. What is required of Eskom is the understanding of the difference between single loop and double loop learning and develop the ability for double loop learning. Single loop learning is used to identify and control any departures from normal operating procedure. Double loop learning is a system used to question normal operating procedure. The former corrects errors by changing routine behaviour, whilst the latter corrects errors by examining the underlying policies and values of the organisation. These two types of learning are necessary in the organisation. The organisational systems model in Eskom is also based on and created on Senge's (1990) five disciplines discussed in the previous chapters.

4.11.1 Personal Mastery

Eskom should apply a discipline of personal mastery, a phrase used for personal growth and learning. People with high level of personal mastery are continually increasing their ability to create relevant results. Their quest for continual learning creates a learning environment. Personal mastery is grounded in competence and skills for people to be creative in life. If Eskom's philosophy is developmental and people focussed, it will attract talented people. Thus the skill base of a learning organisation will grow in strength and variety. The choice of a learning environment to effect change provides freedom to individuals to fulfil work roles without supervision. Therefore adoption of a learning organisation is imperative particularly if the benefits of success mentioned are considered.

4.11.2 Mental Models

Eskom must not be limited by familiar ways of thinking and fail to grasp and put into practice new insights and opportunities, since they are inconsistent

with imaginations how the world works. The major breakthrough to build a learning environment is by managing mental models. Surfacing, testing and improving our internal pictures of how the world works does this. Mental models apply strongly to management since they tend to dictate the functioning of the organisation.

4.11.3 Shared Vision

The organisation must have a shared vision to create a sense of commonality and give coherence to different activities. The organisation will have a focus and energy for learning. The learning will be generative and not adaptive, since people will strive to accomplish things, which are of importance to them. The shared vision will pull the organisation towards the goal the organisation is trying to accomplish. Shared vision also fosters risk taking and experimentation.

4.11.4 Systems Thinking

In an ever-growing complex world of business, operating within a learning environment necessitates the development of systems thinking. The learning needs capabilities of individuals or organisations to produce results they desire to produce. If Eskom operates within a systems thinking it will be compared to human systems because it will have *generative* and *stabilising* forces. These two forces contribute and decide survival.

Some managers in Eskom fail to grasp the true nature of systems thinking by not recognising and utilising knowledge. These managers thinking are restricted to formal knowledge, which is systematic and quantifiable. The world about management will be phased out. Within organisational structures and academic disciplines there has been a notion that things can be separated and be united without a hassle. The organisations will break down into functions and people into roles. The assumption is to comprehend the role of each piece in order to understand the whole. This is a systems approach in a learning organisation. The new science makes people to see systems and organisations as wholes not just as a collection of parts. Taking

a holistic look into things will dismantle the old-age functional hierarchies and replace them with functional teams and communities, which will be conducive to lifelong learning. Leaders need to know the dynamic behavioural state their organisations and adjust their leadership and managerial styles relevant to that particular state. This is because people are intelligent, adaptive, self-organising and seek meaning. The networks, patterns and structure emerge without external imposition or direction chosen by the organisation. Social systems have purpose using the parts, as well as the whole, which results choice of both ends and means. Systems thinking and complexity theory can be used to understand a system and focusing on the relationship that exists among seemingly discreet parts. Organisations are moving to a more fluid, an organic structure, which are and is without boundaries organisations.

The challenge for the future leaders, who want to be successful, is one of stewardship and servant hood. The organisation success to investment is attributed to the contribution made by staff members in fostering positive relationships. When this fundamental shift of mind occurs people begin to accept each other as legitimate human beings. Systems, which are self-organising, have an organisation within them. Therefore it is important to allow these organisational systems to emerge and develop.

Leaders in Eskom should not impose stability upon their organisations but should discover relationships between their organisations and the organisational systems that are already present in the systems they lead. To be effective, leaders must search for the hidden, self-organising principles rather than impose organisation upon system. Change, which is often resisted, is necessary to keep the system from the death spiral seen in closed system. This change can lead an organisation to a learning organisation

Processed information such as hard data, codified procedures, universal principles and metrics of measurement such as increased efficiency, lower costs and improved return on investment makes more sense than using tangible analysis. Leaders tap the tacit and often highly subjective insights, intuition and assumptions of individuals. The insights, which are available, are

tested and used by the company as whole. Harnessing and disseminating these aspects led organisations to breakthrough and quickly respond to customers, new markets, rapidly develop new products and dominate emerging technologies. Learning demonstrates knowledge in a practical context.

4.11.5 Team Learning

Team learning is the process of aligning and developing capabilities for creating results. It is build on shared vision. The intended results need to be aligned to acquire maximum learning. Team learning is a collective discipline that organisations use for diversity and learning throughout the organisation.

The process will compel a situation of problem solving deliberations to be created in Eskom, which will in turn facilitate a learning environment.

4.12 CONCLUSION

Benchmarking is a powerful tool used to gauge the organisation's strengths and weaknesses. The results obtained can help the organisation to improve quality, services and products. As a learning organisation concept, it encourages a culture of openness through interacting with other organisations. It also proved information to management about customer care. In this way organisations compare their business practice and performance to those known to be the best.

The foregoing sections discussed international and local benchmarking of learning environments. The study included the purposes, types and processes of benchmarking. This chapter focused on external benchmarking, through identification of the products, services and processes that Eskom's practice to become one of the world's competitors. The data collected will be used to compare with Eskom's practices which affect the perception of the potential customers, suppliers, shareholders and all who have a direct effect on the success of the business. The identification of similarities becomes a possible advantage when benchmarking.

The two case studies, which include South African and American organisations, are used for benchmarking. Sharing information with London based learning organisations such as *Investors in People*, *Hertfordshire Training Enterprise Councils* and *Mind Kind Learning Centre* initiated specified desire to benchmark major processes of common interest with Eskom. The data collected will be used to build a learning environment model for Eskom.

The most precious asset of the organisation, as indicated by the benchmarked learning organisations, is its capacity to build on past experiences and learn from them. This creates challenges and result better performance. The shift in thinking to replace training with learning is an investment. Learning will be viewed as a reward both for the individual and the organisation. The organisations which change when they read signal are likely to be ahead than their competitors. The cost of not changing continuously and faster is fatal. The changing organisations will be equipped to deal with local and global competitive issues.

The chapter concluded by proposing a learning environment model, which will facilitate effecting organisational change in Eskom. The model was developed through a creation of “ideal” structures, culture, leadership, processes and systems, based on learning organisations, internationally and locally.

The next chapter will focus on internal benchmarks within the public enterprise.

CHAPTER 5

THE INTERNAL BENCHMARKS WITHIN THE PUBLIC ENTERPRISE

5.1 INTRODUCTION

This chapter covers internal benchmarks within Eskom as a public enterprise. The targeted areas will be Eskom's Board of Directors, Eskom's historical background, financial control as well as the best practices in Eskom's businesses of Transmission, Distribution and Finesse. The best practices should be aligned to a learning environment's characteristics and principles. The learning environment's characteristics will mainly be observed on systems, processes, leadership, structure and culture of Eskom businesses.

A public enterprise is a business or service which is engaged in regularly supplying the public with some commodity or service which is of public consequences and need, such as an electricity service or telecommunications. The provision of such a commodity or service is regarded by government as critical for public use. The public enterprise generally operates under a public franchise to generate and distribute public service. This means that a public enterprise is partly owned by government. Eskom is a public enterprise managed on business principles and policies for the benefit of its customers, namely, the public.

According to Phillips, Jr (1988:9-10) the success of a public enterprise as a public provider, is measured by the way it offers a service to consumers and the way it contributes to the economy of the country. In the case of Eskom, electricity supply is service offered to the consumer. The organisation must be operated on a sound economic, social, political and financial basis. Autonomous and effective decision making should include a wide national interest. This will encompass development in technology and human resources. Adequate funding is essential to achieve public objectives, namely, economic growth and social upliftment.

The advance in technology and communications makes the public corporations a need for economic success. Large ambitious projects arise from technology advancement. This economic growth compels the state to fully utilise infrastructure facilities and joint facilities. An example of joint facilities is where large capital investment is used for power utility and airlines. Public enterprise is modelled on private economic enterprise and domestic public service understanding. An attempt is made to combine public participation and flexible autonomous and efficient decision-making of the private corporation. National administration has a limited ability to control and influence the activities and policies of the public enterprise. The private corporations have a great deal of freedom to pursue its economic interests. The public enterprise utilises national law, internal corporation directives and charter agreements to prevent too much control by the state.

According to the annual surveys done by the World Economic Forum called World Competitiveness Report compiled by Papule (1997:2), South Africa has performed poorly in the last ten years on human resources development. In the last ten years until 1997, the country rated number 44 out of 46 countries. The World Economic Forum (1998) ranked South Africa near the bottom of the top ten of the African countries at number seven. The major competitive liability is poor people's skills and attitudes. The Austrian-German development economist, Schumacher (1973:3) argues that development does not start with capital goods but it starts with the development of people. This thought puts people development at the forefront of competitive and development strategies in the organisation and the country. The managerial and competitive challenge is to put people development at the centre of the business strategy in terms of skills. People are not a cost but are revenue generators. Skinner (1994:17) believes that the key sources of competitive advantage are knowledge of the industry in which the company operates technology, equipment and people's contribution.

The government uses public enterprises for transitional and economic ventures of private enterprises. Projects undertaken by public enterprises

usually have financial and monetary constraints. Financing by government is often difficult and entails political, economic and social considerations. It is therefore advisable to procure funds on taxes and debt finance secured in order to undertake and accomplish these projects. The government uses public enterprise for advice to implement the projects. The reason for using public enterprise for political and economic projects is for the government to control and participate to retain the efficiency of the enterprise.

The public enterprise management structure allows flexible and efficient executive decision making to replace secretariat type of decision-making machinery. Significant power is vested in the board of directors and senior managers. In Eskom, the decision-making body comprises of the Board and Executive managers. The organisation has a degree of independence and the political climate need not affect its progress. The advantage of public enterprise is the existence of independent funds. The corporate managers are financially accountable when auditing is conducted. The manager's daily financial decisions are not subject to political scrutiny.

5.2 BOARD OF DIRECTORS

Eskom operates under the Eskom Act of 1987 and the Electricity Act (Act No 40 of 1958 as amended). The Electricity Council determines Eskom policy. The Management Board is appointed by the Council and is entrusted the responsibility of carrying out day to day running of Eskom. The Management Board of Directors is elected to ensure that their decisions will conform to the government's policy. The Board is appointed by the general assembly, which also has the power to revoke the appointments. According to the Act of 1987, the board of directors clearly follows the policies of their respective government. The government ensures by voting or quorum requirements that the Board takes no decisions without involving its representatives. The Board must perform limited functions, which must conform to government's policy and this impacts Eskom's ability to be a learning environment.

5.3 THE HISTORICAL BACKGROUND OF ESKOM

The electricity supply in South Africa began in 1882 when the first streetlights operated in Kimberely and in Cape Town lamps were erected as reported by Morris (Vol.2 April 1967:19). Eskom tradition was to erect its own power stations and transmission lines involved contractors under the supervision of Eskom personnel. Engineers and technicians included Whites and non-Whites until 1952. Eskom was advised to train more people for national interest. This would reduce the transportation of skills from abroad. A Bursary scheme was started to attract White matriculants to study at approved Technikon and Universities. Training of artisans was sponsored by the organisation.

According to the government Gazette (6th March 1923) “ the Electricity Supply Commission was formulated”. Despite the 2nd world war setbacks, Eskom distributed five thousand million units of electricity from power stations. The Electricity Act (No 22, of 1922), provided for the establishment of an Electricity Control Board and the Electricity Supply Commission which restricts Eskom from making a profit or loss but being a service provider to the public. The Minister of the then Department of Economic Development appointed the Board members according to the Electricity Act (No 22 of 1922), to establish, acquire work and maintain undertakings for the efficient supply of electricity that is cheap and abundant. The Governor appointed the Commissioners but these were no governments departments. Eskom was meant to run as a non-profit making business, but as service provider.

The Commission was faced with electrification process in the country. The Electricity Amendment (Act No of 1947) empowered the Minister of Economic Development to direct the Commission to investigate and report in consultation with the control Board to supply electricity for national interest. The financial deficits were met by parliamentary appropriations and repayable by the Commission, when the project matures. The finances were in terms of the Electricity Act of 1922. The Treasury advances the early operation and authorise the Commission to borrow money for specific purposes. The annual audit is carried by two independent firms appointed by the Governor General.

The Electricity Act specified the general ledger and balance sheet, which is incorporated in the annual report. The annual report is addressed to the Minister, who in turn presents it to both houses of Parliament for approval.

The Commission was responsible for staff welfare by providing benefits like Provident Fund, pensions, housing and leave benefits. The Commission's objectives were to allow employees to maintain a reasonable standard of living and have a comfortable retirement. The Electricity Act stipulates that its power should be rendered for the welfare of people and not for profit. The Commission purchased the biggest electricity undertaking in the British Commonwealth called Victoria Falls Power (VFP) enforced by the Power Act of 1910 passed by the Transvaal Colonial Government. Its objective was to authorise and expand the operations of the Victoria Falls Power and to expropriate the undertaking by the government for thirty-five years. The supply of electricity was placed in the control and authority of the State.

According to Dr.Straszacker's paper (May-June, 1966) the Commission should be guided by the country's economic development. The major interested body was the Department of Water Affairs. The Resources and Planning Advisory Council was constituted to create and recommend matters of policy regarding the use of national resources. The Water Affairs department directed the Hydro- Generation and Eskom power stations in Witbank were erected. Eskom became responsible for encouraging and assisting industries to expand beyond the borders of South Africa in order to create employment and exploit Southern African's natural resources.

According to Presidential address reported by Baasch (1980: 273) " the 72% of electricity is supplied by Eskom is sold in the form of direct supply to consumers for ultimate use". The rest, 28%, is sold to municipalities". According to (The Electricity Act No. 40 1980), Eskom was to generate and distribute cheap and abundant electricity. The mission based on the electricity act was to make effective use of capital, people and other sources by operating efficient and economic systems. The organisation has to maintain a

workforce suitably qualified to perform functions, with equitable rewards and good working conditions. The organisational structure is highly hierarchical of management control. Computers are used for planning, programming and budgeting. The organisation planning is included in the standards and procedures. According to the "Power 80 publication" the personnel is 42000 and expected to double by the end of the decade. The top and middle of the structure comprised mostly of white males and engineers, and the bottom ladder was made up of coloureds, as artisans and contractual black labourers at the end of the ladder. Consultants from overseas were engaged in training, most of the senior staff were allowed to train abroad. Further training was conducted on a power station simulator. Staff training was offered at Eskom College.

The Electricity Act of 1947 further encouraged the Eskom Employment Concept to be based on the project plan called Manpower Plan. The plan was designed to provide Eskom with trained technical staff and satisfied employees. Eskom commitment in training staff is based on bursary offers, apprentice, clerical and secretarial-training. Technically the organisation required highly skilled staff. Later dog-handling securities were given an opportunity to train for better positions.

The Electricity Act 1947 allowed the general assembly to declare dividends to the shareholders. The Assembly also appoints auditors and receives the financial statements and annual reports prepared by the auditors and the Board. The Assembly utilises the Board and measures the independent fiscal control.

The Electricity Supply Commission (Eskom) is South Africa's national electricity supply utility, which operates under the Electricity Act no of 1987. The Electricity Council determines its policies, which consists of representatives of customers' interests, organised labour and government. Eskom is a parastatal but according to (Eskom Annual Report 1994: p1) "it is not a government corporation, it is an independent self financing undertaking

operating on business principles of long-term viability, customer focus, efficient use of scarce resources and continuous improvement in performance.” It receives no taxpayer’s money, has no shareholders and is funded entirely from borrowed money and revenue from the sale of electricity. It can be placed within a continuum of public and private sectors. Two bodies plan and direct Eskom’s activities: the electricity council, which is a non-executive body appointed by government and the management board.

According to (Eskom Annual Report, 1994) the organisation is further divided into functional groups which are further divided into 19 business units that have a nominal capacity of 37 840 MW (megawatts). The total network comprises 239 457km (kilometres) of power lines. It provides electricity countrywide and seldom imports power from Namibia ensuring a high degree of decentralisation and close contact to the customer. According to Eskom Affirmative action initiative from February 1994, there is no restriction on advancement within the organisation. It sees affirmative action as a business imperative in the short to medium term. It supplies more than half the total electricity consumed on the African continent. It produces 95% of South Africa’s electrical energy, 43% of its electricity is sold to local authorities. Its competitors are industries in coal, gas, petroleum, diesel and all industries that manufacture fuels, heat and light. At the moment it does not compete internationally, but it has business links in Southern Africa, including Namibia, Botswana, Mozambique and Lesotho.

Eskom is, therefore, a complex system composed of organisational elements such as people, communications, customers and technology that needs to continuously transformed. This unit should be restructured in order to be able to learn together and must be designed to learn faster than its competitors. This necessitates new behaviour and policies to bring about this behaviour within the organisation.

5.4 FINANCIAL AND PUBLIC CONTROL

According to the Electricity Act 1947, the Auditors appointed by the general assembly, and the control by the government appointed external controllers perform the internal control of finance. The internal auditor prepares the annual report on the financial conditions of the organisation, which is then presented to the General Assembly and constitutes the basis for approval of accounts by it. The auditors are charged with normal supervision of internal financial matters. They do have a right to matters for the agenda of General Assembly meetings. The government provides financial guarantees and works together with the public enterprise to oversee the operations of the organisation in the interest of the appointing government.

Eskom should have tribunals or external controllers who will exercise powers in all aspects of the financial management of the organisation. Eskom must have a right to attend Board meetings. Eskom must also have a right to call special meetings to discuss reports submitted to them. The financial control board must have access to financial books all the time and demand information to perform duties. This information should be provided quarterly for close scrutiny. The controller may exercise veto power in decisions upon the discussions affecting tariffs or any measure, financially or administrative that could affect Eskom's economic situation unfavourably. In this instance, a special Board meeting must be called to give a report to the Board for re-evaluating its decision. If the board is not willing to cancel the decision, the controller may veto the implementation of the action by immediately submitting a comprehensive report to the government. The government must then uphold the objection by notice within two months of the date of the veto. If the government do not ratify the veto, the decision of the Board stands. The Controller does not have powers on matters affecting personnel policy and general management. This restriction will thus have an impact on the learning environment in Eskom as the controller will not be able to make an input into these matters.

5.5 THE BEST PRACTICES IN ESKOM

The 1994 financial report states that currently Eskom is committed to reducing the real price of electricity. Each Business Group is required to be innovative by creating greater efficiencies. The improvement of efficiencies must contribute to the growth and prosperity of the country more than ever. Eskom requires an all-encompassing business solution, which not only focuses on modern technology, but most importantly on people's development and implementation of the world's best practices. The objective of doing this is to develop an integrated human resources practice with the people needed to achieve customer service, human resources management practice and systems. The human resources management strategies aim to attract, retain, motivate and develop employees.

In exploring the best practices in Eskom, the focus will be on three business Groups, namely, Distribution, Transmission and Financial Business Groups (Finesse)

5.5.1 The Distribution Business Group

The Distribution vision is to have the required skills to provide electricity products and service in order to have satisfied loyal and committed customers. The Distribution Business process is striving to become a learning organisation.

The change drivers for the business are to nationally recognise all human resources development. These include Accreditation, Compliance with National Standards and Recognition of prior learning; Business Transformation Process (BTP); Commitment to competency as the currency of human resources management in the future and expanding from operational human resources development to include Strategic National focus. There should be an alignment with National and the Human Resources Development initiatives.

According to Distribution Business Strategy (1998) as stated in the Distribution Management Framework Website(1998)“The transformation of the Distribution Business into a learning organisation should have the following characteristics: openness to change, climate for learning and work organisation. Replacement of obsolete skills is not acceptable. Instead future focus is determined by developing a proper skill plan and deploying people to match skills to business needs”. The Distribution Management Framework outlines the Distribution Business Architecture and defines the reason for the existence of the business.

The priority focus area as designed for the years 1997-2001 outlines the mission of the Distribution group as “to provide and manage professional Human Resources Development products and services that will develop and maintain the necessary skill base for the business to meet its goals”. These include specific areas of education and training; adult basic development; accelerated development; customer interface related training; technical skill development; formalised mentorship and coaching and future training programmes flowing from the electricity delivery programmes. The strategies emphasise development in support of the Reconstruction and Development Programme and the Affirmative Action drive. Pursuing partnership with external organisations and training boards is considered a strategic mission. The Value systems of the business include fairness and equity in the work environment, respect for others and result orientation.

5.5.1.1 Distribution Business Architecture

The Distribution Management Framework (1998) outlines the Distribution Business architecture and defines the reason for existence of the business. It identifies its products, the approach to its customers and markets and sets a future for business. It also describes how the vision is to be achieved and explains the business management.

Integrated Distribution Business Planning is the process of determining the Distribution Business vision, the process of achieving it and the risk involved.

The volumes of the business plan represent a clear articulation of the basis of the business planning, the integrated Distribution business planning process and the detailed business plans within the business. Within the Distribution Business the integrated business plans consist of the strategic direction set by the Distribution Leadership Committee, Planning Forum and transformation plans (prepared by an accountable individual appointed by the Distribution Leadership Committee and operational plans prepared by Distribution for Groups. The operational plan is used to negotiate with the Chief Executive. The Distribution Executive Council, through the line managers, is accountable for the integrated plan. The business-planning manager is tasked with managing and facilitating the planning process. The planning horizon is five years with quarterly updating.

The planning processes entail preparation of business plans, taking into account the business directives and positioning. Interactive negotiation of the resource allocation takes place. Planning for area of significant change and for usual business is done. Stakeholder inputs are obtained. The business process is a learning environment due to involving all stakeholders in planning and having a shared vision.

5.5.1.2 People Management

The philosophical framework of the Distribution Business Architecture is committed to the development of the individual and designing the Human Resources Strategy. The philosophy includes: investment in people; direct line participation; personal development planning; individual responsibility for learning; individual and business learning; linking training with core business and selecting capabilities directly tied to the transformation and real life problem-solving. An integrated Human Resources system, which will be aligned with the Distribution Business vision and value, is developed. People management policies are flexible. For the Distribution business to have a highly committed team of employees, the department proposes flexible with a relatively flat organisation structure. Employees in the department need to continuously increase their knowledge and skills to keep up with the

technological developments, changing customer and societal needs. The employees should be flexible enough to adapt to the changing world requirements as required in chapter three and be able to operate with less supervision and leadership. The people management structure for Distribution Group proposes a learning environment structure, systems, leadership, processes and culture.

5.5.1.3 Transformation in Distribution

Transformation in Distribution Group takes place in order to increase the economic growth by redeployment of state assets for growth. The redeployments of assets enhance growth and employment by reinvesting proceeds from restructuring process in assets. An evolutionary process is taking place in South Africa. Currently Eskom's management board needs to consider the programme directed by the minister of Public Enterprise's announcement in "The business Day"(April, 5,2000) for the restructuring of state assets. The initiative to restructure state assets is part of implementing the Reconstruction and Development Programme. The other considerations involve the restructuring of the Electricity Distribution Industry (EDI), which is lead by the minister of Mineral and Energy Affairs and the minister of Provincial Affairs. In Eskom the transformation process is lead by the department of Growth and Development.

(a) Electricity Delivery Process (EDP)

The Electricity Delivery Process is responsible for ensuring the capability of Eskom's distribution network and to deliver electricity to Eskom's customers. The electricity delivery networks are planned, designed, constructed and maintained in order to meet the customer and stakeholder needs cost effectively. The process deals with those activities that render a service to purchasing electricity and transporting it to the point of sale to the customer. Forecast and demand; trade and purchase electricity; control delivery and management of demand describe the process.

According to the Distribution Website (1998) the objective of the field services process is to ensure the efficient and effective scheduling and deployment of all resources and execution of all specified field service requests within the negotiated time, cost and quality to maximise customer satisfaction.

The Electricity Delivery Process is divided into three processes; namely, process C, D and E. Process C provide capable delivery network. The process develops, defines and controls network technology. Plans, design and control network technology also applies. This process manages network assets and integrates resource needs for the total process. Within this process people are task orientated, performance is measured across tasks, cultures of feedback exist and there is clear delivery accountability. Process D purchases and delivers electricity by trading energy, monitoring plant performance and supplying Risk Analysis and Management. The people involved in this process are technologically skilled and trained to focus on customers. Process E schedules and performs fieldwork, through a single process, which supports services that are focused on the end product. Risk management is incorporated for optimal use of resources. People within this process are multi skilled, with few unskilled staff. This process also enables outsourcing for decision making and the recruiting methods are improved. The existence of this electricity delivery process ensures that a learning environment prevails in Distribution Group.

(b) The Engineering Core Business

The Distribution Engineering core business operates within Eskom with the strategic goals to enhance customer and employee satisfaction, within a long-term viable business. It also strives to meet electrification and affirmative action targets. Its role is to plan, develop and maintain effective and efficient electricity distribution infrastructure. It also delivers electricity in bulk to end customer's supply points. The department uses the operation of an internal service contract(s) and in accordance with statutory requirements, in terms of the licence issued to Eskom Distribution and the negotiated Quality of Supply and Service criteria. Eskom's directives, policies and standards are also

adhered to. This Business is the custodian of the network assets owned by the group. The management process is the same as in Process A, which ensure Capable Network together with standard operational management processes. The core business operates in accordance with Ensure Capable Network and Receive and Deliver Electricity processes. The Engineering Core Business ensures working towards total quality and world-class engineering, which compels Eskom to creating a learning environment. The quality service, as discussed in the previous chapters will result a happy customer.

5.5.1.4 Information Management Process

The effective information management system is provided in order to improve business efficiency and improved customer satisfaction. A flexible and scalable system is introduced so as to provide a strategic information, which is necessary for a long-term survival.

The policy handles information management process, standards for enterprise computing, information system architecture, application development, business principles and network management. The business management handles planning, service level standards, audit, contracts and projects. The information architecture is a strategic level, which deals with data, application, technical, and process development and security architecture with information mapping.

The Distribution Website (1998) explains that the end-user services at the operational level include end user relations, support, file server management, business analysis and data base and support application. The business principles manage information technology as a resource of the Distribution business. All business units adhere to the information technology standards as described in “ Standards for Enterprise Computing”. According to Van Der Waldt (1999:117) “technological progress result from research and development, through which new products, processes, methods and management approaches are created.” This means that Distribution Group

can experience technological changes through technology that can lead to a learning environment.

5.5.1.5 The Product

The Distribution businesses provide a product, which comprises of:

Product = Network + Electricity + Service + Information

Traditionally Eskom has sold electricity and focused on the quality of the supply as the measure of customer satisfaction. The customer also expects additional value added elements of the product. These elements are for example; outstanding service, advice about end-use Electro-technologies, information on the safe, wise and efficient use of electricity are intangible in nature but are becoming as important as tangible elements. The product is designed to satisfy customer's energy need in respect of temperature control, lighting, fixed motive power, chemical processing and quality of life.

The network is defined as wires along which electricity flows from Eskom power stations, through substations to the customer's point of supply. It includes the quality, availability and reliability of electricity supply. The price of the Network can be defined as the monthly rental or cash paid upfront by the customer. The electrical energy produced by Eskom, which is either converted into useful energy namely by households and industries or redistributed by the customer (municipalities). The price for electricity is captured as Eskom's tariffs.

A number of advisory services are provided to a large spectrum of customers ranging from manufacturing to residential customers. These services form a series of brands, which endeavour to meet different customer categories. The advisory service is free of charge except in the case where a particular study is undertaken on the request of the customer. Advisory services include: Electrowise designed for residential customers; Electroserve designed for commercial customers, Agrelek meant for agriculture market, Industrelek designed for industrial customer and utili-mark designed for local authorities.

The improved customer service allows Distribution to be competitive, with improved quality products and processes. The department is therefore, according to learning organisations is facing globalisation, as well as national competition. The Distribution Group use O'Connor's initiatives of *Customer is King, Quality First and, Total Quality Excellence* as described under the principles of a learning organisation in Chapter two.

(a) The Organisational Design Philosophy

The organisational design philosophy is a criterion used for the ultimate organisational design within the Distribution Engineering Core business. During the year 1999 achievement of the design requires significant change in the behaviour of management and staff. The following characteristics should prevail for the criteria to apply. The organisation should be fully standardised with discipline as a key element of organisational culture. Staff should be sufficiently trained to competent and productive to perform their roles. Sufficient authority is delegated to persons doing the work so that they can make decisions without supervision. Managers, individuals and teams must be held responsible for relevant actions. Individuals and teams in Distribution will be recognised and rewarded for results and behaviour delivered and value added to achieving organisational goals. Managers and supervisors are to focus on coaching and supporting people.

The above criteria results a standard, process reflective and organisational building block as the basis of the structure. The structure will be delayed to five management levels and two works related organisational layers from the Executive Director. The head office will be small without business process work done from it. Organisational ranking will not be the basis for hierarchy because management spans of control will not be less than eight in number. Flexible work teams will apply, where the team leader will be seen as a role not a level of hierarchy. Structures will reflect staff needed to productively get the job done. The Distribution structure will be flatter, flexible teamwork will be in operation and management team will prevail. This as Senge (1990) sees it will be an antidote to learning disabilities mentioned in chapter two. The

antidotes create a learning environment, which will be created by the Distribution's organisational design philosophy.

(b) Rationale for Change

The external factors that compel Distribution business are the economy, technology, competition, globalisation, and the change in customer base. Internal factors include increase in customer base without a matched increase of outputs in Eskom, improved business efficiency and the intention to provide lowest cost electricity. The Electricity Delivery Process priorities will focus on changing the culture of the organisation to improve.

(c) Meaningful Influence

Employees and their respective representative bodies in Distribution Group are allowed meaningful influence over the decisions, which affect them. This requires that the employees be fully informed about the business and related practices to ensure meaningful participation. Since July 1992 Eskom and all recognised trade unions have embarked on a process or a relationship of non-confrontation. The process results in a shared understanding and commitment to success. Such an environment allow shared vision, mission and strategy formulation, which allow a learning environment

(d) Equal Opportunity

The aim of the Distribution business is to afford equal opportunity to all its employees. The individual's skills, knowledge, subscription to Eskom's work ethic and values and the contribution to the business result achievement are the decisive factors in advancement and remuneration. The criteria used to unleash the potential of individuals for education; training and development are not based on race or sex. Affirmative action is given a priority to reflect the general population distribution of communities.

(e) Empowered staff

The development of the Distribution business employees to maximise their potential, is an absolute prerequisite for success in achieving the business goals. The processes take cognisance of the National Human Resources Development related initiatives and to ensure alignment where appropriate.

The Distribution Group all for empowered, multi-skilled, qualified and friendly staff are committed to pro-actively providing efficient, one stop-service to all customers. Frontline staff receives excellent support from their colleagues. The staff also proactively recognises customer needs and satisfaction by exceeding their intangible expectations and meeting their tangible expectations. This applies the Parable of the “Boiling Frog” in Chapter two.

(f) Structuring Principles

The Distribution business operates under assumptions that the business is moving towards a future state of conducting itself along the structuring principles. The assumptions are also that knowledge will gain ascendancy and by that, managers will become less and less knowledgeable in the work of their subordinate. The number of workers will decrease with the increase number of contract and part-time workers. Economic value added will be the basis of the performance assessment. The changing world of work as described in chapter three apply. The culture of the organisation change towards a learning environment.

The business will be centrally directed with the policy implementers placed close to the customer. The structural design must reflect uniformity and standardisation of approach throughout Eskom as viewed by the customer and key stakeholders. Appropriate local structures will be assembled from standardised building blocks, considering different markets and customer. Structures empower staff, enabling them to understand their influence and contribution to customer satisfaction. The structures also reflect efficiency and effectiveness, namely, least cost used to produce the required output. Management is kept close to customers, thereby ensuring sufficient time and

focus towards customer satisfaction. Through structure, different customer segments are recognised because structures are flexible to accommodate current changes. The change, which is effected, creates a learning environment.

5.5.2 The Transmission Business Group

The Transmission Group of Eskom is responsible for trading electricity by providing transmission network capability. The mission of this Group is to continually satisfying the customer and stakeholders. The culture of the Group is to embark on team structure and process way of working.

5.5.2.1 Transitional Leadership Programme

The Transmission group introduced the transitional leadership programme to ensure a fast and effective transition from a functional to a process organisation. Leadership in the context of this programme is defined as “a process, which motivates one to serve through personal and interactive inspiration rather than direction”. The definition is not the same as the old management style of directing and controlling but rather that of influencing through all levels of the organisation. Leaderships in Transmission Group will be seen through all levels of the organisation namely, from the top to the bottom layer. Every person in his own right should be regarded a leader in one way or another.

The transitional programme is designed to equip people with the required knowledge, skills and competencies to enable them to play an effective part in transforming the organisation. The organisation needs to transform from a functional to process base team. The intent of the entire programme is to develop and establish a critical mass of people in Transmission who will be able to create a clear vision, align the company's principle values with the vision and create a positive future by changing the way people think. The core principles of customer satisfaction (business imperative), self-actualising (people imperative) and that of a learning organisation form the design basis

of the programme. The programme has been developed into five basic types of interventions.

(a) Transitional Leadership Gateway

This acts as an entrance intervention to the programme to develop and demonstrate excitement in the new vision. Parts of this intervention will equip the participants with the knowledge of the interventions designed for transition. The participants share information, which is customer focus, a learning culture, self-actualisation and networking. System thinking is applied for transformational leadership. Systems thinking allow the individual to understand the impact of his/her actions in a bigger picture. The individual removes themselves from current realities to objectively view patterns commonalities and principles. In transformation there is an understanding of external bigger picture and how it will impact the current situation. The competencies achieved during the interaction include change and transition management, facilitation self-management and managing diversity.

Creating an understanding of a personal vision and linking it to the organisational vision also inspires the participants. This kind of leadership is not limited to Patterson grading, which is Eskom's structural grading system related to salary. Employee's salaries depend on which level of the Patterson band they are. The competencies gained during this session are strategic thinking and inspirational motivation. Inspired individuals take ownership of the overall vision through participation, enthusiasm and setting of challenging objectives. The learning orientation competency allows an individual to question their own and others' assumptions. Individuals learn from their mistakes and look for continuous improvement. Open debates and calculated risk is encouraged. The principles of a learning environment emphasise organisations encouraging risk-taking and learning from making mistakes

The empowerment and coaching competency provide coaching, development and challenging opportunities. This is achieved by identification of strengths, weaknesses and potential in order to allow followers appropriate autonomy in

decision making. Customer orientation competency allows the participant to have the ability to interact with all key receivers, suppliers and other stakeholders. This is possible by providing relevant information, identifying business opportunities and availing oneself for business. Self-management is the key competency to develop a personal vision, to believe in it and to seek opportunities for self-improvement and continuous growth.

The relationship building and team leadership competency assist to build and maintain constructive relationship between self and team members. Active involvement and ensuring own accessibility to achieve harmonious relationship is important for effective teamwork. All the interventions are linked with development needs. Individuals design their personal plan from which they identify their developmental needs. Later during the year the employees in Transmission Group position themselves for change. Workshops for self-change, self-management, management insight, innovative decision making, practical facilitation, group skills development and diversity management are offered to participants after the gateway. The workshops assist employees to operate within a learning environment.

In Transmission Group the Information Management plays a major role which is to refocus on Information systems. This is done as part of the Business Information architecture Team Project (BIAT). This exercise will result in fundamental changes in investments and in value created through systems support of the business. The systems thinking will apply, whereby all parts of the system forms the whole, resulting a learning environment.

The Industrial Relations team will facilitate the process of establishing a stable Industrial relations environment within the Transmission Group, leadership structures and organised labour. The Industrial Relations will also establish and maintain effective participative structures as provided for in various agreements with organised labour. The aim is to achieve a well managed transformation, empowered employee, well handled fair labour practices and agreements between Eskom, Transmission and organised labour. The

Industrial Relations will also establish and maintain effective participative structures as provided for in various agreements with organised labour. The aim is also to effectively handle grievances, discipline and disputes. The Industrial Relations consider innovative solutions to ensure that the changing organisation complies with existing agreements with organised labour Eskom Policies and statutory requirements.

The Human Resources practices deliver and maintain effective, efficient and proactive practices. The Human Resources practices include Recruitment, performance management, remuneration, recognition and awards, AIDS awareness, mentorship and coaching, leadership development and team development. Human Resources Development is based on research, design development and implementation of specific learning interventions. These activities will enhance organisational effectiveness and facilitate change that leads to a learning environment.

5.5.3 The Financial Business Group

Eskom finance currently uses various software and custom systems for financial and material management information throughout the organisation. Most of the systems are outdated (they are over ten years old). Due to the age of these systems, coupled with the changing business environment most of the systems are unable to meet Eskom's business requirements. These systems fail to provide information required for business decisions. The ability of the current systems to handle the year 2000 conversion is considered.

The *Finesse* solution has its origin in 1994 when the Information Executive Board (IEB) identified the need to review the current financial and materials management systems. Investigations were done through the IEB permission. Fullerton who is *Finesse* Programme Director said that:

"The result of the investigations showed that the systems were indeed beginning to creak and were not providing the kind of management Information needed to make effective decisions".

5.5.3.1 The Planning Phase

The *Finesse* group grew from four to seventeen during this phase. The whole organisation was involved. Each group was considered uniquely according to its needs. After consultation with stakeholders, namely, labour unions, managers and staff, it was approved to customise eighteen (18) financial and materials best practices. A shortlist of five software packages was accepted and the Finesse Steering Committee decided that any major technology change project should include human performance initiative.

5.5.3.2 The Design Phase

Eskom Finance Group business cases were designed in 1996. The business cases included software evaluation, process designs, human performance designs, migration plans, costs and benefits. Eskom requires an integrated financial and materials management solution that is flexible to provide an infrastructure for its changing business environment. This solution must ensure continuous improvement and business efficiency. The changing business environment will be a learning environment.

The *Finesse* business solutions comprise of modern software. Embedded are the best practices, an integrated and comprehensive change management approach, modern processes and new technical infrastructure. All these will support Eskom's changing business requirement.

The processes entail improved financial and materials management to be implemented. It provides real-time financial, material management and analytical processing. Technology is an integrated system with supporting hardware to be distributed across all groups and will interface with existing systems. The *Finesse* solution is based on the implementation of SAP R/3 system. SAP is extensively used in utilities worldwide. Putting a number of plans in place to develop all direct and indirect users affected by *Finesse* will monitor human performance. The developments include training, support

tools, redefined roles, teams and continuous communication and involvement by the business.

The designs will be customised to meet the requirements of each business group. The processes of developing a common and group specific design include input of the resources seconded to *Finesse*. Additional and continual input is received from the business, countrywide. The group designs were completed in 1997. The piloting of the project is scheduled for August 1998.

In order for *Finesse* to succeed it needs to develop executive sponsorship to ensure visible support and commitment of management. People are allocated from the business to assist in the development of a new financial and materials management process. *Finesse* seeks to initiate effective and suitable human potential interventions to ensure that the full benefits to the business are realised. An appropriate and user-friendly training is used. Support tool that will equip *Finesse* users with knowledge and skill is required. An active transfer of skills and knowledge from *Finesse* programme to all employees will be done.

5.6 CONCLUSION

In this chapter the focus was on internal benchmarking of Eskom business. The establishment, responsibilities and functions of the Board of Directors as well as the historical background of Eskom, the public enterprise led to a process of change in some pockets of Eskom's business.

Finally the best practices which creates a learning environment within a hierarchical Eskom are benchmarked. These include Distribution, Transmission and *Finesse* that effected organisational change within Eskom. The systems, processes, culture, leadership and structure of these businesses were reengineered.

In concluding this investigation, the next chapter will focus on findings, evaluation and recommendations of this study. The solution to effecting



organisational change in Eskom's structure, systems, leadership, culture and processes by creating a learning environment will be presented.

CHAPTER 6

FINDINGS AND EVALUATION

6.1 INTRODUCTION

The learning environments require an accelerated learning. Genuine commitment from top management and the maximisation of human potential are the most crucial ingredients of the learning environment. The starting point of a learning environment is when organisations discover the need to change in leadership, power, and people's development. The change should be aligned to the need of the environment and the organisation. Basically the wiliness to learn quicker than the competitor gives the organisation a competitive advantage. The organisation must allow people to make mistakes in order to learn.

The force or push behind the organisation to becoming a learning organisation are: international trends towards transformation; changing world of work; vision and strategy; working towards total quality; world class reengineering; people's development and performance management. The external influences include government, technology, social values, customer needs and competition. South Africa is undergoing transformation, which considers culture and values. Ubuntu is a pillar to African values. The country is also faced with international competition and markets. Eskom as a parastatal cannot avoid change. The organisation has to be ready to learn and to use new ways of thinking to create business models, market organisation strategies. The strategies must demand collective intelligence and commitment of the workforce.

In the preceding chapters, the research study outlined the research problem, approaches to a learning organisation, building a learning environment, benchmarking international and local learning environment, internal benchmarks within Eskom and development of a learning environment model

to effect organisational change in Eskom. To conclude this study, the focus will be on the findings

6.2 THE INTEGRATED APPROACH TO A LEARNING ENVIRONMENT

The learning organisation is defined and explained to be an organisation, which continually learns faster than its competitor. The learning organisation is considered to be fairly new. A learning organisation has a controversial definition, which depends on how an individual understands it. The most acceptable explanation about the learning organisation is that, it allows people to be creative and innovative in thinking, whilst they continually learn and transform the organisation. Lots of organisations commit to it but are struggling with its implementation. The learning organisations apply a shift in mind and interaction. Organisations should have a shift in mind. The learning organisation allows transformation beyond the corporate culture as a whole. Training plays the most important role in a learning environment.

The underlying principles of the learning environment are individual, team and organisational learning. The individual learning focuses on skills, knowledge and competencies. The organisational learning encourages the organisation to handle transformation, improve quality of services and products, vision, companies' standards and true globalisation. The team learning encourages interaction of ideas that accelerate learning.

In order to understand the learning organisation it is important to know the symptoms of the learning disabilities. This will assist and encourage organisations to accelerate learning. The symptoms of the learning disabilities are the opposite of the learning environment. The existence of the learning disabilities within organisations results in poor learning. The disabled organisation handcuffs the people abilities by not allowing them to influence the system. People within such organisations fail to identify their purpose at work. The departments within disabled organisation function separately. They never speak the same language and therefore blame each other whenever there is a failure. Organisations must be proactive and rational in thinking in

order to recognise the contribution made by others. This is not the case with disabled organisations, which are fixated on short-term events and are distracted to see long term events. Most organisations sit and watch things happen until they receive a wake up call to react to competition. Management teams within disabled organisations are comfortable with routine and feel scared and embarrassed of confronting complex issues.

6.3 APPROACHES TO A LEARNING ENVIRONMENT

There are five requirements of the learning organisation, namely, systems thinking, personal mastery, shared vision, team thinking and mental models. An organisation should master these five requirements in order to have a learning environment. Systems thinking can be used as a powerful problem-solving tool to learn the new meaning of the worldview. For organisations to experience effective change, they should be able to patterns at a deeper level by using systems thinking. The system offers a tool to restructure the way people think. In order for thinking patterns of interrelationships like hierarchy, process flow attitudes and perceptions to be effective, systems thinking should apply. These thinking patterns can be utilised in decision making to bring change in an organisation. Structures in systems are built from the people choices, either conscious or unconscious. The art of systems thinking is used to recognise the results and track off choices made by using a different perspective.

The cornerstone of learning environment is personal mastery. Mastery is an achievement and maximisation utilisation of such mastery. To master issues both personal vision and the current reality are kept together. Personal mastery applies when people contribute more within the right atmosphere while learning. Mental models are images, assumptions and pictures in people's mind, which affect their understanding of themselves, others and the world around. That is why people react or see the same thing differently. Mental models classify learning skills into reflection and enquiry. The culture within the organisation is made up of shared mental models. Using mental

models expose the internal picture that people have to the surface. Failure to explore the inner picture leaves people with assumptions.

People at all levels of the organisation share a vision. They must therefore be included in the building of a shared vision. A shared vision fosters a genuine commitment and a buy-in. People are bonded to the organisation by the contribution they make. Team learning encourages people to learn and act together to achieve the results desired by the organisation. Teams use mental models about situations and interrelationships within the organisations. A shared vision gives the team the context of teamwork.

The organisation needs certain features to become a learning organisation. Informatting allow everyone in the organisation to understand and receive information. Internal exchange encourages the departments to focus on the customer rather than on internal competition. Constant dialogues will optimise performance. Flexibility should be encouraged and rewarded. The structure should create opportunities for individual development and inter-organisational learning. The learning climate should allow experimentation and risk taking.

6.4 FINDINGS THROUGH BENCHMARKING EXTERNAL LEARNING ORGANISATIONS

Benchmarking tools focus on measuring the organisation's performance or best practises against other organisations. Competitive benchmarking focuses on methods, which provide competitive advantage. By benchmarking organisations one can learn from other organisations. Benchmarking can be used as a decision making tool for resource allocation and be used for to gather information for research purposes. The information gathered externally for example from London learning organisations can be compared to the internal approaches within Eskom. The approach of this paper is to benchmark from outside and to compare the data to the internal approaches. This research paper targeted international organisations and used external case studies for external benchmarking. The five organisations are Investors in People, Training Enterprise Councils (TEC), Mind Kind Learning Centre,

The Scottish Vocational Education Council and Labour Market and Skill Trend. The two case studies referred to from the Centre for Management of Change and the Human Resources Department of Firestone.

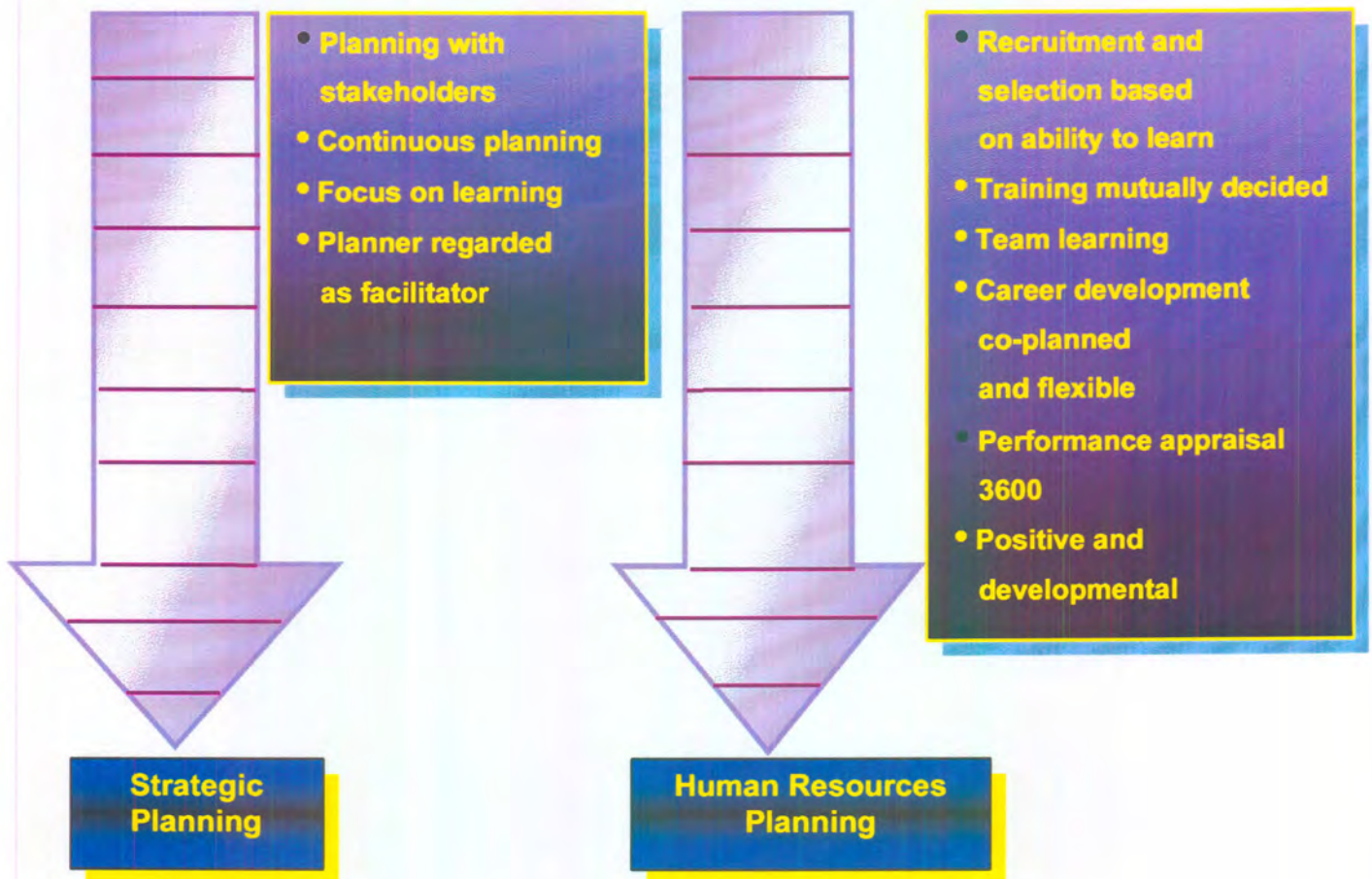
6.4.1 Findings

In this section the focus will be on the findings from case studies of The Centre for Management of Change and the Performance Management System for Firestone as well as findings from the benchmarks of the international organisations.

6.4.1.1 The Case Study from the Centre of Management of Change

The Centre of Management of Change recommends a movement away from mechanistic bureaucracy to a systemic learning organisation. It looks at learning organisations as the ones with a participative structure, which involve all stakeholders through interaction. The organisation must be moved from being hierarchically determined to being but should be values and culture co-determined, multicultural and group focused. The recruitment and selection system should be based on the ability to learn and stakeholder's involvement in decision making. The organisation must be process focussed and include team development. The co-planned, flexible and multi-career planning should be the trend for career planning.

Figure 6.1 Leadership, Strategic Planning and Human Resources Management Structure



Source: The Centre for Management

6.4.2 The Performance Management System of the Human Resources

Department of Firestone/Bridgestone

The case study from Firestone evaluated the performance system to design the appraisal system that will encourage open communication between supervisors and employees. The emphasis relates to the job, employee performance and career development. To create a fair and impartial appraisal system, the job objectives established will describe the expected outputs. The highlight of the performance system is to evaluate the performance of the employee.

The human resources practitioner receives a summary of the report on the service they provide for review. A list of responses from each of the practitioners is provided. Each practitioner receives a summary sheet, which provides a detailed breakdown of the total responses received from the manager about their performance. The results open discussions about the negative and positive comments. The information allows the practitioner to make necessary improvements and increase available strengths. The total department statistics is shared among all corporate departments, their managers and the human resources practitioner. Each practitioner receives a summarised set of data.

The use of this survey adds credibility to the appraisal of each human resources employee because it was used successfully. It also helped in establishing the department's objectives for the following year and in the evaluation of the overall performance. The results of this method of evaluating at Firestone suggest utilisation of the same appraisal method to Eskom Human Resources departments. Eskom can change to use this tool, as it is useful for gathering and tabulating data and for assessment of strengths and witnesses. The environment for using this performance appraisal will be a learning one.

Recruitment of people in the organisation must not be based on the person fitting a particular culture or image of management or social band. This procedure reduces diversity and potential of novel ideas. The recruitment process should exhibit a high tolerance for ambiguity and experimentation. This will generate creativity and innovation.

A flexible structure through job rotation and project grouping will assist towards learning new roles and getting used to change. The organisation will succeed in breaking down barriers between units and functions. A meaningful and workable reward performance system will be designed.

6.4.3 Findings from the Benchmarks of the International Organisations: London Learning Organisations

This section deals with the findings from benchmarking four London Learning Organisations. These were The Investors in People, The Hertfordshire Training and Enterprise Councils, Mind kind Learning Centre and the Vocational Educational Council.

(a) The Investors in People

The Investors in People is an organisation, which provides a network for development opportunities for individuals, and organisations. To create such a learning organisation a centre of excellence is created. The organisation believes that people play a magnificent role in making a difference in business, management, research, technology and other widely available developments. Investors in People believe that in today's world no organisation is free from competitive pressure and the challenge of the speed of change. This is due to the technological advances, short product cycle and customer expectations. This points out that the organisation with the most skilled, flexible and committed workforce will capture international market. The Investors in People organisation's standard is based on commitment from the top, planning the training and development of all employees taking action in the training and development of teams the organisation.

Eskom can learn how to develop a learning culture from the Training Enterprise Councils, which uses different approaches to learning, by developing their own learning and assessment facilities. Eskom can also benchmark the Learning Organisation Network team for improvement of workforce skills, which leads the organisation to becoming a learning environment.

(b) The Hertfordshire Training and Enterprise Councils

The Hertfordshire Training Enterprise Councils aim at increasing Britain's competitiveness by increasing skills and business capacity. The organisation recognises the realities of change, that it is inevitable if the organisation has to

survive. The organisation offers speciality services on Human Resources development. In order to assist other organisations to develop a learning culture, the organisation acts as a facilitator. It offers quality advice, courses, seminars and business development programmes. Organisations identify their skills, plan their training and implement their training through the Training Enterprise assistance. For the organisation to develop a learning culture they develop their own learning and assessment facilities. Personal development is encouraged. The factors, which lead to performance improvement, include motivated staff, flexibility, and adaptability and improved customer service. Eskom can benchmark how the organisation faces the realities of change by developing a learning culture, which includes customer care and employee satisfaction. The culture that will be created will be a learning environment.

(c) Mind Kind Learning Centre

The learning centre operates on the belief that all individuals have ability and that there is always a solution to every problem. Therefore when people are given an opportunity to become effective learners they use the power of their brains which result in change in attitude. The centre treats learners individually to bring out mastery of learning skills that result in achievement and independence. The learning centre package used here is called the coherence of the learning method to the brain.

The resources used consider multicultural society and allow students to solve problems. Students are assessed and assisted to perform. The technique used in the programme is to learn how to learn and alleviate problems associated with learning. The centre offers community and technological expertise by creating a powerful, relaxed and positive learning state. The centre gives students an opportunity to know how to learn faster and link the mastery of the brain to the performance management. The skills acquired are transferred back to life and workplace. The package used here is learning how to learn.

The innovation package use transferable methodologies aligned to the changing world of work. The programme is also culturing sensitive to suite the environment. The changing world of work can be applicable to Eskom if it learns the mind Kind concepts of learning centre, educational system, the learning centre package and learning how to learn.

(d) The Scottish Vocational Education Council

To become competitive, The United Kingdom's White Paper recommended a highly motivated, qualified workforce and young people who are ready for employment. The labour market and skills trends assess the key national trends for demanded skills and the nature of relevant workforce to meet education and training standards. To match the future labour and skills demand change should be facilitated. For example the increase in qualifications held by workforce should be aligned with the increase of the suitable jobs. The assessment of the current and future skills must be done. An Upskilling specific job is important to check the skills necessary for employment balance. Where reduction in occupation occur, training need to take place to replace turnover. When rapid change takes place, development of broad core skills should occur. For training to offer a lifelong learning for the young it should be adapted to future change and skills demand. The Labour Market and Skill Trends research provides a benchmark for Eskom to use for comparison of key national trends in demand for jobs and skills.

6.4.4 Best Practice in Eskom business

The three Eskom departments, namely Distribution, Transmission and Finance Groups were earmarked for internal benchmarking. These organisations function within Eskom's structure, culture, leadership, processes and systems that are not a learning environment.

6.4.4.1 The Distribution Group

The Distribution group began its transformation called Customer Management Programme (CMP) in response to the growing customer base in the electricity industry and intentions to reduce operating costs. The project was later called

Customer Care Programme (CCP), which focussed on satisfied, loyal and committed customers. The re-engineered and standardised processes converted the business into an integrated and processed-focussed business. This is a shift from functionally focussed business.

The end- state to this shift is integration of outputs of Distribution. The labour market and skills trends assess the key national trends for demanded skills and the nature of relevant workforce to meet education and training standards. To match the future labour and skills demand change should be facilitated. For example the increase in qualifications held by workforce should be aligned with the increase of the suitable jobs. The assessment of the current and future skills must be done. An up-skilling specific job is important to check the skills necessary for employment balance. Where reduction in occupation occur, training need to take place to replace turnover. When rapid change takes place, development of broad core skills should occur. For training to offer a lifelong learning for the young it should be adapted to future change and skills demand.

The transformation in Distribution is initiated to meet the customers needs in a more cost-effective way. The integrated Distribution plan and information system is transformed to improve business efficiency and customer satisfaction. The product, which is electricity, is designed to satisfy the customer who also has say about the quality.

The engineering processes designed new processes called Energy Delivery Process (EDP), which purchase and deliver electricity, ensure capable network and manage fieldwork. The Customer Service Processes (CRP) is a new integrated process of sales service, billing and revenue management. Technological solutions are designed to give customers face to face contact.

The distribution group reaction to change on customer care, movement from functional to process focus, quality products production and change to lifelong

learning is the best that Eskom can benchmark. The environment created is within a learning set up.

6.4.4.2 Transmission Group

In 1998 the Transmission Group moved towards being a result-orientated quality service provider. This status was achieved through the Gateway interventions. The quality service offers leadership development interventions with trainee, technical and business education development. As a service provider the Group will function as a business that provides sought-after services and products. The Group also aims at providing integrated human resources development service, with clearly assigned roles to ensure customer satisfaction.

The Group is currently made up of four businesses, namely, Power Network, Market Administrator, International trade and Telecommunications Network. The mission of the Group is to continually satisfy the customer and the stakeholder by acquiring and delivering bulk electricity. The culture of the Group is based on team structure and the process way of working. There is no hierarchical structure and the business is customer focussed.

Figure 6.2 – Transmission Charter



Source: Eskom Intranet 1999

The team outputs include regular evaluation of work profiles according to specific criteria and the development of process profiles to support customer driven process. The team also needs to include the integration of a profile evaluation into a holistic competency based human resources team.

The purpose of the team is to evaluate work profiles in terms of competencies as applied within the context of the team outputs. The team use strategies for future requirements in evaluating and grading employees for a process business. The team facilitates the development of competency based remuneration system in Transmission. The human resources team aims to become a result-orientated and help to build a resilient process driven organisation based on the principles of a learning organisation. The Transmission Group's culture of customer care, teamwork, self managed learning and process focus show the characteristics of change towards a learning environment. These characteristics can be benchmarked by Eskom.

6.4.4.3 The Finance Group- Finesse

Finesse is an all-encompassing business solution comprising modern software with embedded best practices. It is an integrated and comprehensive change management approach. This new and modern technical infrastructure is introduced by the Finance Group to support Eskom's changing business requirements.

Finesse aims at addressing problems within the existing old systems in the organisation. This new financial and commercial management solution will be flexible to provide an infrastructure for the changing business. The management solution is also designed to cope with the year 2000 challenge.

The processes include the improved financial and materials management to provide real time financial transaction and analytical processing. The technology comprises of an integrated system with supporting hardware across all the Groups, interfacing with existing systems. The System Application Product (SAPR/3) is the *Finesse* solution, which is extensively

used worldwide. The Human performance is based on the importance of people development and management. All people are directly and indirectly impacted by Finesse. This includes training, support tools, teams communication and involvement from business. The phases of Finesse move from mobilisation, skilling of people, design, Group design, delivery and implementation.

The *Finesse* process aims at introducing new and improved processes into the business. This will allow for fast and convenient access to real-time information. These improved processes will support decision making throughout the organisation by allowing key decision-makers to access to real-time essential information. The integrated operations between the processes will generate effective information communication between departments and productivity within financial and commercial activities. The results will be improved implementation of the world best practices and more efficient technology.

The *Finesse* Solution will offer seamless integration with all existing platforms. The *Finesse* will utilise SAP R/3 as its world best practices and business software system. It allows for functionality, flexibility and integration across financial and commercial modules. In addition to these benefits, SAP R/3 supports the year 2000-date conversion. The human performance benefits of the system include time saving through improved efficiencies and reduced paperwork. All these solutions will be realised through an integrated comprehensive change management approach that will provide employees with relevant knowledge, skills and appropriate performance behaviour. Eskom can benchmark Finesse change that led to a learning environment.

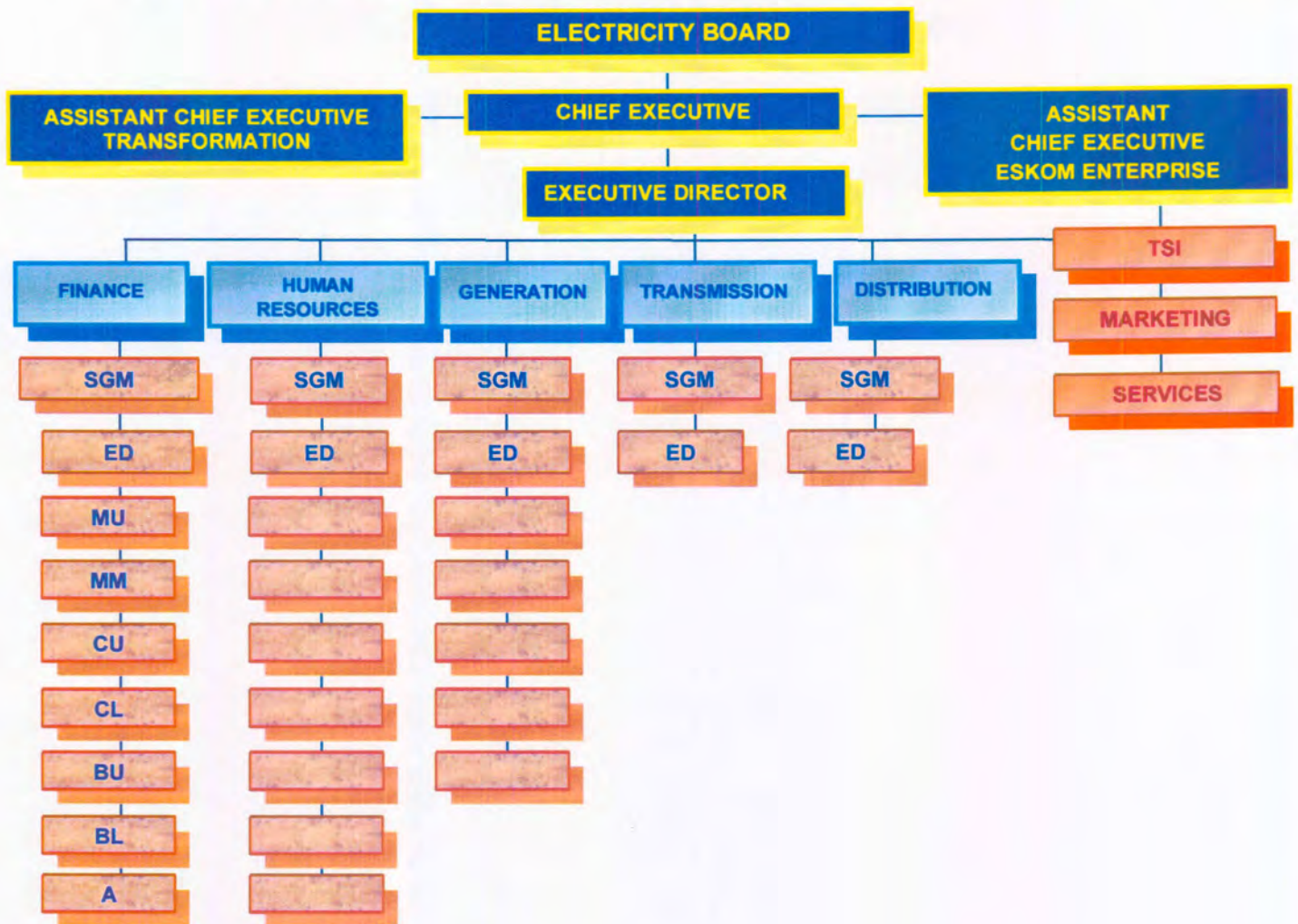
If the reward system does not change with other change intervention, people tend to resort to old patterns of behaviour. Reward system motivates individuals to perform effectively. This can create a culture in which people care about the organisation and its success. Remuneration management involves incentives and non-cash benefits, performance management,

workforce development and basic salaries. The organisation must also consider the employees. Self-realisation that they make a meaningful impact to the organisation. Remuneration is therefore part of the art of science of management. It includes people, jobs, and organisation design and environment effectiveness. Remuneration strategy must reflect the vision and philosophy of the organisation. It can be an important tool for competitiveness. In many cases innovative remuneration strategies are difficult to copy because they are more than just technology. They are a social system, a management philosophy and a way of operating that permeates the entire organisation. Since South Africa is part of the global world, it must be part of the world's best practising countries.

6.4.5 Evaluation of Eskom's Environment

Eskom is a functional and hierarchical organisation. The business is divided into seven parts, namely, Generation, Transmission, Distribution, Human Resources, Finance, Technology and Strategic department. The seven departments are experiencing restructuring and repackaging with the objective of changing for business optimisation and global competitiveness. The chief executive heads the organisation with seven Executive Directors (ED) reporting to him. There are general managers (SGM's) accountable to each executive director. The general managers lead top managers who lead the middle managers (MU's, MM's). The latter is responsible to manage the lower level of the organisation, which is divided into five layers, namely C-uppers (CU), and C-lowers (CL's), B-uppers (BU) and B-lowers (BL) and A-band level as illustrated in Figure 6.3.

Figure 6.3 – Illustration of Eskom's Structure



(Source: Eskom Annual Report 1998)

6.5 RECOMMENDATIONS

The assessment result for Eskom reflects a learning environment in some part of the organisation functioning within a hierarchical structure. The outside worlds see the organisation as excellent in learning, when in actual fact is a mediocre. It learns poorly because of the way it is designed structurally and the way jobs are designed. Managers think for their subordinates thus leaving them with little or no responsibility to take on the results they produce. People end up confusing their jobs with their identity. Emotions are put before solution when problems arise.

Eskom Intranet for February 1999 an announcement from the Minister for Public Enterprises presented a two phased Eskom structure to prepare for privatisation. One part will be creation of Eskom enterprises and Eskom's regulated business Groups. The objective of this change is to separate Eskom's regulated and non-regulated businesses and to sharpen each business to its market. The basic intention of this change is to prepare Eskom to be competitive by becoming a learning environment.

Eskom Enterprises will be responsible for the management and development of all current and future subsidiaries. The subsidiaries have the responsibility for developing the markets in the rest of Africa. Eskom intends to sell its power utility related expertise to its African customers. The primary objective of Eskom Enterprise will be to maximise the value of existing non-regulated subsidiaries and develop viable new business in Africa and around the world.

The Eskom regulated business will be streamlined by re-deploying the resources currently housed in Marketing, Services Group, elements of the Technology Group Transmission, Distribution, Generation, Finance and Human Resources. This streamlining ensures that the regulated business will focus only on providing affordable and reliable electricity for domestic customer and high quality power for industrial and commercial customers.

6.5.1 Eskom's Integrated Learning Programme (ILP)

Eskom belief that it is recognised as a learning organisation, whereby employees are developed in an integrated, cost effective Human Resources Development. It aims at promoting lifelong learning for competence and development requirements of individuals, organisation and society.

The purpose of this programme is to facilitate the development of people's capacity, by providing policy and ensuring integration and optimisation of learning initiatives during learning process. This programme will be aligned with Eskom's business to ensure compliance with standardised processes

and targets. The programme will also promote a culture of integration. The successes and failures will be communicated throughout the organisation.

The interesting part of the programme is that it will be integrated in two parts, namely, vertically and horizontally to give strategic leadership designs the programme and benefits the learner. The programme will apply within Human Resources structure, which is not flat, flexible and does not recognise and unlock potential.

It is recommended that Eskom structure, systems, processes, leadership and culture change to a learning environment before the Integrated Learning Programme is introduced.

6.5.2 Eskom, a Public Enterprise

A public enterprise is a business or service, which is engaged in regularly supplying the public with some commodity or service, which the public need. An electricity service offered in Eskom is an example of the service offered by the public enterprise. Eskom operates under a public franchise to generate and distribute electricity. This means that Eskom at the moment is partly owned by government. The characteristic of Eskom is the devotion of its utility to the public at large. Eskom is a public enterprise involving the government directly and indirectly in public utility or regulatory or licensing to be engaged in utility activities.

Public International Corporation is an instrument for international and economic corporation by responding to the need for flexible organisation. Public corporations are adopted throughout the world, as a device to achieve essential public purposes for which private enterprise was either not adequately equipped or considered incompatible with overriding public national purposes. The state may pool their resources from international public corporations to achieve certain purposes.

It is recommended that Eskom advance in technology and communications to make the public corporation a need for economic success. Eskom involve large ambition projects arise from technology advancement. This economic

growth compels the states to fully utility infrastructure facilities and joint facilities. Public enterprise, like Eskom is modelled on private economic enterprise and domestic public service understanding. An attempt is made to combine public participation and flexible autonomous and efficient decision-making of the private corporation. National administration has a limited ability to control and influence the activities and policies of the public enterprise. The private corporations have a great deal of freedom to pursue its economic interests.

The government use Eskom for transitional and economic ventures of private enterprises. Projects undertaken by Eskom usually have financial and monetary constraints. Financing by government is difficult and impossible, to an extent that the government announced privatisation for Eskom. It is therefore advisable to procure funds on the world's money markets or co-ordinate the disbursement of aid and development. Government as a vehicle to implement projects uses the public enterprise. The reason for using the public enterprise for political and economic projects is for the government to control and participate to retain the efficiency of the enterprise.

The public enterprise management structure allows flexible and efficient executive decision making to replace secretariat type of decision-making machinery. The significant power is vested in the board of directors and senior managers. As the case for Eskom, the decision makes body comprise of the Board and Executive managers. The organisation as a degree of independence and the political climate need not affect its progress. The advantage of Eskom is the existence of independent funds. The corporate managers are financially accountable when auditing is conducted. The manager's daily financial decisions are not subject to political scrutiny.

6.5.2.1 Board of Directors

The organisation main executives with widest power of management are made up of board of directors. The directors are elected to ensure that their decisions will conform with the governments policy. The Board is appointed by



the general assembly, which also have the power to revoke the appointments. The board of directors clearly follows the policies of their respective government. The government ensures by voting or quorum requirements that the Board take no decisions without involving its representatives. The Board must perform limited functions.

The other function of the general assembly is to declare dividends to the shareholders. The Assembly also appoint auditors receives the financial statements and annual reports prepared by the auditors and the board. The Assembly utilises the Board and measures the independent fiscal control. The power of Eskom is its monopoly that allows the organisation to eliminate a number of independent decision-makers. Therefore Eskom must make a shift for competition.

Eskom should have tribunals or external controllers who will exercise powers in all aspects of the financial management of the organisation. They must have a right to attend Board meetings. They must also have a right to call special meetings to discuss report submitted to them. The financial control board must have access to financial books all the time and demand information to perform duties. The information should be provided quarterly for close supervision. The controller may exercise suspense veto power with respect the discussions affecting tariffs or any measure, financially or administrative that could affect Eskom's economic situation unfavourably. In this instance a special Board meeting must be called to give a report to the Board for re-evaluating its decision. If the board is not willing to cancel the decision the controller may jointly *veto* the implementation of the action by immediately submitting a comprehensive report to the government. The government must then uphold the objection by notice within two months of the date of the *veto*. If the government do not ratify the *veto* the decision of the Board stands. The Controller does not have power on matter affecting personnel policy and general management.

Recommendation is made that Eskom should operate within a framework of a competitive system. Regulation should provide incentives to adopt new methods, improve quality, cut costs and develop new markets.

6.5.3 *The Industry Before Reshaping*

Eskom, a public enterprise, carries generation and transmission of bulk electricity at wholesale price with its own price. The organisation set prices of electricity in the main consuming set prices of electricity in the main consuming markets of residential, commercial and industrial customers. The bulk supply is delivered through the national transmission system, the national grid to the Distribution authorities. The local authorities determine their price structures on the basis of their own costs and their financial targets. The load of electricity generated and transmitted must have a balance between supply and demand of electricity. Otherwise blackouts will escalate through the system.

The Electricity Council is responsible to advice on tariff structure, cost benefit analysis of supply security and statistical forecasting of the loads. The monopolistic public utility has the unchallenged power over pricing and investment decisions assuming that the public oriented management carries out the government's instruction to allocate resources efficiently. It is recommended that the government privatise Eskom to create wider share ownership, efficient management of investment programs and desire to reach high-risk technology challenge.

The other form of privatisation that government can use is letting the private sector into the capital of Eskom by increasing the capital with the dilution of the government's interest. In a number of cases, the enterprise needs to be carefully restructured or be prepared to make the public offering feasible. In other countries the government take various steps to restructure the loss-making enterprise for future profit –making. Alternatively, a government may privatise Eskom in either selling minority shares but controlling its interest to

an investor. Later when the organisation becomes profitable the shares are sold to the public.

6.5.3.1 Privatising Eskom, as the Economic Cornerstone

Most stakeholders as a cost saving method in South Africa prefer Privatisation. Corporatisation and commercialisation has to take place long before public enterprises are ready for privatisation in order to make sure that the shareholders, which is government achieves its objectives. Privatisation in South Africa looks at privatising activities, which will regenerate the country's economy. These activities should provide the crucial infrastructure. To achieve this the right policy objectives should be in place. Due to shortage of skills and resources the public sector in South Africa, the private sector has the element of motivating the right management. Public authority can own the assets and the private sector can provide capital. This will be public-private partnership.

The other way of privatisation can be strategic equity. This involves selling quarter shares of the enterprise to the private sector giving incentives to the private sector. Every privatisation has different set of complexities. Best Professional advice is sought to yield the best results for the parastatal.

The government privatisation programme focuses on the rapid restructuring Eskom. South African cabinet relies on Eskom's transformation for privatisation to take place. The departments of Finance and Public enterprises investigate the liabilities of the big entities, of which, Eskom is one of them. The aim is to restructure Eskom's debt and recapitalise its asset base if necessary. The government will publicise a comprehensive policy framework in order to drive this initiative. To unburden the state with unemployment arising from this transformation, the state enterprises are expected to come up with a social plan. During transformation competition should be encourage a services provided must be affordable.

The government intends to accelerate the break-up of Eskom's monopoly by breaking it up into three businesses namely Distribution, Generation and

Transmission. The establishment of Eskom's enterprises, which, hold non-core operations needs to be finalised. The Distribution Group will be consolidated into financially viable, independent regional electricity distributors. This will result on introduction of more transparent tariffs, an electrification levy on a capped tax for part funding of municipal services. Eskom can continue to be the key industrial customer supplier.

The new millennium invites the coming of the global economy. More and more South Africans manager witness changes in their industries. Most of the mangers struggle to adapt to unfamiliar circumstances and new strains of global competition. The remedies of corporate change are total quality management, continuous improvement, downsizing, outsourcing, businesses process re-engineering and focus on core competencies and capabilities. The South African managers embrace a change process, whilst not changing the essence of the company. The manager without a knowledge why these programs are installed and in which context the programs must fit installs programs of change.

The managers need to be aware of the new economy and their role in such environment. The new learning environment not only requires change in programs, affirmative action program but most important change in mind-set. The fundamental issue is that a qualitative shift is taking place in ways in which companies compete. To move to the new economy cost South African managers a treacherous journey. The journey begins with technology.

The revolution of information and communication technologies makes knowledge the new competitive resource. The knowledge flow within the workers and throughout the organisation. The managers in the new environment should allow workers to learn form their experience, from each other and from customers, suppliers and stakeholders. Conversation is the first management tool that makes learning to happen. The new South African encourages conversation between workers, management, government and

private sector. For the managers to eliminate fear and foster trust, he needs to have authority and integrity as managerial asset.

The human capital functions should be transformed into value adding practices, which are strategically aligned with corporate strategies and vision. The organisation can generate competitive advantages through advancing human capital management skills, strategic and intelligence. To effectively use human capital intelligence, organisations must realise its values and learn how to use industry benchmarks as strategic business tools.

Privatisation in some instances refer to transfer of commercially orientated state assets to total private ownership. In most cases privatisation is done to reduce the burden of the state owned enterprise on the national budget. Sometimes if the enterprise's performance is poor, privatisation is inevitable in order to improve its efficiency. To assure wider distribution of business ownership for achieving objectives can also necessitate privatisation. Therefore privatisation is an element of broader economic policy. In order for government to successfully privatise there need to be assistance on how to do it. The government need to analyse, consider and compare the policies and practises of the other countries in addition to their knowledge and assessment of prevailing local business conditions before it privatise. The privatisation transactions differ in accordance the needs of the country, enterprises and targeted time, taking into consideration the local, political, economic, social and legal conditions.

The initial phase of privatisation needs a committee on privatisation to decide which state owned enterprise to be sold. The Government Asset Privatisation Trust should be formulated to actually sell the assets and to take all the related action. Other government entities can dispose of their enterprises. In South Africa the maximum authority of privatisation is placed with the Ministry of Enterprise. An effective privatisation should involve several government departments to ensure co-ordination. The Board of Directors and management in Eskom play a key role, with government as the owner. The

government play a role of selecting and acquiring the Board and management. The government need to device its own approach based on factors such as the scope of the program, political and administrative characteristic of the country. If the scope of privatisation is for fundamental economic policy reform in the country, it should be the top priority for government. The centralised approach yields quick results with the potential for abuse and political backlash. Sometimes it is essential for the Ministry of Enterprise to be advised by private consulting firm, whilst higher civil service provide required skills.

The advisors should have an experience in adjusting techniques to local conditions. The external advisors formulate the overall privatisation program for government. An investment bank can be used to develop a privatisation masterplan, which establish a broad framework for privatising enterprises. Another bank can be engaged to prepare national privatisation plan, which, a detailed review of alternatives methods. One or more advisors depending on the size of the program can deliver the advisory and implementation assistance. Priority for selection should be based on the locality of the firms or a joint venture between the local and foreign firms. The privatisation procedure should safeguard the public's interest by adhering to minimum standards and ensuring maximum return to the state. When assessing privatisation alternatives, the basic country's legal and policy requirements should be considered. Privatisation should be placed in a broader context of modernisation of the economy. The overall gains from privatisation can be greater in a policy environment that encourages the efficient operation of private enterprise and avoiding giving preference to private parties. Therefore privatisation may need to have a well-planned policy reforms that promote strong interest by the private sector to permit competition and efficient pricing.

6.5.3.2 Procedure for Privatisation

The government should apply criteria to determine the privatisation of the public corporation. This includes the role in support of national and regional policy objectives. The objectives must have the potential for commercial

viability, readiness for privatisation and have the positive effect on the interested party. Once the enterprise is selected the government's team as well as advisors do an in-depth review from private sector. An analysis is made and recommendations presented to the Cabinet Ministers. If the Cabinet approves, the legal, financial and legislative steps for selling the state asset will take place. The evaluation of the organisation is done once the asset is sold and tabling of the bill in parliament for issuing selection of shares to the public. After privatisation the government need to do post-sale monitoring to performance and the success of the enterprise.

6.5.3.3 Methods of Privatisation

One of the methods that can be utilised is for privatising the state asset is disposing its parts based on its merit. The government can decide to sell a portion of the enterprise and leave the rest for the shareholder. Some state owned enterprises extensively undergo financial restructuring. In other instances management contract rather than selling. Privatisation can take a form of public offering shares, new private investment in the state owned enterprise, reorganisation of the organisation into parts and employees given an opportunity to buy or lease. The other method is allowing private control or ownership by introducing competitive features like performance related incentive. Economic policy reform can be made, such as allowing private operators to provide public transportation. Privatisation can be made by attrition, whereby the enterprise operates as a monopoly but not renewing investments. The private sector in this instance can gradually be permitted to invest in the organisation and its related facilities. In this way the private sector can take over part of the enterprise's operating contracting out services for production.

6.5.4 Strategy and Organisation Structure

For Eskom to have a smarter strategy there should be the existence of organisational structure. The structure should be adaptable to changing and turbulent markets. The organisation should be able to align and realign its business against changing markets. The senior managers should design a

process, which involves transferring and combining the bits and pieces of the business in the market. The managers will be able to pick up the best opportunities to adjust the business. The effective organisation's strategy will create the best economic results. The structure in Eskom should be considered temporary and not stable or permanent. The organisation's strategy will emerge from business opportunities.

In order to increase efficiency in Eskom, the business unit's size should be kept small enough for agility. The right structure of the organisation has a consistent compensation system. Change can be used as a tool to outperform the most efficient capital markets. The change can be small and ongoing resulting realignment over time. Most of the traditional strategies in Eskom failed to sustain competitive advantage and superior long-term performance. The business unit's strategies can add value to the organisation but seems to be misled by the market. In volatile markets the corporate strategy should focus on strategic processes more than strategic positioning. To outsmart the market it is important to build corporate level strategic processes to allow strategic repositioning.

Eskom is still top-down orientated in planning and resource allocation. The new Eskom strategy should focus on change. This strategy will combine business units to result market agility. The business units will co-ordinate and focus on processes in dynamic markets. The business units will concentrate on specific customer demands. The organisation will also get a chance to exploit opportunities for growth. A small-scale change can create a competitive advantage. Business needs. Opportunities and turbulent markets require realignment from time to time. New technology, products, services and market opportunities require fresh ideas. Strategists must continually realign business to market opportunities. The organisation will be able to have the best future opportunities of collective business, if it changes.

6.5.4.1 Downsizing

Downsizing Eskom can result deterioration in morale, trust and productivity. During transformation the organisation should guarantee employability and not employment. Employability means that people will be trained to retain their jobs and not to be ready for dismissal. Eskom should aim to have profitability, wiliness for employees to work hard and develop quality management. The organisation must retain stability in finances and must attract quality employees. Expert use of technology will assist the organisation to be competitive. The technology use should be customer focussed and the distribution of electricity should provide superior information system. These will assist the organisation to retain consistent growth earnings on annual basis.

Eskom should develop incentives to keep brilliant employees. These employees must be encouraged to deliver top service. There should be change at the top of the structure. This will make it possible for Eskom to reach its goal of providing cheaper electricity. Gradual outsourcing of ideas and usage of low cost production methods will allow the organisation to be competitive. Focus should be on what the organisation does well.

6.5.4.2 Globalisation

The Chief Executive of Eskom should know if the organisation is on the right track about globalisation. The organisation's governance and responsibilities measure the success of globalisation. In the case of Eskom these include The Board of Governing Bodies and Regulators. The strategy and planning from the organisation also determine how global the organisation the organisation is. If the research and development are innovative, the response to local opportunities integrates with global processes. Leadership development, global culture and technology should be globally measured. The global results will guide the organisation to learn from new opportunities, through research and development.

6.6 CONCLUSION

The various practical thoughts founded in this research paper will be tried and tested towards building of the learning environment for Eskom. The definitions for a learning organisation have been viewed from various aspects for the emergent of concepts. Primarily, it appears that it is a continuous process for sharing learning and knowledge. The aim of doing this is to improve effectiveness in line with the company's business objectives and strategy. The learning organisation is skilled at creating, acquiring and transferring knowledge. Such organisation will modify its behaviour to reflect the newly acquired knowledge.

The learning organisation is not only reactive but is intentional, effective and connected to the purpose and strategy of the organisation. The learning is timely, anticipating challenges, threats, opportunities rather than just responding to crises. The organisation creates flexibility and agility so that the organisation can handle uncertainties. The people in the learning environment see themselves as capable of continuously generating new ways to create the results they most want.

The learning environment main activities involve systematic problem-solving, experimentation with new approaches, learning from the past experiences, learning from the experience and best practices of others and transferring knowledge efficiently throughout the organisation.

The findings therefore argue that Eskom does not keep up with the challenges of technology, customer and employee expectations, market and competition. This necessitates the organisation to adapt and learn to perform new tasks and older tasks faster and effectively. In other words it must generate new organisational knowledge. The rate of learning should be equal to or greater than the rate of change in the environment.

Provision of services to Eskom's clients and customers need a fundamental change. The change initiatives can be based on local and international trends.

The human resources function is decentralised such that the management of people is the job of the line managers and not of the human resources function. This makes the human resources professional to have little or no influence on strategy and business performance improvement. If the human resources function is centralised increase in contribution is expected. The function of the human resources is to assist the organisation to change its strategic direction. The strategies should include human resources development and performance management. The top management should provide effective commitment to change.

The human resources management should develop flexible structure and learning environment, which will quickly respond to change. The strategic framework should be developed to embrace the organisational structure that is adaptive and receptive to change. A flexible structure removes boundaries to allow multiskilling. Employees within a flexible structure will operate within teams, using flexible working hours.

The strategic planning process will encompass revisiting of Eskom's vision, mission and strategic goals. The method of reaching these goals should also be revisited. This will assist with change and planning for the future opportunities and possibilities. The strategic analysis can be made on external and internal environment, customer needs and competitors.

The changing structure must be aligned to the changed occupations. The prominent feature of the New World of work will be the decline in full time jobs, the rise of part time jobs, contractual and self-employment. Female employment should exceed male employment. Eskom should reduce in size and the structure should be flatter, by removing unnecessary layers. The shape of the organisation should put the customer at the top and followed by people who work close to the customer.

The values Eskom should be based on customer and employees care competitiveness, excellence, innovation, quality, performance and teamwork.

A successful aspect of human resources depends on the commitment of every member of the organisation. The commitment should identify with the organisation's vision, goals and values. The integration of the organisations needs and the employees need is also essential. The employees in Eskom should own change to prevent outsiders imposing change on them. The business, which reflects the organisation's intention, should be clearly understood by everybody in the organisation. The human resources strategy and business needs should be integrated because they influence each other. The effectiveness of this integration depends on the involvement of the human resources manager at the top. The human resources development strategy provides continuous development processes linked to the programmes designed for the organisation. To implement strategic change requires people to be prepared, accept and commit to change.

The process by which the organisation transforms itself plays a vital role. The process will determine the way people behave. Ownership, commitment and empowerment and participation should be basic. For change to be effective, middle managers should become mediators. At the moment Eskom apply top-down change process. Strategic change should design a process whereby business units are classified in terms of their potential. This process helps the business to change the employment practice according to the change in business. Strategic drivers, who determine the organisation response to competitive environment, can result from strategic change. Eskom top management should play a facilitation role by creating a climate for change and sharing success stories about change. Effective change programmes should be based on joint commitment and shared vision. Eskom environment should encourage learning how to learn.

The reward system in Eskom should be linked to the business strategy. This change will be an important cultural change that affects individual behaviour. The compensation system needs to be flexible and include the employee input. The choice of the reward system should be designed to fit the

objectives of the strategy. The flexible remuneration system is effective in an organisation, which is not bureaucratic.

A shift in Eskom from paying people for the type of job they do to the skills they have should be implemented. Leaders can compare where the individuals are in terms of pay and where they are expected to be in the future. The emphasis will be on individual contribution to the job. The competencies should also be market related. In order for the organisation to change its strategic direction it should succeed in changing the way individuals behave. The changed reward system should be linked to business objectives. The system should acknowledge structure, products, services and technology. The top-level commitment to the new remuneration structural change should be genuine. Commitment and involvement of middle managers should prevail. The change should be communicated throughout the organisation and should be fully understood. The individual component of the remuneration package should be aligned to overall human resources strategies. If this occurs, then the organisation is ready to adapt to changing world and will be competitive. The explicit change management is characterised by top management recognition and commitment that address change. The change includes culture and environment. Eskom will be operating within a learning environment. The different approaches in learning environment have resulted and will continue to develop new perspective in Public Administration.

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ANNEXURE A

LEARNING ORGANISATION ASSESSMENT

Using the response options below, write in the blank before each statement the number which best describes your answer.

Response Options: 1.= **Not at all**

2.= **To a slight extent**

3.= **To a moderate extent**

4.= **To a large extent**

5.= **To a very large extent**

Currently, in my organisation-

1. There is freedom of speech and thought about what people have learned. There is no fear, threat or penalty for disagreement or dissent.
2. The company provides a high standard of service.
3. Mistakes made by individuals or departments are converted into constructive learning experiences.
4. The company pays me better than other companies.
5. Within the company, there a general feeling that it is always possible to find a better way of doing something.

6. Different viewpoints and open debates are encouraged and cultivated.
7. Experimentation is encouraged and championed as a way of doing business.
8. Mistakes are viewed as positive growth opportunities throughout the system.
9. The jobs that people do allow them to use their skills and abilities.
10. People are willing to break old patterns to experiment with different ways of organising and managing daily work.
11. The promotion process is equitable to all employees.
12. Management practices are innovative, creative, and periodically risk-taking.
13. The quality of work life in our organisation is improving.
14. The structures are formally and informally designed to encourage people at all levels to share what they learn.
15. The organisation is designed for problem-solving and learning.
16. Learning is expected and encouraged across all levels of the organisation: management, employees, supervision, union, stockholders, customers.
17. People have an overall view of the organisation beyond their speciality and function, and adapt their working patterns to this view.

18. "Lessons learned" sessions are provided for clarification, specification and permanent structural and organisational changes.
19. Management practices, operations, policies and procedures that become obsolete by hindering the continued growth of people and the organisation are removed and replaced by workable systems and structures.
20. Continuous improvement is expected and treated receptively.
21. There are clear and specific expectations of each employee to receive a specified number of hours of training and education annually.
22. Workers at all levels are specifically directed towards relevant and valuable training and learning opportunities - within and outside the organisation.
23. Cross-functional learning opportunities are expected and organised on a regular basis, so that people understand the functions of others whose jobs are different, but of related importance.
24. Middle managers are seen as having the primary role of keeping the learning process running smoothly throughout the organisation.
25. The unexpected is viewed as an opportunity for learning.
26. People look forward to improving their competencies as well as those of the whole organisation.
27. The systems, structures, policies and procedures of the organisation are designed to be adaptive, flexible, and responsive to internal and external stimuli.

28. Presently, even if the environment of the organisation is complicated, chaotic and active, it nevertheless does not affect productivity.
29. There is a healthy, manageable level of stress that promotes learning.
30. Continuous improvement is practised and is well aligned within the organisation.
31. The difference between training/education and learning is clearly understood. (Training and education can be conducted in such a way that no learning takes place.)
32. People are encouraged and provided with the resources to become self-directed learners.
33. There is an intensive, on-going education programme to prepare middle managers in their new roles as teachers, coaches and leaders.
34. Recognition of your own learning style and learning styles of co-workers is used to improve communication and over-all organisational learning.
35. Management is sensitive to differences in learning and development of employees, with the realisation that people learn and improve in many different ways.
36. There is sufficient time scheduled into people's professional calendars so that they can step back from day-to-day operations and reflect on what is happening in the organisation.
37. Direction and allocation of resources are planned to bring about meaningful and lasting learning.

38. Teams receive recognition and are rewarded for their innovative solutions to problems.
39. Managers have considerable skills for gathering information, and develop their abilities to cope with demanding and changing management situations.
40. Managers enable their staff to become self-developers, and learn how to improve their performance.

ANNEXURE B

PERFORMANCE APPRAISAL

In order that the Departments' objectives be met, human resources representatives must be able to perform the following duties must be carried out accurately, consistently and timely. For each of the services listed below, please check the rating you feel typifies the performance of your human resources representative (name the representative). If you are not familiar with the performance in a specific category, please designate this by marking it N/A (Non-Applicable).

SERVICES

Staffing And BBO

Processes requisitions and ensures that the proper procedures are carried out. Provides qualified candidates, sends responses to employees explaining rejections for interviews. Processes approval requests for the relocation of employees, reductions in force, department reorganisations and exit interviews. Documents the company affirmative action programme.

Fails to meet requirements
Meets Requirements
Superior

Salary Administration

Instructs/advises management on writing position specifications. Explains the guidelines for merit, promotional and transfer increases. Processes payroll documents.

Fails to meet requirements
Meets Requirements
Superior

Policy and Procedures

Explains /interprets personnel policies, procedures and programmes for management and employees. Acts as intermediary between management and Corporate Human Resources Department regarding disagreements and requested exceptions

Fails to meet requirements
Meets Requirements
Superior

Performance Appraisal

Explains procedures for conducting performance appraisals and reviews for supportable ratings and comments. Advises appropriate corrective action steps for poor performance, attendance etc.

Fails to meet requirements
Meets Requirements
Superior

Employee Relations

Counsels employees on all job related matters. Represents employee complaints to management and provides management with employee feedback.

Fails to meet requirements
Meets Requirements
Superior

Personnel Records

Provides management with employee personnel files, information Department organisation charts, etc. if requested

Fails to meet requirements
Meets Requirements
Superior

Employee Benefits

Explains benefits to current employees, newly hired, transferees. Provides retirees, or other terminations and assists in completion of forms. Resolves problems with pension and group benefits and payroll services departments.

Fails to meet requirements
Meets Requirements
Superior

The attribute possessed by your Human Resources Representative directly impact the manner in which the foregoing services are rendered. Please indicate your perception on the following using a scale of 1 to 5 with 1 being outstanding and 5 being unsatisfactory.

Rating

Readily available, easily accessible to managers/ employees.

Ethical, and honest, displays integrity.

Anticipates emerging human resources issues and problems.

Analyses personnel problems and provides solutions

Adheres to company policy , yet receptive to exceptions.

Establishes rapport with managers/employees.

Personable

Sensitive to employee's needs and feelings

Protects confidentiality and commands trust

Tolerates conflict, frustration, anger from managers/employees

Displays respect for managers/employees and is respected in return

Understands your core business or operational function



This evaluation thus far has been on the services provided by your Human Resource Representative. In the space below, please comment on your perception of the advice and service provided by the Corporate Human Resources Department as a whole.

Name _____

Date
