

CHAPTER XV CONCLUSIONS AND RECOMMENDATIONS

15.1 INTRODUCTION

In this chapter the original aim of the study are linked to the results and conclusions drawn, while a number of specific recommendations are made. A summary of the results is given with conclusions based on the literature study. Some psychometric considerations, some aspects of the research design i.e. administering the questionnaires and the qualitative research strategy, as well as the representativeness of the sample are discussed. Specific conclusions based on empirical research are drawn with detailed recommendations for creating a new organizational culture of human habits that would lead to a highly effective organization. Consequences and recommendations for Human Resources are discussed. Lastly, other observations and learnings of the researcher are mentioned.

15.2 A SUMMARY OF THE DATA ANALYSIS

The results of the data analysis by means of various statistical techniques were presented in this Chapter XIV. Descriptive statistics for all the dependent variables for all the questionnaires showed that the distribution was to a smaller or larger extent skewed and that the peak of the distribution is not mesokurtic. The somewhat large standard deviations confirmed that the distribution was skewed across all the questionnaires. The standard error also indicated a moderate to high variability among the sample mean implying that inferences about the population mean from the sample mean could be in error.

Specific issues and needs identified through the Transformation Questionnaire are:

- Low staff morale;
- Understanding and identifying with the objectives of the organization;
- Linking the objectives of the organization to individual jobs outputs;
- Understanding and identifying with the transformation objectives of the organization;
- Communication regarding transformation policy, procedure, progress and issues;
- Resistance to change;
- Building a new culture (in line with transformation objectives) that values diversity and previous good practices;

- Management and team issues including communication, problem solving, decision-making, and values;
- Career management, and succession planning;
- Remuneration;
- Learning opportunities; and
- Impact of transformation insecurities and stress on employee well-being.

Many of the issues identified in the Transformation Questionnaire correlates to the issues identified in the Motivation Questionnaire. Additional issues and needs identified through the Motivation Questionnaire are:

- Open communication with management;
- Recognition and rewards;
- Development (including multi-skilling) and promotion prospects;
- Utilization of potential; and
- Work security and commitment to the organization.

The dimension personal job satisfaction (comprising satisfaction with the work environment in terms of equitable practices, growth opportunities, and relationships) showed personal job dissatisfaction for Head Office and branch network staff and more specifically for tertiary educated staff.

The dimension social and esteem needs (through constructive conflict management, development opportunities, and recognition) indicated that 45,5% and 49,85% for males and females respectively have higher social and esteem needs. These needs are less prominent for both male and female respondents of 41 years and younger.

The dimension coaching for development needs showed prominent and very similar needs for male and female respondents. The coaching for development needs for Head Office and branch network staff is high, but are more prominent in the branches. These needs are also more prominent for tertiary educated staff, across the genders, but specifically for the majority of the males.

The dimension individual-centred leadership showed moderate needs for Head Office staff across the range of education and language groups, though it is more prominent for

the matric and English speaking respondents. These needs are not prominent in the branch network.

The dimension team spirit indicated high needs across all age groups.

The dimension internal control indicated lower levels of internal control for the majority of matric qualified respondents both in Head Office (52%) and the branch network (67,7%). Also, higher levels of internal control were established for the majority of tertiary qualified respondents both in Head Office (96%) and the branch network (70%).

The dimension external control indicated moderate (67,7%) to high (19%) external control for matric qualified respondents. Higher external control is evident in Head Office (45,5%) compared to the branches (20,2%).

The dimension autonomy indicated high levels of autonomy for the majority of tertiary qualified respondents both in Head Office (84,6%) and the branch network (88,2%). The majority of the matric qualified respondents in Head Office showed lower levels of autonomy (55,1%); though higher levels of autonomy were found for the majority of matric respondents in the branch network (79,2%).

Bravais-Pearson product-moment correlation coefficients between the five motivation need dimensions and the three dimensions of the Locus of Control Inventory were also calculated. Low but significant positive correlations were determined between job satisfaction on the one hand and coaching for development, team spirit, and external control. Also, low but significant positive correlations between social and esteem needs on the one hand, and team spirit and autonomy on the other. The positive correlation between social and esteem needs and individual-centred leadership needs is significant and moderately high. The positive correlation between team spirit and autonomy is significant and moderately high. The positive correlation between internal control and autonomy is significant, but low.

The classification table for the discriminant function analysis indicated that 80,08% of the “grouped cases” was correctly classified for the motivation needs and locus of control orientation. Individual-centred leadership, and coaching for development, best predict group membership according to the Afrikaans and English language groups,

whereby 59,28% of the “grouped cases” were correctly classified. These two motivation dimensions also best predict group membership according to the Afrikaans churches (All Reformed churches), and English churches (Baptists, Roman Catholic, Methodist, Anglican, and Rhema) groups, whereby 63,91% of the “grouped cases” were correctly classified. Four motivation dimensions, viz. team spirit, job satisfaction, individual-centred leadership and coaching for development, best predict group membership according to the education groups (Matric and tertiary qualified staff), whereby 79,32% of the “grouped cases” were correctly classified. Four motivation dimensions, viz. job satisfaction, coaching for development, social and esteem needs, and individual-centred leadership best predict group membership according to the branch groups (Head Office or branch network), whereby 61,84% of the “grouped cases” were correctly classified.

An analysis of variance proved that the main independent variables, viz. gender, religion, language, educational qualifications, income, age, occupational level, and geographical area employed in, and their two-way interactions had some significant influences on the dependent variables viz. job satisfaction, coaching for development, social and esteem needs, individual-centred leadership, team spirit, internal control, external control, and autonomy.

15.3 PSYCHOMETRIC CONSIDERATIONS

The Locus of Control Inventory proved to be a valid and reliable instrument to the investigation of locus of control orientation, and differences in the locus of control orientation dimensions according to the independent variables mentioned.

The Motivation Questionnaire proved to be a valid, but not very reliable instrument to the investigation of motivation needs, motivation needs-dimensions and differences in motivation needs-dimensions according to the independent variables mentioned. The Transformation Questionnaire proved to be a valid but not very reliable instrument either for the investigation of transformation needs. Reliability estimates were calculated for the different factors studied (“mini questionnaires”) in the Transformation Questionnaire, which provided better results on many of the factors.

For the organization to be effective and successful with its transformation objectives and achieving the vision, the consequences and implications for organizational strategy, culture practices, and organization development initiatives need to be revised. The

challenge lies in changing/aligning the informal components of the informal organization. These include basic beliefs about people, talent management and retaining human capital, living the new organizational values, emergent power and influence patterns, interpersonal and group relationships, and perceptions around integrity and trust. These consequences, implications, and recommendations are discussed next.

15.4 **CONSEQUENCES AND IMPLICATIONS FOR ORGANIZATIONAL STRATEGY, CULTURE PRACTICES, AND ORGANIZATION DEVELOPMENT**

It can be concluded that from the qualitative research (direct observation done by the researcher) as well as quantitative research by means of the Motivation, Locus of Control and Transformation Questionnaires, that various aspects of the transformation process were not effective. Specific interventions are needed for integration of the change strategies with the organization culture(s), and a refocus on behavioural change strategies that are aligned with the transformation principles, that will also improve work motivation during change. Specific recommendations in this regard are discussed below.

15.4.1 **INTEGRATING ORGANIZATIONAL STRATEGY WITH ORGANIZATIONAL CULTURE(S)**

Improved organizational performance and effectiveness will be lasting if there is an integration of the organizational strategy and organizational culture(s). This research indicated that transformation (strategic change) impacts on organizational culture(s), and hence needs to be managed as an integrated approach. As described in Chapter III, the strategy components (goals, objectives, and activities) need to be aligned with the cultural components (values, practices, and behaviours)(Tosti, 1995:20). From the research it is clear that an integrated change approach was not followed as recommended in Chapter VI.

Therefore an organization transformation (OT) strategy (proactive OD strategy) should be part of the business strategy. The objectives of the OT strategy should be total organizational effectiveness, utilizing an action research model and principles of the learning organization, with multidimensional interventions on the individual, group, and organizational levels. The OT strategy should be multidisciplinary and systems thinking should be utilized.

It is proposed that validated and reliable culture (climate) surveys and focus groups should become part of the OT strategy, where the transformation factors (including work motivation) that impact on a strong organizational culture or subculture are tracked, measured and managed continuously. As discussed earlier the specific motivation strategy (included in the OT strategy) for the business unit/team should be aligned with the organization's strategy, objectives, business plans, critical success factors, the values of the organization, as well as the subculture(s) of the team/business unit(s). The specific OT strategy should also focus on all the areas that need to be addressed according to the research factors that impacted negatively on the success of the transformation process.

15.4.2 THE CHANGE MANAGEMENT PROCESS

From the discussions in Chapter IX to XI it became evident that the following factors impacted on the ineffectiveness of the change process:

- The ineffective communication strategy regarding the transformation principles and processes;
- Unclear roles, responsibilities, and limited knowledge of the different change teams focus areas;
- The external consultant's analyzer style which placed great emphasis on efficiency with little emphasis on relationships and morale;
- Specific information about critical factors that drive the diagnostic phase were not managed for improvement, viz. the barriers to change, "burning" issues identified in the workshops and negative power dynamics of key people;
- The limited acknowledgement for previous good practice (culture reinforcement);
- Many of the strategic, operational and cultural concerns were not identified or managed through an integrated approach to change with relevant and multidimensional interventions;
- The information gathered in the diagnostic phase was not always presented in terms of criteria that reflect measured effectiveness on an individual, group or organizational level;
- The lack of an action research change model that could provide feedback in terms of culture and leadership behaviour change (old versus new culture); and
- Ineffective management of Human Resources related issues including communications, stress and conflict management, morale, affirmative action issues, and employee relations. HR systems and procedures were not amended

with the new performance outputs (including values), standards and measures or to recognize and reward the changes needed in work behaviour (values behaviour changes).

Regarding the continuous improvement process including self-renewal, monitoring and stabilising the action programmes the Bank made good progress with the following:

- Reviewing and expanding its range of financial products and its loan procedures to meet the needs of new clients;
- Consolidating its existing client base;
- Upgrading and modernizing its banking systems to provide improved and efficient service;
- Taking measures to ensure accessibility for its clients; and
- Developing Provincial Forums that will provide an ongoing formal link between the organization and external stakeholders.

It is proposed that a permanent Transformation (OT) Unit be established within the organization that would be responsible to act as the change leadership team, on an ongoing basis. This Unit should drive existing and future transformation initiatives (reactive and proactive OD), and culture management. Specific emphasis should be placed on improving the aligned strategy-culture approach as discussed earlier. The Transformation Unit urgently needs to focus on culture management initiatives (explained in Chapter III) including culture change (transformation, employment equity, diversity management, change in values and leadership behaviour), culture reinforcement (acknowledge previous good practice and progress), implementation (new initiatives) and change management (action research). This Unit could report directly to the Managing Director, and should be represented by transformational leaders within the business and HR.

15.5 CONCLUSIONS BASED ON THE LITERATURE STUDY

A lot has changed in South Africa the last 9 to 10 years (since 1994) when the first democratic elections occurred, with ensuing progress on economic and social reform. Pressing economic (including globalization), social and labour considerations made change unavoidable in the country, but also in the majority of South African organizations. Organizations as open systems in constant interaction with their environment are dependent on their ability to adapt to the demands of the environment

for organizational survival. The specific needs for change in the organization studied were discussed as the restructuring and process re-engineering initiative, followed later by recommendations made to Government through the Rural Financial Services Commission, new labour legislation, a need for improved customer service (a broader customer base with diverse lifestyles and needs), a need for improved technology and information systems and a changing workforce (Employment equity and affirmative action initiatives).

These drivers for change impacted on the interrelated primary components of the organization (subsystems), viz. technical, structural, management, psychological, goals and value components. The impact on the structural subsystem was brought about through restructuring, division of work, new decision-makers and authority, as well as changes in organizational policies and procedures. The impact on the technical subsystem was brought about through process re-engineering, new technology, as well as new techniques and equipment necessary for service delivery. The impact on the psychosocial subsystem was brought about through massive restructuring and affirmative action initiatives, resulting in a new network of social relationships, behavioural patterns, norms, roles and communications. The impact on the goals and values subsystem was brought about through a new mission and vision of the organization, value changes such as empowerment, team work, learning and development, diversity awareness and respect for the individual. All the changes mentioned previously collectively impacted on the managerial subsystem that spans the entire organization by directing, organizing and coordinating all activities toward the basic mission. The managerial subsystem is important for the integration of the other subsystems, and the proposed changes were true role modelling, living the new organizational values, participative management, creating opportunities, people-centred focus, giving recognition, motivating and coaching staff and capacity building.

Large scale organizational change/transformation ideally should be based on an integrated approach, where the organization is viewed as an open system with various interrelated sub systems and cultures. An action research approach to change was proposed for the target organization; an ongoing process of problem diagnoses, action planning, action implementation and evaluation. Action research is linked to the concept of a learning organization where learning and innovation become part of the organizational culture, with a sense of urgency to anticipate change and to learn from it.

Action research also incorporates systems thinking. The target organization used strategic alliances with customers, suppliers and competitors as methods for learning. Information is used in the environment scanning process (described earlier), based on measurement criteria and managed as a shared responsibility.

Through this research it became evident that it could be easier to change processes and structures within the organization, but the challenge is to change behaviour of individuals, groups and the larger organization. The basic organizational behaviour model discussed in Chapter II refers to the impact that individuals, groups and structure have on attitudes and behaviour within an organization. This knowledge can be applied to improve human outputs related to performance, job satisfaction or work motivation, absenteeism, turnover and specific job-related attitudes that can make organizations work more effectively. It was also discussed earlier that organizational effectiveness depends on group effectiveness, and group effectiveness depends on individual effectiveness. From this research it is evident that the environment, technology, strategy, structure, processes and culture influence organizational effectiveness. According to Gibson *et al.* (2000:15) group effectiveness is influenced by cohesiveness, leadership, structure, status, norms and roles; and individual effectiveness is influenced by ability, skills, knowledge, attitude, motivation and stress.

The research done in this study indicated that proposed change strategies and plans were not always implemented by means of an integrated approach (technical, structural and behavioural focus areas), which hampered the success of the transformation process.

15.6 RESEARCH DESIGN

In this study both qualitative and quantitative research strategies were utilized to investigate the factors that influenced the effectiveness/ineffectiveness of the transformation process. Quantitative techniques (survey method research) were used to assess employee attitudes regarding the factors that influenced transformation, to investigate work-related needs and work motivation and to assess locus of control variables. A qualitative strategy was used to gather information about the need for change in this organization, the diagnoses of the current organization, planning of change strategies, implementation of change interventions, and management of the transformation process within the organization.

15.6.1 ADMINISTERING THE QUESTIONNAIRES

The administering of the questionnaires caused no real problems. The researcher administered all the questionnaires, both in Head Office and all the branches. This ensured that the same process was followed. It is recommended that a more valid and reliable Transformation Questionnaire (culture/climate survey) be developed, that could be used in both the branch network and Head Office. The questionnaire should be accessible via the intranet, provide feedback and reports immediately that can also be used to manage the culture change.

15.6.2 THE QUALITATIVE RESEARCH STRATEGY

The researcher's role was established as one of an objective observer of each and every aspect of the transformation process that entailed data collection, evaluation and feedback to the external consultants. Throughout Chapters X to XII the background to the transformation process was explained in detail and critically reviewed. This proved to be useful feedback to inform the change team of the change process and possible focus areas for improvement.

15.6.3 REPRESENTATIVENESS OF THE SAMPLE

It was never intended to research only a sample of the organization - the entire branch network of the organization and the Head Office were included in the surveys. A response rate of 52,15 % was achieved. The sample taken in this study provided useful scientific information, although it displayed obvious limitations. If the organization is serious about embarking on a culture management process as part of the transformation initiative, further action research needs to be done on all aspects that impacted on the transformation initiatives and organization effectiveness. An elaborate sample should be used where subjects are drawn from all the cultural (ethnic and demographic) groups, including all the relevant independent variables. Further research could include diverse subjects in the banking/finance industry. This would allow significant comparisons across organizational boundaries, and assessments to be made in regard to attitudes, work motivation needs during change/transformation, factors that impact on the effectiveness of change initiatives and possible guidelines for effective culture management practices. A shortcoming of this study was that the branch network had not been surveyed on the Transformation Questionnaire, but only the Motivation and Locus of Control Questionnaires. The representation of African respondents was also unfortunately insignificant.

15.7 CONCLUSIONS BASED ON EMPIRICAL RESEARCH

The basic organizational behaviour model discussed in Chapter II indicates that human output (performance, absence and turnover and work-related attitudes including job satisfaction and commitment) and organizational effectiveness are determined by various variables on the organizational, group and individual levels. The researcher focused on an organization that went through massive transformation, studying some of the factors that might impact on the effectiveness of the organization through a Transformation Questionnaire. These factors as well as the second order factors as identified for the Motivation and Locus of Control Questionnaires will be discussed next.

15.7.1 OBJECTIVES OF THE ORGANIZATION

An organization that anticipates massive transformational change must know that it will impact on the individual, group and organizational levels. This new vision, mission, objectives, and the strategy should be clearly communicated and understood by all stakeholders as part of the change process. The target organization embarked on a number of workshops to explain the transformation process and objectives, yet the statistics show a failure as the subjects said they had not understood the objectives of the organization, nor did they identify with the objectives. This links with the need for clearer job descriptions (new performance agreements linked to the business strategy). For the business strategy to be understood all possible means of communication of the new objectives and strategies need to be done and the link with personal job performance objectives (outputs, standards, measures, competencies) need to be clarified and agreed for every employee.

15.7.2 THE TRANSFORMATION PROCESS AND COMMUNICATION

The majority of the subjects agreed that the transformation process is needed, they wished to be part of it, they supported the modernization process, while a vast majority needed more information about the process. This indicates that the communication process was not effective. As part of the continuous evaluation and improvement process, the communication strategy needs to be extended to include intranet news coverage, business communication updates via e-mail, regular articles in the staff newspaper, as well as regular presentations/videos by senior management.

15.7.3 INDIVIDUAL LEVEL: ISSUES AND JOB SATISFACTION

15.7.3.1 EMPLOYEE RELATIONS AND EMPLOYEE WELL-BEING

Some of the subjects feel that the past two years (during transformation) have affected their health. Many employees seem to have grievances, and some employees are of the opinion that the organization does not take care of them. Many subjects feel insecure and anxious and don't know what to do when facing major changes in work or life situations. This links with the majority responses of the subjects that they do not have enough experience and courage to face the challenges, indicating uncertainty. The organization does not have a formal policy on employee relations, a clearly defined grievance procedure, or any other defined process to identify (climate surveys) and deal with unhappy staff issues (independent staff ombudsperson). The organization needs to establish an employee well-being policy and procedures, and qualified staff or professionals to manage these issues.

15.7.3.2 VARIABLES THAT INFLUENCE MOTIVATION

The Transformation Questionnaire indicated that the majority of the subjects regretted having accepted their jobs and would consider another job within or outside the organization. Many subjects were of the opinion that they were not trained well enough to perform in their jobs, were unhappy about their development opportunities, and needed career guidance. The Motivation Questionnaire also identified many of the issues identified by the Transformation Questionnaire. The vast majority of staff disagreed about receiving the recognition they deserve for the work they do. The majority of staff were of the opinion that they received inadequate training, or had inadequate promotion prospects, that their potential was not fully utilized, experienced work insecurity, and perceived inadequate communication from management. Staff was not committed to the organization as many would like to work for another organization. These are just a few examples of the factors that impact on job satisfaction. The dimension personal job satisfaction showed personal job dissatisfaction for both Head Office and branch staff, and specifically for tertiary educated staff. From the data obtained the responses seemed fairly negative which also indicates low staff morale.

From the discussion it is evident that individual work motivation should be a critical focus area for improvement. As proposed earlier, a motivation strategy need to be developed as part of the proactive OD strategy, that is incorporated in the business strategy to address all factors that impacted negatively on the success of the transformation process.

Culture/climate surveys, driven via technology should be used to track, measure and manage the desired changes continuously.

Specific proposals for HR policies and practices, as well as human habits and leadership challenges are discussed later.

15.7.3.3 LOCUS OF CONTROL ORIENTATION

The dimension internal control indicated lower levels of internal control for the majority of matric qualified respondents both in Head Office and the branch network. Also, higher levels of internal control were established for the majority of tertiary qualified respondents both in Head Office and the branch network. The reason might be indicative of the centralization of power to the Head Office, especially during transformation. The majority of the tertiary qualified staff were in managerial positions or were young individuals that joined the organization recently. Also, the dimension external control indicated moderate to high external control for matric qualified respondents. Higher levels of external control are evident in Head Office compared to the branches. Also, the dimension autonomy indicated high levels of autonomy for the majority of tertiary qualified respondents both in Head Office and the branch network.

Managers should focus their efforts to influence their staff to believe that what happens to them are determined by their individual abilities, efforts, and actions. The locus of control orientation could be used by management and the change team as a guideline to identify individuals that should help to drive the change initiatives. Because “internals” are leaders and “externals” are followers who tend to be more dissatisfied and less involved with their jobs, it is predicted that when organizational demands require initiative and independence of action (managerial and professional jobs), internals would be more suitable (Robbins, 1998:58). When the requirement is for compliance and routine work, however, externals would be more appropriate. Managers should also attempt to identify perceptions of task difficulty and find ways of changing these perceptions by effective coaching and competency-based development. If perceptions of task difficulty cannot be changed then it would be appropriate for management to designate internals for the job as they exhibit more task-oriented behaviour, goal-oriented behaviour and job effort with the appropriate rewards (Gul *et al.*, 1994:976). Matching individual differences (needs and capabilities) with task expectations and requirements will then lead to improved performance.

The culture change initiatives discussed in Chapter III can be used as a guideline to analyze individual beliefs and values, the organizational climate and leadership styles and to ensure the alignment of the shared values to the desired organizational culture. A major focus is needed to improve the people management and leadership competencies of all managers. Some proposals about this issue are made in paragraph 15.7.4.

The integrated model for work motivation discussed in Chapter IV offered some tips on work motivation on individual and group levels and the specific links with the work environment, organizational culture(s), objectives and strategies. It is vital to pursue the reasons why the diversity of employees are unhappy as part of the continuous improvement process, to implement OD interventions to address the issues and to establish a motivation strategy for the organization. Specific HR issues including performance management, competency-based and NQF aligned training and development, leadership development and others will be discussed in paragraph 15.8.

15.7.4 ISSUES AT GROUP LEVEL

Many issues related to communication, conflict management, decision-making, group/team relationships and leadership at group/team level were identified.

Many subjects were unhappy about the way they were treated by their colleagues or by their managers. Some were of the opinion that only management take decisions. Many subjects were of the opinion that the organization should take diversity issues more seriously and assist in facilitating harmony. Some subjects were of the opinion that certain managers lack leadership skills, the majority of the subjects were of the opinion that workers and management lack skills to deal with conflict and felt that conflict is generally ignored or suppressed in the organization. Many subjects were of the opinion that communication between departments is poor and that other work groups/departments are viewed as opposition/enemies. The majority of the subjects were of the opinion that many employees were resisting the change in the organization.

The change leadership team need to diagnose the specific problems in all areas and all levels of the organization, specifically the limiting conditions (as described in Figure 6.2 - change stages), namely the formal organization, the organizational culture(s), leadership climate, leadership competencies and resistance to change. This should be an ongoing process of continuous feedback and improvement with relevant OD interventions.

Immediate progress on the issues at group/team level can be addressed by reviewing the communication strategy. Also changing the focus of performance management to cater for individual and team performance outputs, implementing 360 degree values, performance and competence feedback as well as linking these to remuneration and rewards.

The core competencies for leaders should be identified and incorporated with the new competency-based HR Management System (CB-HRM). It is proposed that all line managers be assessed on their transformational leadership competencies (see Table 6.1) and people competencies (human habits), including the following:

- Central focus on critical success factors and organizational values;
- Self-management and role modelling;
- Communicating vision;
- Interpersonal skills (human habits);
- Building effective teams (team habits);
- Conflict management;
- Directing others;
- Managing diversity;
- Empowerment and developing others;
- Change management (change habits);
- Talent management; and
- Motivating others.

The key people-management competencies (human habits are discussed later) should not only be developed, but also needs to be a prerequisite for appointment as a line manager. As proposed earlier, an integrated model for work motivation needs to be implemented.

15.7.5 ISSUES AT ORGANIZATIONAL LEVEL

A modern OD strategy (OT) should become part of an aligned and integrated organization strategy and culture, with multidimensional interventions to address the issues raised in this research, as well as resistance to change. If OD becomes a strategy in itself it would address many factors that impacted negatively on this organization during transformation, specifically employee well-being (various factors in the informal

organization), but also continuous learning, and total organization effectiveness (Meyer and Botha, 2000:12-13).

Various other recommendations to address issues on the individual/group/organizational level(s) are discussed next. These include creating a culture of human habits, changes to HR policy and HR procedures, changes to HR systems and HR practices, and changes to HR roles.

15.8 **CREATING A NEW ORGANIZATIONAL CULTURE OF HUMAN HABITS THAT WOULD LEAD TO A HIGHLY EFFECTIVE ORGANIZATION**

Harvey and Brown's (1996) integrated approach to change (Figure 6.4) highlighted the importance of the compatibility of the change strategy with the existing organizational culture(s). An integrated approach to change will focus on a technical strategy (change production and methods for new processes), a structural strategy (to change structures and designs of work teams to establish new relationships) and a behavioural strategy (to change attitudes and values for new behaviours)(Harvey and Brown, 1996:208). Because change is now part of this organization, implemented by people, a behavioural strategy should be included in the integrated approach for all the change initiatives.

As proposed earlier, a newly established Transformation Unit (acting as the change team) urgently needs to focus on culture management (explained in Chapter III) and culture change initiatives. One of the proposed initiatives is to establish, develop and reinforce human as well as team habits as part of the behavioural strategy. These initiatives would also impact on HR policies, procedures, programmes and strategies.

It is important to establish and reinforce a core leadership competency of human habits as part of the new organizational culture. These human habits are vital to manage the desired transformation effectively. The human habits (also labelled the human capital approach) are driven by the following principles, which are in line with the organizational values:

- Employees are investments that will provide long-term rewards to the organization if they are effectively managed, inspired and developed;
- HR policies, procedures, programmes, and strategies must be developed with the employee and team needs in mind;
- A motivating work environment needs to be created that could inspire employees to develop and utilize their competencies to the benefit of themselves/teams as well as

the organization; and

- HR strategies, HR programmes, and HR practices must be developed with the aim of balancing the needs and meeting the goals of both the employee and the organization (Carrell et al., 1998:10).

Charlton (2000:9-10) summarizes these human habits:

- Attracting, developing, motivating and retaining human capital (talented/competent people and leadership) by measuring employee satisfaction and acting accordingly;
- Building capacity to change;
- Valuing (managing) of diversity;
- Accountability for sustained performance based on relevant performance competencies; and
- A comprehensive strategic HR perspective.

In this research many factors were identified that impacted on the effectiveness of the transformation process. The human habits of Charlton mentioned above provide a visionary framework for people managers (all line managers), and change agents to start rehumanizing the organization through transformational leadership (see Chapter VI).

From the earlier discussions (see Chapters XII and XIV) it is clear that limited team interventions were employed to improve group effectiveness, specifically regarding leadership behaviour (competencies and values), role clarity (specific performance outputs, standards, measures, competencies), group/team performance, group/team values and norms, communication, people skills (diversity sensitivity), decision-making, conflict handling and power and politics. Charlton (2000:80) summarizes these team habits:

- A clear, inspiring focus (mission and vision);
- The organization and team focus areas are constantly and clearly communicated, measured and rewarded;
- People are motivated (part of the OT and business strategy) through this inspiring focus;
- People live the business and team values (ethics and values); and
- People are empowered and take responsibility to contribute to a motivating and excellence work environment (motivation strategy).

These human habits should be tailored according to the specific requirements of the visionary new organization. The human habits and transformational leadership competencies should be aligned with the business strategy, OT and HR strategies, and become part of the new organizational culture (artefacts, beliefs and values, assumptions as well as human habits seen in organizational and leadership behaviour).

15.9 CONSEQUENCES AND IMPLICATIONS FOR HR

It should be noted that the scope of the research was not to focus on HRM, but rather an integrated approach to total organizational change/transformation. However, an integrated model for strategic HRM needs to be developed for this organization that would create a framework for the inclusion of HR as part of the total business strategy (Carrell *et al.*, 1998:602). An integrated model for strategic HRM should be aligned with the organizational mission, and would include the following steps (Carrell *et al.*, 1998:602-607):

- A HR audit of the function, structure, competencies as well as the HR system and possible reorganization of the HR function;
- External HRM environmental scanning to identify potential threats and opportunities including labour legislation and skills development;
- Internal HR scanning to identify strengths and opportunities including employee demographics, employee potential, skill levels, leadership competencies, organizational climate and culture, quality of work life and turnover;
- HR involvement in the creation of organization/business unit/functional objectives and strategies, planning HR requirements, and developing HR strategies accordingly;
- Continuous monitoring of the HR strategy for progress and validity during change; and
- Formal evaluation and review of the whole strategic HRM process including goals and objectives met, HR process measurements, tracking HR costs, cost/benefit analyses and HR audits.

This research has implications and consequences for HR in a number of areas that are discussed next.

15.9.1 HR POLICY AND PROCEDURES

HR policy and procedures impact on organization behaviour on all levels, and have a strong impact on the organizational culture. As discussed earlier there is a close relationship between organizational culture and organizational success. The success of effective and high performance organizations are usually attributed to a combination of beliefs, values, policies, procedures and practices. There is a relationship between effectiveness and the translation of core beliefs and values into policies and practices (Denison, 1990:5-6).

New policies and procedures need to be drafted with input from all stakeholders and should be aligned with the recommendations of the Rural Financial Services Commission, the transformation plans, business strategy and plans as well as relevant labour legislation and should be communicated to everyone. Specific training sessions for line management are needed to ensure consistent compliance with the new HR processes and artefacts used. These policies and procedures need to be continuously enhanced in line with the business requirements and global best demonstrated practices (BDP). It is proposed that the HR policy and procedures are determined/controlled by Head Office HR (HR Process Owner) with strong input from the HR Consultants in the business. The policy, procedure, and all artefacts used should be available electronically. Specific HR process re-engineering activities together with the improved technology will reduce cost and increase client service delivery. These initiatives would also align HR with the process culture of the organization. It would also empower the HR practitioner to change their roles from transactional to transformational - becoming performance consultants and business partners.

15.9.2 HR SYSTEMS AND PRACTICES

The existing HR systems for administration, remuneration and management information need to be converted from analogue to digital in order to increase efficiency, functionality and user-friendliness. Electronic HR (e-HR) transactional solutions need to be pursued with specific focus on HR portals, virtual call centres, and employee self-service. The aim of these systems is to improve the HR transactions (administration like leave processing, performance management exercises, remuneration queries and amendments) and HR information (policy and procedural information, management information including employee demographics, performance management, training and development, competency and NQF data, disciplinary history information). The majority of the employees in the organization have access to the intranet. They should be held

responsible to update their own information directly via the intranet to the central data basis. This information (in a CV template format) could include job titles, business unit/division, direct reporting structure information, contact details, addresses, emergency contact person details, experience, achievements, skills and qualifications (verified), pertinent medical condition and blood type, hobbies and interests. Specific information regarding business strategies, business unit information, induction, internal job vacancies, competency-based learning and development opportunities, performance management, employee as well as industrial relations and employee well-being should be available via the intranet as well.

With an effective HR system driven via technology, it would become easier to do culture/climate or other surveys electronically (e-surveys). The e-surveys would be user-friendly, cost-effective, with the potential to generate reports and management information (mis) in real time. This is vital for a continuous improvement process where massive transformation and culture change are pursued. The surveys could focus on assessing the knowledge of the transformation objectives, communication patterns, progress of the transformation initiatives, tracking leadership behaviour changes, employee morale and motivation and tracking behaviour changes related to the new values. The new HR system should address the specific focus areas for improvement identified in this research, viz. change management competency development, leadership competency building, conflict, team and diversity management competency building, technical competency development and other development interventions. It should be a competency-based HR Management system (CB-HRM system) that integrates all people-management practices. The CB-HRM system should be directly linked to the organization's vision, mission and strategies.

A newly designed CB-HRM will provide a common language for all people-management practices, and should be used as a basis to support various strategic initiatives within the organization, e.g.:

- Change in business strategy: Competency management provides a means to profile and assess existing competencies for different jobs and incumbents, to identify potential gaps, thus helping the organization identify both their competitive strengths and the new competencies they must either recruit or develop; and

- Improving individual/team performance and effectiveness: Competency management can help pinpoint core competencies, and areas of employee/team weaknesses that may be adversely affecting operating effectiveness, cost ratios or other aspects of business and financial performance.

In expanding the central role of competencies, each process can be described in terms of its application in the specific HR processes with relevant benefits to the new organization:

- Performance Management: The CB-HRM system ensures performance is objectively managed according to specific objectives, job and team requirements, standards and measures and a link with the required competencies. Effective performance feedback including 360 degree competency assessment, values behaviour feedback, and competency-based development plans could further improve the process;
- Training and development: The NQF aligned CB-HRM system ensures all learning resources are in alignment with the requirements of the individual's or leader's role/job requirements and other developmental needs. It will guide personal development to ensure competence for current as well as future positions (career and succession plans);
- Recruitment and selection: The CB-HRM system will provide a framework of objective criteria designed to guide the process so that the best candidates are identified and selected;
- Diversity management and affirmative action: The CB-HRM system facilitates the implementation of affirmative action by providing fair and objective criteria for employment equity practices. It also provides guidance on core competencies to manage diversity for individual, team and organizational effectiveness;
- Remuneration: The CB-HRM system facilitates the process of measuring and evaluating job size and content through the competency process, and by paying for competencies held and used in the job; and
- Recognition, reward and pay for performance: The CB-HRM system facilitates the recognition and reward process by aligning employee behaviour to the organizational objectives and values. Besides the fact that market related remuneration should be based on competencies held and used, pay for performance should be introduced.

15.9.3 NEW ROLES FOR HR

From the earlier discussion it is clear that a need for change is inevitable for HR focus areas, roles, responsibilities, deliverables (instead of mere activities) and new competencies for the HR professional.

The focus should be to determine what transactional HR activities can be outsourced to service centres (driven via technology) within or outside the organization.

Consideration should be given to amend the HR vision from consulting to business partnering. HR should be perceived as transformational leaders with excellent people insight and organizational development skills. The new HR professional will be a business partner that is actively involved to define business strategy and to restructure the HR functions around the achievement of business goals. The specific HR policies and deliverables should be flexible and are determined by the business strategy.

The proposed roles for the HR professional are:

- Transactional/administrative expert that knows the HR policies and procedures, HR products/services (specifically benefits consulting), and actively strives to improve these for a cost-effective and efficient HR infrastructure;
- HR Consultant with the main focus of generalist transactional HR activities (excluding benefits consulting), building business acumen while transferring people-management skills to line management; and
- Change agent and strategic business partner, an architect and facilitator of OT (proactive OD) that plays a vital role in defining the business strategy and translates the business strategies into HR priorities and deliverables.

A combination of these three roles would constitute the ideal HR business partner and could also serve as career development guidelines within the HR team. It ensures multiskilled HR professionals, and also creates flexibility within the team for specific HR projects.

A competency profile for the HR professional (three roles) is the first step to build capacity within the HR team. HR team members need to be assessed through competency based assessments and 360 degree feedback surveys. Specific development interventions need to be selected to build the core HR competencies.

15.10 OTHER OBSERVATIONS AND LEARNINGS FROM THIS STUDY

Continued organizational performance and excellence rests on solid strategy formulation and development. The organization studied - even though in existence for many decades - did not follow a clear process and flow of strategy formulation (holistic, integrated, synergistic approach) until the transformation initiative and new mandate from government to change. For any new business the strategy process will plot the purpose for existence, the vision and objectives that the organization want to achieve. This is also vital for any existing business to maintain or improve organizational performance, profitability and effectiveness. In a rapid changing world this is not a process that should be taken lightly. Once the business strategy is formulated it needs to be communicated, understood, supported and driven by all the people in the business. An action research approach to business strategy would ensure that the strategy remains relevant and effective through continued assessment of the environment and the internal and external business drivers, which might lead to change in the strategy.

In the organization studied proactive OD initiatives were not included in the business strategy. Although planned OD initiatives played a part in initiating and supporting some strategic movement by shaping an enabling organisational environment through restructuring, business process re-engineering and new technology, the alignment of the people efforts (culture change initiatives) were not effective. Action research was not used to track and measure the culture change initiatives. Organizations should not be scared to use climate surveys and focus groups to track issues that will impact on individual/group/organizational effectiveness. Aligning the people efforts with the business strategy should not only be pursued through enhanced systems of performance management, communication, work motivation and leadership development. It is vital that the identified business values are linked and tracked via the new people practices - HR systems and practices that will track the required human and team habits and leadership behaviour.

In this study it was evident that business values are perceived as something that is separate from business practices. The identification of business values without the needed employee involvement and participation might lead to a failure to see the relevance (business context) and importance of changing work behaviour. Business values should be the foundation for all the human habits and the HR practices in the organization.

Talent management and retention was not identified as a critical success factor to this niche business. Human capital is the competitive advantage in a niche market where effective people practices, transformational leadership and a healthy organization culture are vital. This organization could not afford to lose the highly skilled and experienced knowledge workers during the transformation initiatives (no organization can!). Without talent management strategies, effective people practices and transformational leadership, highly skilled and experienced employees (including AA candidates) might not stay during difficult times of organizational change or transformation. Transformational leadership competencies or good people management skills are not evident in all line managers. The question could be asked how people without these competencies/behaviour get into a line management position. If an organization is serious about attracting and retaining talent, even during times of change, it should select, develop and manage performance of line managers accordingly.

Business image impacts on customer growth and retention. Transformation processes, successes/failures and issues can and will impact on customers. Customers would like to associate with a business that is successful, a business with a good reputation/business ethics, a culture of doing things the right way.

15.11 CONCLUSION

In this chapter a brief background was given to the objectives of this study, the research design and the specific focus areas and dimensions of the questionnaires used. The conclusions based on the literature study indicated that change is now a way of life for many organizations, and the specific needs for change in the organization studied were process re-engineering and restructuring, followed later by recommendations made to Government through the Rural Financial Services Commission, new labour legislation, a need for improved customer service (a broader customer base with diverse lifestyles and needs), a need for improved technology and information systems, and a changing workforce (employment equity and affirmative action). These drivers for change impacted on the interrelated primary components of the organization (subsystems), viz. technical, structural, management, psychological, goals and value components. It is vital for any change process to adopt an integrated approach/strategy that focus on all the subsystems of the organization. Through this research it became evident that the

behavioural strategy need to be amended, integrated, and aligned with the technical and structural strategies, as well as the organization culture(s).

The basic organizational behaviour model discussed in Chapter II was used as a guideline to propose behaviour change initiatives of individuals, groups, and the larger organization (as well as other initiatives), specifically because organizational effectiveness depends on group effectiveness, and group effectiveness depends on individual effectiveness. Specific recommendations were made regarding the objectives of the organization, the transformation process and communication, employee well-being, work motivation, locus of control-orientation, transformational-leadership development, culture management, human and team habits, HR policy and procedure, HR systems and practices, and new HR roles.

The psychometric considerations of the study as well as the research design were discussed and recommendations were made. Other observations and learnings from the researcher were shared.