

CHAPTER 1

INTRODUCTION AND STATEMENT OF THE PROBLEM

1 INTRODUCTION

It is critical that South African leaders develop an appropriate mental framework for coping with large-scale organisational turnaround. The key mental block for the leader facing the uncharted waters of large-scale renewal and redirection is the realisation that there is no fixed blueprint for the future. The toughest challenge for the leader of turnaround and renewal is to have the courage to step beyond the limits of predictability and the boundaries of conventional paradigms, into unknown terrain (Nasser & Vivier 1993:5).

The above passage from Nasser and Vivier (1993:5) confirms that leaders of South African organisations urgently need to be able to transform and renew their organisations at a time in this country's history when nothing is certain or predictable and when all the old paradigms no longer serve as reliable guidelines for understanding what is happening all around us every day. In a period of this country's history when nothing can be taken for granted, leaders need both an enhanced capacity to cope, manage and innovate, and the ability to cope with stressful and unprecedented situations which impact directly on all aspects of organisational life, both corporate and personal. All this has to be accomplished at

a time when change on all levels of society is an urgent political and moral imperative and while ever larger numbers of highly skilled and educated people continue to emigrate from South Africa at a time when their skills and expertise are most urgently needed.

The era in which leadership theories developed was a time of relative environmental stability and predictability and was in many essentials a very different time from what we experience today. Current leadership theories are based on "concepts of leadership" and on an understanding of the skills required for managing organisations. Since numerous assumptions about environment, context and conditions are inherent in our understanding of organisational change, current leadership paradigms need to be revised if they are to remain relevant to present conditions and applicable to the needs of South African organisations.

The World Class Yearbook (Sunter 1997) indicates that South Africa is rated second last for its productivity among the industrialised countries listed. Only Russia was listed as being "worse" than South Africa while the United States, Singapore, Hong Kong and Finland occupied the top four places. While South Africa now has an open economy and offers unique opportunities for advancement to those who have the skill and expertise to benefit from them, these opportunities are accompanied by a whole range of difficulties, threats and challenges which, in many ways, are unique to this country. One such threat which South African leaders face is that unless they are able to transform their

organisations into organisations which can compete with the best in the world, they will simply fail to survive in the world market.

While leaders tackle the daunting task of transforming their organisations into equal competitors in a global economy, they are simultaneously confronted with the introduction of the Employment Equity Act of 1998. In short the Act outlaws unfair discrimination in all employment policies and practices and seeks to affirm the right of blacks, women and the disabled in matters relating to career development and job opportunities. The Act accordingly requires any organisation to reflect the demographics of the region in which the organisation operates. The Employment Equity Act precedes the Labour Relations Act, No 66 of 1995. This has been closely followed by the Basic Conditions of Employment Act of 1998 and the Skills Development Act of 1998. All the legislation have the intention of improving the lives of South Africans, particularly those who were previously disadvantaged. The Acts have tended to increase the pressure on organisations and their leadership to reform their organisations whilst trying to renew them.

Ensuring organisational renewal and survival and meeting the requirements of the Employment Equity Act as well as the above mentioned legislation, places extraordinary pressures on company leaders. South African executives and managers who obtained their managerial experience and expertise during a period characterised by environmental stability and predictability, are now faced with unfamiliar conditions and environmental stressors for which most of them are dismally unprepared. Even while the chief executives of companies are charged

with effecting radical transformation in their organisations, many of them still operate according to paradigms which are no longer relevant to changed conditions. At a time when dangers to organisations have never been greater, the maps by which many managers attempt to navigate unknown waters are hopelessly out of date.

There are, however, a few leaders who have demonstrated great skill in meeting these new challenges. It is the success stories of these senior executives which I shall examine in critical detail in this study. By doing this I hope to be able to identify and describe those elements of their approach which enable them to undertake the arduous tasks of organisational transformation – and survive.

2 STATEMENT OF THE PROBLEM

The challenge for each South African leader is largely how to move the organisation from its *present* state to its *desired* future state. It is clear that fundamental and long-term changes have to be instituted if an organisation is to be successfully moved into its future state. Most management experts would rate *transformational* leadership as being the premier requirement for any organisation which hoped to adapt itself to the most recent challenges of a changed external environment. Transformational leadership is regarded as being the most important means for effecting radical change in organisations because it attempts to instil pride, respect and inspiration in its employees and rewards intelligence, diligence,

imagination and dedication to rational problem-solving in an atmosphere of mutual respect.

Chapter 4 of this study will show that, despite the use of transformational leadership to effect many aspects of the transformation process, all leaders tended to resort, at some stage of the transformational process, to a dictatorial and overtly forceful 'quasi-military' style of leadership – especially at the beginning of their terms of appointment to leadership positions. The fact that this leadership style was most evident at the inception of their appointments suggests that many leaders resort to this style as a response to organisational and environmental uncertainty and turbulence. My investigations revealed that once the organisation had been renewed and stabilised, leaders would be more likely to incorporate traditional elements of transformational leadership such as empowerment, two-way communication and participative management. What I found therefore was that leaders only tended to become more democratic, participative and person-centred once their organisations had become sufficiently stable to cope with new and threatening conditions.

I hope to demonstrate in the subsequent chapters of this study that leaders who have been successful in organisational transformation have all followed a similar pattern when effecting organisational change. They have all tended initially to utilise a dictatorial and quasi-military approach. Thereafter, once the organisation has been renewed and stabilised, they have adopted an approach that is more "transformational". Chapters 2 and 4 are devoted to exploring the approaches,

philosophies, methodologies, styles, meaning-construction and experience of those leaders (respondents) who took part in this study. These chapters also examine in some detail what respondent leaders understand by the concept of organisational transformation.

Although *transformational* and *autocratic* styles of leadership are conventionally understood as being diametrically opposing styles of management, I hypothesise for the purposes of this study that leaders would be better prepared and able to cope with the changing conditions of an organisation if they were able to accommodate and practise both styles of leadership as and when the exigencies of the moment required them to do so. Part of my contention (hypothesis) therefore is that the most successful leaders are those who are able to use different leadership styles interchangeably at different times in response to the needs of the moment.

I therefore felt it necessary for the purposes of this study to explore how leaders approached the imperatives of transformation and how they succeeded – in spite of environmental, societal, economic and personal turbulence – to "turn their organisations around".

The empirical component of this study elucidates the means which the respondent group used to approach and effect change. It also explains how these leaders interpreted and understood the transformation of their organisations. Chapter 3 shows how the empirical data for this study was obtained by means of interviews

with five organisational leaders in South Africa who have successfully transformed their organisations. The leaders who were interviewed were drawn from five different industries, namely mining, manufacturing, retail, health services and engineering.

3 OBJECTIVES OF THE STUDY

The primary purpose of this study is to acquire a clear understanding of how a group of demonstrably successful leaders viewed organisational transformation and how they were able to accommodate in their leadership style two opposite and very different leadership styles (the transformational and military/autocratic) in order to transform their organisations.

In order to achieve this purpose, I set myself the following objectives:

- to obtain a clear and nuanced understanding of the concept of organisational transformation and the different meanings and emphases according to it by different theorists;
- to acquire an insight into the approaches, successes and shortcomings of the respondent leaders during their quest for organisational transformation; and
- to achieve a clear understanding of how transformational leadership and autocratic/military leadership may be used by the same person in order to achieve organisational transformation.

4 IMPORTANCE AND CONTRIBUTION OF THE STUDY

The study of leadership in South Africa is limited to a small number of periodical and journal reports. Significant writing and books about leadership studies emanate mainly from the United States of America and the United Kingdom. Unfortunately international literature about leadership and lessons learned from other parts of the globe cannot be applied in their entirety to South African conditions because they are both insufficiently relevant and applicable to the unique challenges which confront South African leaders today. A uniquely South African perspective on leadership for organisational transformation might therefore be of the greatest possible benefit to practitioners of management in South Africa.

Organisational transformation in South Africa has been precipitated by a rapidly changing socio-political environment, the opening of this country to global markets, the entry of international competitors into the South African market, the more prominent role of labour in organisations, and the introduction of the Employment Equity Act of 1998. If South African organisations hope to survive, they will have to use a strategy which will allow them to move from their current organisational state to a state which is better aligned to both external and internal environmental conditions.

The responsibility in South African organisations to manage the organisation's shift to that state which will ensure their survival and their transformation lies with

each organisation's leadership. Only top leadership can be the logical initiators and the primary agents of change and they should therefore be regarded as the main agents of organisational transformation. The management of change is almost always contingent on a credible and powerful leadership cadreship.

Because of this, the chief focus of this study will be on how the respondent leaders managed transformation in their respective organisations. An analysis of the leadership approaches employed by each leader would enable the researcher to establish a model for best practice leadership in cases where leaders bear the responsibility for being the prime movers of organisational transformation.

This study proposes to investigate leadership style and methodologies from a leader's perspective by utilising a qualitative framework. The study will thus be qualitative and draw on reflective and interpretative analysis – as opposed to statistical (or quantitative) analysis. This investigation is relevant for sociological theory inasmuch as (1) few studies of a qualitative nature have ever been undertaken in industrial sociological investigations into leadership, and (2) even fewer studies have been undertaken from the leaders' perspectives (studies are usually undertaken from the point of view of leadership theory writers and experts in leadership practice).

Because the study prepares the ground for future research into leadership (where leaders are the prime agents of transformation), it may be regarded as explorative in nature.

OUTLINE OF THE DISSERTATION

Taking into account the qualitative methodology used in this study, and the necessity of supplying a thorough literature survey to discuss the types of leadership approaches used in organisational transformation, the following outline of chapters was decided on for this dissertation:

Chapter 2 explores the various meanings assigned to organisational transformation and examines the various elements of transformational and autocratic/military leadership styles.

Chapter 3 describes the methodology which is used in this study. Chapter 3 also explains the rationale behind the selection of the specific sample groupings and investigative techniques.

Chapter 4 deals with the analysis and interpretations of the findings. In this chapter, the findings which emerged from a series of in-depth interviews are analysed with the intention of obtaining a clear understanding of respondents' meanings and their experience of leading their particular organisations through the transformative process.

Chapter 5 analyses and discusses the findings outlined in Chapter 4. This chapter consolidates the main findings of the individual cases and relates them in terms of the themes which were discerned in the previous chapter.

Chapter 6 presents concluding remarks and makes certain recommendations for management practices and also for areas of future research which have emanated from this study.

CHAPTER 2

AN OVERVIEW OF THEORETICAL APPROACHES TO ORGANISATIONAL TRANSFORMATION AND LEADERSHIP

1 INTRODUCTION

In this chapter the researcher will develop the theoretical framework which will form the basis of this study. In the first part of this chapter, she will review the various meanings of *organisational transformation* from, firstly, an international point of view, and, secondly, a South African point of view. In the second part of this chapter, the researcher will analyse and review the literature about leadership and, in particular, the leadership of those who are engaged in organisational transformation.

The issues explored in the first part of this chapter examined the various meanings and versions of organisational transformation and the way in which such transformation was characterised at different stages of the process. While most writers see organisational transformation from an organisational renewal and organisational turnaround perspective, it was noted that from a South African perspective it was necessary to attain organisational renewal in conjunction with organisational reform. It was therefore critical to examine the various views and versions of organisational transformation in order to determine to what extent leadership were aspiring towards such change.

With regards to leadership, it was necessary to unbundle the theories, themes and styles of leadership in order to arrive at an understanding of the leadership approaches adopted in the quest for organisational transformation. The leadership approaches pointed to two distinct types of leadership namely transformational leadership and autocratic leadership, which were the two main approaches underlying change in organisations.

The analysis of these theoretical stances informed the research in so much as it directed research questions and based the investigation on the insights gleaned in the literature review.

1.2 Organisational transformation

Any reference to *organisational transformation* may be misleading because no single predominating view of organisational transformation has evolved within the literature about organisational management. Because the origin of organisational transformation had its genesis within various organisational development phases and interventions, it was inevitable that each of these interventions would confer its own distinctive emphasis on what might be understood by organisational transformation. Because the concept is multi-dimensional and influenced by many different national cultures, there is very little consensus in management literature about a definition of the concept. The very nomenclature of organisational transformation as a field of study has until recently been in a state of flux. In spite of this, it is generally accepted that the term *organisational transformation* refers

(1) to a change in the treatment of and attitude to the workforce by management and (2) to the process of saving an organisation from extinction by the implementation of turnaround and renewal (Nasser and Viviers 1993:3, Weeks 1990:78, Kostenbaum 1991:308).

To the consensus on the meaning of organisational transformation noted above, one may add the local indigenous emphasis whereby organisational transformation means a conscious and deliberate focus on black empowerment, employment equity and affirmative action.

What organisational transformation means inside South Africa may be measured against what an organisation intends to do and is doing to reflect the demographics of South Africa within all levels of the organisation.

1.2.3 The international view of organisational transformation

Organisational transformation is described by various researchers in numerous ways. While each description and approach differs considerably from others, there are many overlapping components. Kanter (1989:23), describes organisational change in a global context and emphasises the need for global companies which harness economies of scale to manage across cultural boundaries. She further views organisational transformation from a structural point of view and is of the opinion that the post-entrepreneurial corporation will effect a triumph of process over structure.

Although Kennedy (1994:15) locates the necessity for organisational change in economic imperatives, she also views organisational transformation from a structural point of view. She examines the reactive nature of the changes implemented by large companies as they pursue their restructuring or downsizing strategies. She regards these strategies as an attempt to reverse the damage done by recession or competition. To a lesser degree, she regards changes as being the inevitable product of deep social shifts towards the empowerment of the individual, of both sexes, and away from what she terms “bossism”.

Martin (1995:373), who also views transformation in terms of structure, defines change as being largely radical, technological and structured. After many years of research in re-engineering, Martin (1995) proposes an understanding of what a modern enterprise should look like. He also coins the term “old world” as being the locus of traditional enterprises while his “new world” contains the enterprises of the future. According to Martin (1995:373), no change can be carried out in an organisation without radically changing the organisation’s structural design. This, he contends, must be composed of value-stream teams focused on “delighting” the value-stream customer. This new world enterprise, he states, would need new world Information Technology, with Kaizen-capable computing, rapid application development, information superhighways and enterprise Information Technology architectures.

Martin’s view of organisational change is that information technology is the catalyst for change that enables organisations to survive changes in business

technology globalization. Although this view is in some ways valid, it assumes that people are technologically sophisticated enough to meet these challenges. The reality in South Africa is somewhat different from what Martin envisages – although varying degrees of change may be possible in certain high-tech industries among informatically literate people.

Such bold views of organisational transformation as those expressed by Martin (1995) are also described by Lorenz (1995:4), who uses a typical glossary of terms to describe the image of future organisations: boundary-less, virtual, horizontal, flat, concentric, circular. Such changes in organisational design would require an unprecedented proficiency, versatility and performance on the part of leadership. In a graphic phrase coined by Bartlett and Ghoshal in Lorenz (1995:4), what is presently happening in organisations is that first-generation managers in second-generation organisations are trying to operate third-generation strategies. Lorenz (1995) believes that this situation has far-reaching implications and that it will transform the way in which organisations do business, the way in which they are structured, and the relationship between managers and employees. Kubler Ross (1995) concurs with the latter point of view: according to her, the bases of power have also changed. In the new organisation, position, title and authority are no longer adequate props for managers who wish to rely on them to get jobs done. Instead success increasingly depends on being able to tap into resources which contain good ideas, on being able to figure out whose collaboration is needed to act on those ideas, and on being able to comply with both to produce results.

Lorenz (1995:5) describes change management metaphorically in terms of military practice. Terms such as headquarters, being the brains of the organisation, setting the “strategy”, translating the strategy into “operations”, and the process until the message reaches the “front line”.

1.2.4 External trends

In a similar vein to Martin’s new world enterprise and Lorenz’s descriptions of future firms is the view adopted by McCalmon and Paton (1995:5), who examine the external trends which are impacting on transformation. While many of the contemporary international researchers view organisational transformation primarily from the point of view of the internal mechanisms and dynamics of the firm, those external factors that impact on the organisation are not always given sufficient attention. McCalman and Paton (1995:5), however, look at organisations from an external point of view and list those major external elements which they feel organisations have to take into account. These are listed below.

- There is a bigger global market place that has been made smaller by increasing competition from abroad. Organisations are now required to respond to the bigger picture.
- There now exists a worldwide recognition that the environment is a variable that cannot be ignored in any equation. This recognition comprehends the

legal, cultural and socio-economic implications of utilising resources that are finite and therefore irreplaceable. Global organisations have to take cognisance of the depletion of the ozone-layer caused by industrial and other emissions, the dumping of toxic waste, the depletion of raw materials, and various other environmental concerns.

- Health consciousness as a permanent trend among all age groups throughout the developed world. The growing awareness of and concern about the content of food and beverage products has created a movement away from using synthetic ingredients and a greater demand therefore for natural products. The organisation is now expected to satisfy the requirements of a health-conscious market.
- The demographic slump with the negative population growth rate (in the United Kingdom and other first-world countries) means that there are fewer 16 to 19 year olds living at present. Between 1971 and 1994, the population in this age group in the UK declined by about one million. The implication for organisations (in the UK) would be to cope with a smaller consumer market and a constricted labour force.
- Women are increasingly being promoted to management positions. The general shortage of skilled graduates will accelerate the trend towards breaking the male monopoly of management positions. With this in mind, McCalman and Paton (1995:6) wonder just how excessively “macho” organisations will cope.

1.2.5 Trends that affect the internal operation of organisations

Trends that affect the internal operation of organisations play a critical role in determining organisational transformation. The way in which organisations are shaped, function and led will shape the way in which leaders approach change. Dessler (1995:16) also presents a future-state scenario. His survey focuses on what happens inside organisations and highlights what the future organisation will look like and what its dynamics will be.

- **The average company will become smaller and will employ fewer people.**
This is partly because more people will set up businesses for themselves and partly because many large firms may continue to downsize or outsource.
- **The traditional, pyramid-shaped organisation will give way to new organisational forms.** The new organisation will stress cross-functional teams and refine interdepartmental communications. There will be a corresponding de-emphasis on getting the hierarchy or “chain of command” to approve all decisions. Initiative and self-reliance instead will be encouraged.
- **Employees will be called upon to make more decisions.** Work will be less routine and there will be less drudgery. Work will require employees to master many “higher order” thinking and learning skills and worker will be much more committed.

- **Organisations with flatter organisational forms will be the norm.** Instead of the currently popular pyramid-shaped organisation with its seven to ten or more layers of management, flat organisations with just three to four levels will prevail.
- **The work itself will be organised so that it takes place more in teams and processes rather than by those who have been given specialised functions.** Workers will belong to a multifunctional team, one that manages its own budget and controls its own quality.
- **The new organisation will be knowledge-based.** Organisations will be composed largely of specialists who direct and discipline their own performance through organised feedback from colleagues, customers and headquarters.
- **Managers will not manage.** Managers will realise that reliance on formal authority is a thing of the past. Managers will have to learn to manage in situations where they do not have the authority to command and coerce.
- **Management will empower employees and build commitment.** Building adaptive and customer-responsive organisations means that expecting and nurturing self-reliance and self-discipline on the part of employees will be more important than its ever been before.

1.3 Organisational trends: conclusion

The external view of organisations (McCalman and Paton 1995) and the internal view of organisations (Dessler 1995) are relevant to the South African context. I shall later in this chapter examine the South African context in some detail by making particular reference to the global market, the demographics of the country, social shifts in the country, the increase in smaller, flatter organisational designs, and the emphasis which is being placed on empowerment within South African organisations.

In the discussion of transformation from an international perspective, which is based on the international literature, each point of view is influenced and coloured by different underlying assumptions about organisation transformation and change imperatives. These variations in underlying assumptions produce a rich variety of understandings of the processes of organisational transformation and implementation. The extent to which current perceptions of organisational transformation are deeply ingrained in contemporary management thinking and practice will substantially influence any leader's ability to respond effectively to rapidly changing organisational contexts.

1.3.1 Organisational transformation from a South African perspective

“May you live in interesting times!” An ancient Chinese curse

The preceding statement purports to be an ancient Chinese curse (Kieser & Sproul, 1982: Wilson 1987a:19). If this is the case, one may well contend that South Africa and its people currently live under this curse because this country, its people and its business organisations live and exist within a context of unprecedented complexity, turbulence and rapid change (Weeks 1990:247). The proverbial winds of change in South African organisations have now reached gale-force strength, and they influence all major facets of an organisation’s activities.

1.4 A South African model

As was previously stated, many international researchers have formulated their versions of what organisational transformation means. In this section an insight into the South African researcher’s understanding of organisational transformation will be explored. The similarities and differences between national (i.e. South African) and international understandings will be examined and a definition of organisational transformation will be suggested.

The most common emphasis, particularly in the international literature, is that organisational transformation means the redesigning, restructuring and resizing of

a company so that it can deliver in terms of global, economic imperatives. These views are also held by many South African writers who add an additional emphasis on how transformation may affect the political, social, economic, health, educational and other legitimate concerns of the workforce. The multi-dimensional view of organisational transformation was introduced into management theory by McLagan and Nel (1995). McLagan and Nel (1995) briefly but pertinently summarise the main thrust of organisation change. They emphasise the shift in management style away from autocracy towards a more participative style. Organisations are moving away from autocratic towards participative modes of working because of faster transmissions of information and changes in technology give employees a broader scope and more discretion in their work. This in turn makes the degree of commitment and involvement that employees feel and exhibit ever more crucial.

An unusual but nevertheless appropriate reason why South Africans need to shift towards participation, is also cited by McLagan and Nel (1995:16). This reason is the loss of guaranteed life-long employment and its replacement by a sense of personal involvement and responsibility, and opportunities for individuals to make a real difference in the workplace. Block (1993:20) also views the loss of life-long employment as the prelude to obtaining greater commitment from the workforce. In Block's opinion it is problematic to expect commitment from people when are not being offered life-long security. He describes this dilemma as follows: "We have been forced to betray the mid-century contract that if you work hard and deliver, we will take care of you." (Block 1993:20). McLagan and Nel (1995), in

contrast, view this dilemma as producing a more liberating and developmental effect and see it as a sign that power is shifting from management to the workforce as a whole.

The old paternalistic kind of security is fast being replaced permitting people to control their own lives. This demand to participate is expected to grow as the new workforce grows increasingly diverse.

McLagan and Nel's (1995) views about the phases of change are equally important. Their view is that transformational change moves in waves, and that a "wave" is initiated by a change maverick who has usually been brought into the organisation from the outside. A "creative minority" then establish themselves around the maverick in the organisation. This minority is usually a group of committed and visionary people who introduce (the second wave) whatever changes they think will be favourable to employees. The third group of people (and so "the third wave of change") is produced by people in the organisation who usually have the power connections, the resources and the energy needed to bring about such changes in the organisation. This third group usually comprises line and middle managers who have important strategic and operational links in the organisation. This third group becomes the "critical mass". In the fourth phase or wave of change, the masses of people within the organisation begin to make the changes throughout the organisation.

The fourth wave of change is known as *the changed majority*. This process involved in implementing this kind of change is crucial because the emphasis usually tends to focus on “selling” change down to the lowest level – rather than merely imposing it from the top down. The necessity of following the correct process is noted by Kotter (1995:59), who states that skipping steps in change only creates an illusion of speed and novelty – but never any satisfying results.

The view of McLagan and Nel is closer in reality to what is popularly viewed as organisational transformation in South Africa. McLagan and Nel focus on the changing South African worker environment, the heightened consciousness of the workforce, the diversity of the workforce and the search for meaning in work life. The emphasis which they place on the organisation’s environment in terms of socio-political trends in South Africa is included in Wilson’s (1987b:62) definition of organisation environment. Wilson (1987b:62) defines the organisation’s environmental context as follows: “By environment I mean the totality of the external conditions and trends in which business lives and moves and has its being – the market and competitive situation, economic and technological trends and (increasingly) social and political development”.

The value of such a definition lies both in its holistic macro-environmental approach (social and political) and its futuristic orientation. The definition implies that both current trends and competitiveness need to be considered in transforming organisations. There are many researchers and executives who fail to incorporate the need for remaining competitive with changing socio-political

developments. From a business management perspective, such an approach is far too restrictive because transformation – by its very nature – is holistically orientated.

1.5 A competitive view of organisational transformation

Weeks (1990), and Nasser and Viviers (1993), are closer to the macro and competitive view of organisational transformation in South Africa.

According to Weeks (1990:78), the changing environmental context in which organisations exist and to which they need to adapt in order to survive is a significant variable in organisational transformation. This is supported by Nasser and Viviers (1993:2) who describe the world economy of which South Africa is a part, as one that is highly turbulent. A certainty which they predict for South Africa is that turbulence will continue unabated for the foreseeable future. Nasser and Viviers (1993:3) indicate that organisations have to be managed for *success* when they are undergoing organisational change – in spite of whatever turbulence may exist. Nasser and Viviers (1993) avoid the use of the terms *organisational change* and *organisational transformation*. Instead they use more direct words such as *organisational survival*, *turnaround* and *renewal*. In order to create effective and sustainable turnaround in South Africa they recommend psychological stamina and a mindset which is positive about future outcomes despite limited opportunities and resources, environmental hostility, socio-economic turmoil and political uncertainty.

Nasser and Viviers (1993) have demonstrated in their research that successful and mostly counter-trend organisations in South Africa reflect characteristics which are very similar to those of winning nations and winning international organisations. In terms of organisational turnaround (as used predominantly in their research), organisations wanting to turn their organisation around should employ discontinuous strategic thinking. The source of competitiveness (according to Nasser and Viviers) lies in an ability to defy the logical conventional wisdom and leapfrog traditional culture in favour of completely new and original ways of doing things. Among the more noticeable features of this paradigm shifts, they have identified the following:

- a move away from steep vertical organisational structures to more horizontal, flatter structures;
- a move away from myopic long-term planning towards intuitive medium-term thinking and action;
- a move towards collapsing cost centres into profit centres;
- a move away from centralisation towards employee empowerment;
- a move towards replacing too much artificially preserved harmony with a healthy amount of creative tension;

- a move towards achieving strategic aspirations with considerably fewer staff than are generally thought to be necessary; and
- a move towards ensuring that the affirmative action issue starts in the boardroom and is concentrated on “line” rather than on staff positions.

Sunter’s (1997:12) view of organisational transformation is similar to that of Weeks (1990) and Nasser and Viviers (1993) in that he pays attention to the global context and the status of an organisation. He is more emphatic in his view that it is of paramount importance for an organisation to transform into a competitive player on the world stage.

In his preamble to discussing the world-class competitive organisation, Sunter cites the World Class Yearbook which indicates that South Africa is rated second-last among the industrialised countries listed. Only Russia was behind South Africa while the US, Singapore, Hong Kong and Finland occupied the top four places.

South Africa now possesses an open economy (Sunter, 1997:11) – with all the opportunities and threats which go along with such status. Unless South African organisations transform into world-class companies South Africa will remain, according to Sunter (1997:11), at the bottom of the class. Sunter (1997) suggests the following ways for organisations to become world-class companies:

- **Differentiation and specialisation.** According to Sunter (1997), being the champion of a closed economy will now be risky as America's most admired companies enter the South African market. Sunter (1997:16) advises that if South African organisations are to rise to the challenge, they will need to find something that sets our product service or the way that we do business apart from the rest of the competition in the world.
- **Focus and being a global player.** Sunter (1997:20) illustrates the necessity of being focused while at the same time being aware of the global arena. He sums up this dilemma by saying "It's no good any more having the philosophy that if it sells in Benoni, then that's all right." He further believes that *focus* is a key message for South African management who, because of the shortage of expertise, have spread themselves very thinly over a wide range of responsibilities. In short, Sunter (1997:20) believes that in order to become world class, organisations should stay with their core competencies but adapt their range of products and services to the changing times.
- **An innovative spirit to cope with the perpetual transition caused by accelerating technological change.** According to Sunter (1997:21) an increasing number of industries are moving into perpetual transition – a state which he recognises as not being very comfortable. In order to survive such flux and the immense challenges which they bring in their wake, Sunter suggests that organisations should be innovative and technologically agile. If

these two attributes are combined, they will confer the ability to launch wave after wave of new products and stay ahead of the field.

- **An ability to be in tune with changes and shifts in the environment.**

According to Sunter (1997:25), the more an organisation focuses, the more they should be prepared to alter their assumptions about the future should they prove to be incorrect. It is also equally important that, after having identified the problem, the organisation knows what it can and cannot change in order that it can focus on the one and adapt to the other. Moreover an organisation should also distinguish between what it should or shouldn't change in its business. Sunter (1997:25) agrees that change for change's sake can be dangerous because it takes years to build up a brand and corporate image.

- **The ability to attract, develop and keep young people in the organisation.**

This, according to Sunter (1997:28), is the most important attribute of a world-class economy. He notes that while it is sometimes easy to attract talented young people to an organisation, it is more of a challenge to retain them. Sunter (1997:30) recommends that in order to retain them an organisation should create an environment in which "high flyers" are never bored. Fast-tracking is also a way of ensuring that such people are developed. There should also be regular contact with management, regular feedback on performance and significant rewards for merit. As Sunter succinctly states: "To be world class you have to treat your people as an asset on the balance sheet rather than a cost on your profit and loss account."

- **Social and environmental responsibility.** According to Sunter (1997:31), the World Bank is considering a “blacklist” of companies suspected of corruption. He warns that in future nothing will make a company lose its world-class badge faster than being exposed for bribery, unfair labour practices or insensitivity to the environment. It is therefore not just the unions and labour legislation which forcing making companies to behave better. The market is also now exerting itself as a beneficial influence.

While Weeks (1990) and Nasser and Viviers (1993) write from a South African perspective, their view of organisational change is based largely on economic imperatives with aggressive proactive interventionist solutions.

1.6 The racial emphasis in organisational transformation

Visser (1998:6) does not explicitly define or describe organisational change but expresses rather concerns about safeguarding effectiveness and productivity during “such” change processes. To be productive, according to Visser (1998), every employee must be committed to:

- delivering the right product or service;
- eliminating waste;
- to working towards increased output; and
- behaving in a manner that will generate trust both vertically and horizontally.

Visser's concern with falling standards as a result of transformation and his view that the reasons for transformation cannot be faulted give the impression that he views transformation in racial or affirmative action terms.

This view, although negative, is perhaps an ever-increasingly popular view of organisational change in South Africa. Mbigi and Maree (1994:21) are mainly emphasising the racial aspect of organisational transformation when they state that the power in South Africa is shifting from a white minority to a black majority and that such a shift is generating an uncompromising business agenda which consists of a set of strategic challenges that leadership will have to respond to. They note the following challenges:

- Black workers are suspicious of business institutions. This generates the need to establish the legitimacy of management and institutions.
- Worker expectations about the quality of working life are high.
- There are high negative expectations of the resource-rich white minority such as distrust and suspicion. The management of white fears is critical if South African institutions are to maintain a satisfactory delivery capacity.

The racial emphasis on organisational change is clearly emphasized by Mbigi and Maree (1994). Various South African writers such as Khaye (1998), Dibodu

(1998) and Lakhani (1998) confirm their belief that affirmative action is the core of organisational transformation. Makwana (1996:25), for instance, predicts that competitive edge of companies will not only be determined by quality, service or products but also by the extent to which that company demonstrates a clear commitment to transformation by economically empowering those men and women who have been disadvantaged by the apartheid economic policies of past governments.

Jackson (1998:8) asserts that affirmative action is a major component of transformation in his description of the Black Management Forums' (BMF) background and vision. The importance of black empowerment and advancement in bringing about transformation is propounded by the BMF. According to Jackson (1998:8), the BMF was founded in 1976 to represent the interest of black managers who were discriminated against on the basis of colour. It is currently the only recognised organisation representing black managers in South Africa. The BMF's vision is to be the foremost a catalyst for the managerial transformation of organisations in South Africa. While this article offers no definition of transformation, it records the two top strategic objectives of the BMF as being:

- to develop black people into effective business and management leaders; and
- to ensure that companies are transformed so that they become representative and reflective of South African demographics.

According to the BMF managing director, Malope Mmamane, (in Jackson, 1998:8), the BMF organisational transformation is a crucial player, and BMF members periodically articulate the BMF position with regard to affirmative action and employment equity. The BMF has a membership of 3500. These are drawn from diverse managerial positions and about 120 corporate companies, including many of South Africa's top 100 companies. The organisation has 27 branches throughout the country.

One may contend, on the basis of this brief review of Jackson's (1998:8) description and the composition of the BMF, that affirmative action is regarded as indispensable for successful organisational transformation. Any understanding of organisational transformation must therefore include a detailed examination of affirmative action as it operates in South Africa.

2 LEGISLATION WHICH AFFECTS ORGANISATIONAL TRANSFORMATION

2.1 The Employment Equity Act

Apartheid has left behind a vast legacy of inequality. The composition of the labour market reveals huge disparities in the distribution of jobs, occupations and incomes – and the effects of discrimination against black people, women and people with disabilities. These disparities are reinforced by social practices which perpetuate discrimination in employment against these disadvantaged groups, as well conditions outside the labour market such as lack of education, housing, medical care and transport. These disparities cannot be dispelled by simply eliminating discrimination. Policies, programmes and positive action designed to redress the imbalance of the past are indispensable for achieving justice in all areas of South African life (Employment Equity Bill 1998)

The Employment Equity Act, Act 55 of 1998, was introduced during the first half of 1999. Of special interest to this research is that Chapter II (the prohibition of unfair discrimination) and Chapter IV (the establishment of the Employment Equity Commission) of the Act.

It is anticipated that this act, with its far reaching provisions, will radically transform the face of South African business (Healy 1999).

In broad terms, the Act provides legislation that will facilitate the democratisation of South African society in all areas of life. In short the Act outlaws unfair discrimination in all employment policies and practices, and seeks to affirm the rights of blacks, women and the disabled in so far as such rights relate to career development and job opportunities. The purpose of the act is to ensure that any organisation ultimately reflects the demographics of the region(s) in which it operates.

With regard to affirmative action, designated employers are required, in accordance with section 13, to “implement affirmative action measures for people from designated groups (i.e. blacks, women and the disabled)” (Healy 1998:3).

In addition section 5 (4) of the legislation will strictly control the testing of employees for illness.

Thus, while it may be permissible to do a test for respiratory problems on an applicant for a spray painting position, the Bill prohibits the testing of a job applicant for HIV/AIDS unless perhaps the person is applying for a job as a sex worker.

2.2 Implementation of employment equity plans

Every employer with 50 or more employees will be required to draw up and carry out concrete plans for the implementation of employment equity in each workplace. This will require:

- consultation by the employer with employees and their representatives on an analysis of the enterprise's employment policies and practices and its employment equity barriers. The employees represented at these consultations must be drawn from all occupational categories;
- disclosure by the employer to the employees of all information relevant to the issues raised in the consultation;
- conducting an analysis of the employer's employment policies, practices, procedures and the working environment for purposes of identifying barriers which adversely affect "disadvantaged" people (i.e. black, female and disabled employees and job applicants);
- the preparation and implementation of an employment equity plan which will overcome the enterprise's barriers affecting "disadvantaged" people. This plan will have to state:

- the objectives to be achieved for each year of the plan.;
- the employment barriers identified in the analysis and the steps which the employer will take to eliminate the barriers;
- the positive measures which will be implemented by the employer to ensure employment equity and fair representation of “disadvantaged” people;
- the numerical goals set for achieving equitable representation of “disadvantaged” groups within each occupational category;
- the overall timetable and the annual timetables within which equitable representation is to be achieved;
- the strategies designed to achieve the numerical goals and deadlines;
- the duration of the plan, which may not be shorter than one year or longer than five years;
- the procedures that will be used to monitor and evaluate implementation of the plan; and
- the internal procedures designed to resolve any dispute about the interpretation or implementation of the plan.

The employer will have to submit to the Director General of Labour an annual report containing the information listed above. This report will have to be updated annually. Companies will have to make the report available to any member of the public who requests it.

The employer will also be required to make one or more senior managers responsible for monitoring and implementing the employment equity plan and for ensuring that these managers perform their functions properly. The identification and elimination of employment barriers is likely to require the abolition and replacement of policies, procedures and practices which directly or indirectly obstruct black, female or disabled people from gaining employment, advancement, training, fair treatment or benefits (Marais and Israelstam, 1998:6).

2.3 Implications of the Employment Equity Act

Employers are deeply concerned about the practicalities involved in the implementation of this act. The concern of employers in the light of these changing conditions is articulated by Misselhorn (1998:14) who believes that equity will not come cheaply and that *efficacy* must be genuine if equity is to be realised. According to Misselhorn (1998:14) “efficacy” is a measure of efficiency and effectiveness. Efficacy measures productivity and the output-input ratio in all its forms (i.e. how a lower financial investment might produce greater profit, or how fewer workers could be employed for greater output, or how less equipment may increase production, or how less raw material may produce the same number of units).

Since equity cannot be attained without efficacy, this places the responsibility for productivity and output on *both* employers and employees. Equity therefore

cannot merely be demanded by employees. Employees will have to play their part in ensuring that they are sufficiently efficient to maintain efficacy.

There is no easy way to bring equity and efficacy together in creative dialogue and synergistic cooperation. But there can be little doubt that both are required. Equity is necessary because it means the fair distribution of wealth. It also means that people will be rewarded according to their contribution of ideas and skills and for their advancement of basic human and spiritual values. Equity is also necessary because it demands equal opportunities for all and for the removal of bias and prejudice in all its forms. Efficacy is therefore necessary to generate wealth as much as it is needed to ensure that wealth is fairly allocated (Misselhorn 1998:15).

A further critique is offered by Ahmed, in Smith (1998). He warns that the government should not confuse the goals of equity and efficiency. If efficiency is brought into delivery, more of the poor are reached. Ahmed, in Smith (1988), states that equity goals are the goals of government and that the private sector should be left out of the process and allowed to deliver efficiency because the mixing the two will hinder privatisation. He furthermore argues that the private sector cannot produce the panacea that will cure all South Africa's ills. It is but one of the partners in the development process.

Israelstam (1999:2) also identifies problems which may be caused by the requirements of the Employment Equity Act – particularly problems relating to

affirmative action. He concedes that while some of the affirmative action steps required by the Employment Equity Act are essential, many aspects of the Act will drastically reduce labour market flexibility for employers unless they implement the far-reaching provisions very carefully and very quickly. This will make the difference between affirmative action becoming a burden to employers and giving employers the ability and incentive to adapt willingly to legal requirements.

While there is a high level of scepticism amongst workers, the intentions of the Employment Equity Act of the act should not be underestimated or dismissed. Lakhani (1998:11) endorses the good intentions of the Act. He states the Act is a heartening attempt to encourage development and justice in the work place since it attempts to abolish the unjust and prejudicial nature of South African employment practices. He contrasts this hope with the cruel legacy of past oppression and control – particularly in the field of human development. Khaye (1998:12) succinctly states that legislation such as the Employment Equity Act aims at conferring acceptance, recognition, respect and dignity on South Africa's indigenous black population.

Ralinala (1998) supports the enforcement of the Employment Equity Act when he expresses his hope that the implementation of the act will narrow the material gap between whites and blacks. According to Ralinala (1998), a thorough study of the world's contemporary history from the beginning of this century reveals that a wide economic gap in any given country always becomes a source of conflict and

disorder: The Equity Bill is therefore a watershed in the economic history of South Africa.

While organisational transformation in South Africa places a definite emphasis on creating opportunities for the inclusion of the previously disadvantaged groups, there is an increasing burden on organisations to ensure adequate levels of productivity and growth – the very growth that will create wealth and drive transformation. This puts enormous pressure on leaders, who will be required to change the numerical composition of the organisation while sustaining the profitability of the organisation itself. It is highly unlikely that leaders be able to fob off the requirement of achieving quotas by meaningless and high-sounding rhetoric. Leaders will really have to maintain the stability and efficiency of the current work forces while rearranging the allocation of posts and skills in any designated work group. His/her attitude towards these requirements will reflect how the organisation will cope with change.

2.4 The implications of organisational transformation on leadership

The management of corporate change is a complex process in a rapidly changing macro-environmental context. Research has indicated that there is no definitive way to rebuild and maintain organisations. What is right for one organisation now may be wrong for another. To determine what best suits an organisation, a leader needs to tailor his/her designs and intentions on the organisations strengths and uniqueness. This process requires leaders to:

- understand their markets and determine what strategies are needed to be successful in such markets
- design the organisational structures and processes that can actualise the strategy
- assess their current organisational processes
- identify what needs to change if the organisation is to move from its current situation to its desired state
- predict what will happen as they change the organisation
- manage the change process
- repeat the process as markets change or new markets develop

The change process has to take into account both tasks and cultural, psychological and emotional conditions. All too often the implementation of organisational transformation is tackled in terms of organisational restructuring and task formulation while cultural, psychological and emotional conditions are totally ignored (Butler 1988:46).

Corporate change disrupts the emotional context of employees as well as the webs of social meaning and interaction that have evolved within organisations. They therefore disturb an employee “comfort zone”, and this leads to an increase in employee anxiety and fear. When initiating strategic and corporate change, leaders need to be *really* sensitive to the anxiety, fears, concerns, hopes and expectations of employees if they want hope to be at all effective in managing the

change process (Griffin 1992:393). Fear and anxiety are formidable inhibitors of action; they kill the spirit and deadens the imagination (Koopman et al 1987:53).

A further challenge which confronts management is to obtain employee commitment to the change process (Sham, 1996:43). Managers need a profound and skilful understanding of employee resistance to change. They need to understand how to overcome such resistance through effective participative management and communication. In essence, participative management and effective communication constitute are the core skills which are needed by managers who undertake organisational transformation. Kotter (1995:63) notes the dangers of “undercommunicating” in organisational transformation. He believes that change is impossible unless hundreds or thousands of people are willing to help – often to the point of making short-term sacrifices.

Employees will not make sacrifices, even if they are unhappy with the status quo, unless they believe that useful change is possible. Kotter (1995:63) is of the opinion that without credible communication, and a lot of it, the hearts and minds of the troops will never be captured.

O’Toole (1995:169) argues that significant change occurs within organisations only once the sponsors see that the cost of maintaining the status quo is greater than the cost of change. He maintains that the pain inherent in maintaining the present state can create the motivation necessary for carrying out real organisational transition. McCalman and Paton (1992:7) similarly argue that if

employees are to consider significant corporate change, they must feel some degree of pain in the present state. He contends that the greater the change required, the more extreme must be the pain which is needed to mobilise employees to implement change.

Although pain forces people to change, pain management is a dangerous way to stimulate change within organisations. De Geus, (1988:70) notes that the use of the term “pain” generates negative perceptions of the change process. The use of fear as a means for inducing change within organisations is a poor substitute for effective change management and credible leadership. Creating dissatisfaction with the organisation’s present context need not necessarily involve either fear or pain if the process is effectively managed. The researcher argues that pain as a catalyst for change may well be counterproductive because it will not give direction to the change process. The only realistic option is to reduce the level of pain or discomfort generated. The objectives of leaders should be to not only overcome the very predictable organisational resistance to organisational change: they should be in the forefront of giving direction to the change process.

Leadership involvement and direction is the pivot upon which organisation transformation revolves. This point of view is clearly endorsed by O’Toole (1995:xiii) who asserts that today’s leaders must create and embody in their lives strong, shared corporate values so that they can create internal strategic unity within a chaotic external environment.

Hence that familiar imperative of contemporary leadership: organisations must transform, de-layer, democratise and destroy bureaucracy if they hope to instil that entrepreneurial spirit and autonomy and innovation that are needed for survival. But, as leaders realise that imperative in practice, they must not jettison the cooperation, synergy, economies of scale, and sense of community that are the central benefits of the corporate form of organisation.

In essence, the challenge to leadership in organisational transformation is to “create internal strategic unity within a chaotic external environment” and to provide the “glue” to cohere independent units in a world characterised by forces of entropy and fragmentation (O’Toole1995:xiii).

2.5 Leadership Elements critical to organisational transformation

Various elements in leadership have been identified as powerful enough to overcome those centripetal forces in organisational transformation. These I shall now describe.

Tichy and Devann (1990:4) claim that transforming an organisation requires new vision and new frames for thinking about strategy, structure and people. While some entrepreneurs may start with a clean slate, leaders involved in transformation must start with what is already in place. Such leaders, according to Tichy and Devanna (1990:5), are like architects who must redesign outmoded factories for a new use. This perception of the leader’s role in organisational

transformation is supported by Nanus (1992:11) who, in researching leadership in business, government and the non-profit sectors, concludes that the crucial characteristic of a leader is to take charge, make things happen, and, above all, to “dream dreams”. He expands his views about vision by further explaining that effective leaders are known for being masters in designing and building institutions: they are in fact the architects of the organisation’s future. In similar vein, Smith (1997: 17) contends that in successful organisational transformation, leaders inevitably foresee future changes and challenges. They then become the connecting link between today and tomorrow.

Labich, in Syrett and Hogg (1992:225), agrees with the above-mentioned researchers in this regard. They assert that only leaders can manage successful change lies and that such an ability depends on the leader’s ability to enlist support for the organisation’s transformation. Labich (1992:225) cites five attitudes which together guarantee effective leadership during change. He characterises them as follows:

- Trust your subordinates. Employees will only perform effectively if they are convinced that their leaders believe in them.
- Develop a vision. Employees are more likely to be prepared to follow a leader who knows where he or she is going in the change process.

- Encourage risk. Employees may be easily demoralised if they perceive that the slightest failure might jeopardise their entire career.
- Invite dissent. Employees will not give their best to an organisation if they are afraid to air their opinions.
- Simplify. Leaders should present a charter which depicts all the details about the course which they wish to follow. The charter should be communicated and it should be implemented.

Leaders involved in change have the responsibility to guide and keep the organisation on course, and move it towards its chosen destination. Smith (1997:114) notes that there exists a tendency for leaders to slip back in the old way of doing things for fear of rocking the boat. Smith (1997:113) offers the following advice to leaders who are implementing a culture shift:

- Leaders should design and then present a powerful vision for the future.
- There should be a widespread communication of the organisation's goals.
- Leaders should accept that some people may leave during the transition process.

- Leaders should ensure that there is sufficient training in the organisation both during and after the change process.

The picture that emerges is one of a process that continually unfolds while leaders remain out in the front and visible in the process during each stage of the process. Useem's (1996:49) description of the leader's participation and visibility is particularly relevant to this requirement. He contends that organisational leadership matters most during a period of stress and uncertainty, that leaders matter most when it is least clear what course should be followed. Useem (1996) states that leaders are required symbolically and visually to personally exemplify the firm's vision, to show strong confidence in his or her self and in others, and to demonstrate personal sacrifice, determination, persistence and courage.

While what has been suggested above is valid for both international and South African organisational transformation, Mbigi and Maree (1994:22) offer specifically South African requirements for leaders taking their organisation through transformation:

- There is a great deal of inflexible fear and apprehension among the resource-rich minority (whites). The management of white fears is therefore critically important if South African institutions are to have delivery capacity.
- There is competition for dominance and control in the South African market place. Unless organisations become world-class and have a collective will to

survive, they will not be able to meet strategic challenges. The most important corporate strategy for South African institutions is the ability to manage corporate evolution in the face of change. Sunter (1997:11) argues this point and adds that unless South African organisations transform into world-class organisations, they will remain at the bottom of the class.

2.6 Organisational transformation internationally and in South Africa

There are many points at which organisational transformation in South Africa and in the rest of the world overlap. When one analyses both local and international organisational transformation, it becomes evident that both perspectives have a dominant motivation for organisational transformation. This motivation is the realignment and maintenance of an organisation so that it is optimally positioned in the new context in which it has to operate. Both South African and international companies are having to adjust and compete within a turbulent environment.

Several major sources of change and turbulence affect both South African and foreign organisations, namely:

- **Technological innovation:** Technological advances such as information highways, microprocessors and automated factories are creating a rapidly changing competitive terrain. The organisation should be positioned to ensure that it can respond at once to rapid change.

- Globalisation: Firms have a tendency of firms to extend their sales or manufacturing to new markets abroad and to do business everywhere abroad. Production is also becoming globalised as manufacturers around the world situate manufacturing facilities where they will be most advantageous. The globalisation of markets and manufacturing have also enormously increased international competition. Throughout the world, organisations that formerly competed only with local firms now relinquish their complacency and cope with the onslaught of new foreign competitors.

2.7 A new world order

As nations join the ranks of democracies, central planning and communism are increasingly replaced by capitalism. One major consequence of this has been an explosive of new markets which offer hundreds of millions of customers. For unparalleled opportunities are therefore being opened up to businesses and firms, increased global competition increases the necessity to be able to meet these challenges.

2.8 Demographics and the new global work force

In countries such as the US, the UK and South Africa, the composition of the workforce is changing dramatically. That part of the workforce which is composed of minorities and women has increased. The workforce's increasing

diversity holds major consequences for human resource development and training in all countries.

2.9 Knowledge, work and human capital

The typical large organisation will be knowledge-based: it will be an organisation that is composed largely of specialists who direct and discipline their own performance in response to regulated feedback from colleagues, customers and headquarters. The result of this is that the distinguishing characteristics of companies is an emphasis on human capital – knowledge, training, skills and expertise at the expense of physical capital like equipment, machinery and the physical plant.

Organisational transformation in South Africa and internationally is both economically and process-driven and is the product of deep social shifts towards the empowerment of the individual. Typical words used to describe transformed organisations are *boundary-less*, *virtual*, *horizontal*, *flat* and *consensual*. Social shifts which are common to both the international and South African domains include the fact that

- more decision making is undertaken by all levels of work force (everyone has an opportunity to engage in higher order thinking);

- there is a de-emphasis on traditional pyramid-shaped organisations and a corresponding emphasis on cross-functional teams;
- work itself is organised around teams and processes rather than in terms of specialised functions; and
- managers will not manage but will rather empower and build commitment.

2.10 South African organisational transformation

The South African definition of organisational transformation shares the same views as those held by scholars abroad. One may note that the need for organisations to transform themselves into world-class organisations is expressed more urgently in the South African context since the World Class Yearbook rated South Africa second last among industrialised countries. With the relaxing of exchange controls, local companies in South Africa will have to perform according to world-class standards if they hope to attract and retain their local as well as their overseas stakeholders (Sunter 1997:4).

While organisational transformation in South Africa is viewed from a survival/renewal point of view, organisational transformation in South Africa will be squarely based on legislation which is designed to redress past injustices and the dire consequences of apartheid. The Employment Equity Act is the cornerstone of the transformation process. The preamble to the Act states the

intention of the Act succinctly: "As a result of apartheid and other discriminatory laws and practices there are disparities in employment, occupation and income within the national labour market that create such pronounced disadvantages for certain categories of people that they cannot be redressed simply by repealing discriminatory laws".

The Act, which is seen as controversial and troubling by many traditionally white organisations, is a piece of legislation which is intended to eliminate unfair discrimination among *de facto* employees and job applicants and to provide special opportunities for black women and the disabled. In short, the act outlaws unfair discrimination and articulates certain criteria for defining unfair discrimination. These criteria refer to race, gender, sexual orientation, pregnancy and family responsibility.

With regard to affirmative action, designated employers are required in section 13 to "implement affirmative action for people from designated groups i.e. black women and the disabled" (Healy 1998:5).

Organisational transformation in South Africa is a "double hatter" because, on the one hand, the need for the organisation to survive as a functional enterprise is paramount while, on the other hand, an organisation needs to survive, change its workforce composition and succeed simultaneously. The organisation and its leaders therefore have to be proactive and strategic if they wish to comply with these imperatives.

As they implement organisational transformation in South Africa, leaders need constantly to review economic imperatives and the market forces in the light of evolving demographic imperatives. Leaders need to synchronise the management of corporate and strategic transformation with the phenomenon of environmental change itself in a proactive and flexible way.

The role of leadership in South Africa is therefore to be proactive and to build the capacity of their organisation, not only to manage change but to shape the world around them.

3 CONCLUDING REMARKS

The process of organisational transformation may be viewed from an international perspective or a South African perspective. The latter, which provides an emphasis on racial representation, is incorporated into the discussion. Each perspective tends to emphasise those characteristics of the process that are inherent in it.

The need to build and lead flexible organisations that respond to rapid shifts in the market place has never been greater. The highly competitive global economy of the 1990s demands that organisations respond rapidly to market shifts or suffer the consequences. It is well known that market leaders such as General Motors

and IBM have suffered and lost their market leadership positions because they did not respond rapidly enough to changes in the market (1996:vii).

The days of pursuing a steady, well-proven strategy and building a stable organisation to meet the needs of a clearly defined and stable market are gone. Instead leaders now live in an era in which they must anticipate rapid market shifts, develop new strategies, and redesign their entire organisation to operate effectively. The highly competitive and rapidly changing global economy dictates that leaders will need to become capable of building and rebuilding organisations to meet specific market opportunities.

4 PART 2: A THEORETICAL APPROACH TO LEADERSHIP

This section of the chapter is devoted to a consideration of what approaches leaders use during organisational transformation. Kennedy (1994) and Collins and Porras (1997) point out that the study of leadership has been at the forefront of the publishing boom since the early 1980s. It now constitutes the largest non-fiction category in Britain – and Britain is a long way behind the United States in business publishing. In the course of this chapter certain accounts of the development and practice of leadership will be examined.

In order to systemise the discussion of issues, the researcher decided to isolate the main themes in the literature on leadership and to categorise the theoretical trends pertaining to leadership represented in the literature.

After a detailed consideration of the literature, the following themes were discerned as being relevant to the question of leadership in organisational transformation.

Firstly, there is the theme of the degree to which transformational, inspirational and democratic leadership is considered to be crucial for successful organisational transformation.

Secondly, there is the theme of the degree to which authoritarian and autocratic leadership is used in organisational transformation (whether it is an instinctive approach in leaders or whether it performed intentionally to obtain results is a subject of contention in the literature).

4.1 Transformational leadership

The first mentions of transformational leadership appeared in Downton's *Rebel leadership* of 1973, a sociological treatise, and independently in James McGregor Burns's study of 1978 (Burns 1978). Then, in 1985, Bass presented a formal theory of transformational leadership as well as models and measurements of its factors of leadership behaviour. Meanwhile at least 25 independent dissertations and numerous research projects were completed in the United States and elsewhere (Deluga 1988).

4.2 Definition of transformational leadership

According to Bass (1998:17), transformational leadership goes beyond requiring leaders simply to get the work done and to maintain good quality relationships with their followers. Bass (1998:15) defines transformational leadership as a philosophy and approach that a leader employs in order to develop followers, transform those followers into leaders and foster the performance of followers in a way that transcends expected or established standards. The leaders referred to by Bass are not only those at the highest managerial levels in organisations. He refers also to those who are both in formal and informal positions, regardless of their position or rank. Griffin (1990:495) concurs with this definition and defines transformational leadership as leadership that goes beyond ordinary expectations by transmitting a sense of mission, stimulating learning experiences and inspiring new ways of thinking.

5 THE PRINCIPLES AND COMPONENTS OF TRANSFORMATIONAL LEADERSHIP

The following principles and components of transformational leadership are analysed below:

- Employees are allowed and enabled to view their work from a new perspective
- generating awareness of the mission and vision in the organisation

- developing workforce to higher levels of ability and potential
- motivating followers to look at organisational interests
- self mastery
- cognitive-focused strategy

5.1 Employees are allowed and enabled to view their work from a new perspective

Stimulating colleagues and followers to view their work from new perspectives is cited by Bass and Avolia (1994:2) as being a major component of transformational leadership. Sinetar, in Syrett and Hogg (1992:115), agrees with this assertion. He believes that one of the greatest challenges facing organisations today is the ability of leaders to encourage creativity and to allow people to express themselves innovatively while still maintaining the functions of the company.

Miller (1996:13) focuses on the necessity for creativity in transformational leadership. According to Miller (1996:13), creative response is the response of growth. Without it no organisation can progress. It is a sure sign of vitality and life, and when people lose their creativity, their defeat is near.

Many senior executives in large organisations have little contact with conditions on the factory floor or with customers who might influence their thinking about technological innovation. Since risk perception is inversely related to familiarity

and experience, senior leaders are likely to perceive technological innovation as more problematic than acquisitions that may be just as risky but that may appear to be more familiar. Quinn, in Stone (1996:107), notes that managers who fail to harness the potential of their subordinates, reveal other characteristics as well. They have, for example, a deep-rooted fear of failure and when things go wrong, they shift blame or find reasons outside of themselves to which they can attribute the cause. They seldom take responsibility because to do so would make them feel vulnerable (Laferla 1998:26)

For workers to be enabled to contribute and participate more fully in their organisation, they first have to be empowered. Mastrantonis and Nel (1995) attest to the fact that if leaders of organisations wish to enable their organisation to become successful, highly productive and flexible entities, they have to elicit a high level of employee commitment and encourage the following three dimensions of leadership:

- They have to encourage employees to make the kinds of operational decisions which are traditionally reserved for management.
- They have to grant employees access to the information required to make such decisions.
- They have to ensure that employees are trained so that they have a real understanding of business and financial decisions.

People need to act on their own choices. Acts of compliance do not serve those around us. Leaders do a disservice to others when they make decisions for them. Lorenz (1995:11) supports this view by stating that if people feel that they are at least in partial control of their affairs, they are better able to accept that change has become a way of life.

Covey (1996:38) asserts that each person must have a role in defining purpose and deciding what kind of culture the organisation will possess. According to Block (1995), we diminish others when we define purpose and meaning for them – even if they ask for it to be done. The transformational leader must therefore be participative in his or her approach.

Empowerment and participative management are therefore vital components in a transformational leader's approach. A very effective way of tapping the potential and improving the motivation of the workforce is to create an environment that allows them to contribute to their working life and their work processes (Smith 1997:189). The practice of participation will assist a leader to transform his or her organisation. Any organisation which focuses on continuous improvement holds the key to greatness and survival. The constant generation of ideas and constant innovation will usually put any organisation ahead of the pack. The implications of this for the transformational leader is that he or she must begin by creating a culture where people *automatically* generate innovative ideas and a management structure that is willing to implement such innovations (Sham 1996:79).

Continuous improvement known as Kaizen in Japanese also requires that leaders and managers be prepared to relinquish some of their power and privilege. It is based on the belief that the people doing a particular job will often know better than anyone else (including their supervisors) how that job may be improved, and that they should therefore be given the responsibility for making those improvements (Cane 1996:13). Leaders therefore need to be prepared mentally as well as practically to make this kind of shift. The introduction of such a measure also paradoxically empowers leaders. Cane (1996), for instance, points to the fact that the introduction of *kaizen* should free senior leaders to think about the long-term future of the organisation and look for new opportunities to concentrate on strategic issues.

Developing and nurturing staff are important for empowering the workforce.

The only form of leadership that endures successfully over time is what Covey (1996) has called “the law of the farm”. This means that the ground must be prepared, the seeds must be sown, and watered; the land must be weeded and maintained; growth must be allowed to take place until development and full maturity ensue (Covey 1996:17).

Covey warns that *there are no short cuts* and that time and effort must be invested in organisations and their people if benefits are later to be reaped (benefits such as the ability to introduce and sustain change). This long-term nurturing is also mentioned by Senge (1992) who states that a sense of loyalty can

only emerge through real dialogue between people on all levels of decision making over an extended period of time. This, he believes, is especially necessary because there are so many divergent points of view in changing environments. If there is a history of participation, the leader will experience a “great pay-off”.

5.2 Generating awareness of the mission and vision

Bass and Avolia (1994:2) suggest that other important requirements for transformational leadership suggested are to generate an awareness of the company’s mission and to familiarise employees with the leader’s vision. Tichy and Devanna (1990:124) emphasise how important it is for a transformational leader to develop a holistic vision of the future of the organisation and to stimulate a critical mass of leaders in the organisation to do the same. Nanus (1992:8) attests to the importance of communicating a vision of the future of the organisation which is realistic, credible and attractive to employees.

Vision is important – not only when the organisation is starting up but throughout the whole entire life cycle of the organisation. A new vision should serve as a wake-up call to everyone involved with the organisation and should announce that fundamental change is needed and is on the way.

Kotter, in Syrett and Hogg (1992:20), emphasise that one of the main challenges to a leader is to communicate effectively a vision of an alternative future for the company. Kotter points that words or symbols may not necessarily be accepted

just because they have been understood. They need to be repeated disseminated and emphasised and exemplified in various ways to various audiences throughout the organisation. The target population for this drive, according to Miller (1996:71), includes managers, peers, staff at all levels, customers and suppliers.

Leaders should constantly communicate an inspiring vision or picture of the future that provides focus for what people are doing or what they might hope for. Charlton (1996:25) believes that if the vision is communicated in a creative and understandable way, employees will be motivated to go that extra mile. The communication of the vision will also create conditions that are favourable for creating synergy among employees and the kind of cooperative spirit that enhances coordinated effort.

The frequency and intensity of communication by transformational leaders are therefore critical factors (see Tichy and Devanna 1990:153). Leaders must create an efficient and accessible system of communication which will elicit commitment and trust from employees. Communicating the organisation's vision and mission demonstrates a leader's commitment to the change process. Communication in a company should run in both directions and employees should be actively encouraged to get involved. Hearly (1996:4) endorses the opinion that there should be employee participation in vision formulation. Thus, for instance, he notes that several organisations excluded their employees from the exercise of creating a vision and developing a mission. This only creates problems because it is only the active involvement of every single employee (at no matter what level –

however “low”) that will issue in a statement of vision and mission that has complete legitimacy for every member of that company. Exalted statements about vision or mission which are imposed unilaterally from above are merely expressions of rhetorical flatulence. Employees will not support statements of mission or rhetoric about values if they have not been genuinely consulted and if their support has not been obtained. But if all employees are invited to make input in the process, they will own what they have decided and will be therefore also be willing to be accountable.

5.3 Develop workforce to higher levels of ability and potential

Another component of transformational leadership is the ability to nurture colleagues and followers so that they graduate to higher levels of ability and potential (Bass and Avolio 1994:2). According to Drucker, in Kennedy (1994:67), this kind of skill cannot be learned by a leader although all leaders have it. It is a basic quality in leaders and one that presupposes integrity and character. What is being suggested here is that a true leader has an ability to move or inspire his or her workforce by an innate inner force or quality which one might call charisma. The term *charisma* has a long history. It originated as a theological concept and in that context means a gift from God which enables a human being to perform exceptional tasks (Letsins 1986). The concept of charisma was introduced into the social sciences in the early years of the twentieth century by Weber. According to Weber, the charismatically qualified leader is obeyed by virtue of the personal trust and confidence which others are willing to place in him

or her and in his or her revelations, heroism or exemplary qualities (Wright 1996:194).

Vechio (1997:71) also posits the some kind of inner personal force or vitality which leaders use to develop their staff. Influence differs from power in that it more subtle, pervasive, numinous and intangible than raw power – which is often predicated on threat and force. Vechio (1997:72) describes how influence may facilitate a process of identification. Identification causes person A to follow and cooperate with person B because person A wishes to establish and maintain a personally satisfying relationship with person B. When a subordinate admires his or her manager, seeks his or her approval, and perhaps even tries to imitate him or her, it may be inferred that the subordinate has a strong desire to identify with the leader and would thus be most likely to follow the leader throughout all the stages of the change process. This makes “influence” a most important attribute in leaders who manage difficult change processes.

Covey (1996:35) identifies the *inner strength* of a leader as being indispensable if a leader wishes to inspire employees to attain to higher levels of ability and potential.. According to Covey (1996:35), principle-centred leaders radiate positive energy leaders and cheerful, pleasant and happy. Their positive energy is like an aura that surrounds them and this aura (positive energy) inspires colleagues and neutralises the negative energy and behaviour of those around them. If leaders are to inspire their employees to move to higher levels of ability and potential, they should not overreact to negative behaviour, criticism or human

weaknesses. Although they may be well aware of weaknesses, they realize that behaviour and potential are two different things and they believe in the unseen potential of all people (Covey 1996:35). Waterman (1987:22) supports this view that there is undeveloped potential in all. He also believes that if a leader expects an employee to do well, he or she probably will – and vice versa. Psychologists refer to this as the Pygmalion effect (it is commonly called a self-fulfilling prophecy).

If transformational leaders are to encourage their colleagues and followers to reach higher levels of ability and potential, they have to assume a coaching and teaching role. Pospisil (1997:35) endorses this supposition and claim that the ultimate test of a leader is *not* whether he or she makes clever decisions and takes decisive action – but whether he or she is able to teach others to be leaders and build an organisation that can sustain success even once he or she has departed.

To illustrate this point, Pospisil (1997:35) offers lessons from the lives and careers of well-known role models such as General Electric's Jack Welch, Pepsi's Roger Enrico and Allied's Larry Bossidy, as well as from less better-known leaders such as Eleanor Josaitis of Detroit's Focus: Hope training and education initiatives. All share a set of common assumptions and qualities as executives and teachers. They take direct responsibility for the development of other leaders; they have a philosophy and vision that can be taught; they embody a myths which arise out of the stories of their lives, deeds and beliefs; they create inspiring stories about the

future of their own organisations, and they utilise well-trying and tested methodologies and coaching and teaching techniques.

If leaders are to inspire their colleagues and followers to rise to higher levels of ability and potential through coaching and teaching, then they too must ensure that they are constantly learning and developing their skills and knowledge.

According to Covey (1996:33), leaders are people who are continually learning from their own experience. They also use reading, training, formal education and listening to expand the range of their competence, to hone their abilities, and to develop new skills and interests. Koestenbaum (1991:71) also applauds the ideal of continuous learning. He regards what he calls “ceaseless learning” as an essential part of the lives of leaders. Koestenbaum (1991:71) feels that leaders are obliged to understand and appreciate what they need to know. Koestenbaum also believes that it is essential for leaders to have an open mind because an open mind has learned how to learn and obtains immense pleasure, joy, meaning and fulfilment from learning. Savage (1997:100) puts a different emphasis on learning. He regards learning as a process within life that enables one to become increasingly perceptive about the patterns that connect one with other people and with one’s world.

5.4 Motivate followers to look at organisational interests

Bass and Avolio (1994:2) assert that transformational leaders are successful in motivating colleagues and followers to look beyond their narrow interests and to appreciate those factors that might benefit the *group*. Griffin (1995:437) maintains that motivation is that set of forces that cause people to behave in certain ways. The importance of motivation makes it critical to an organisation's success. Motivation is a complex process. As life becomes more complex, so also do the needs and expectations of the people who work in the organisation. This is especially true of organisational transformation as the internal and external environments become increasingly complex. Leaders therefore have to cope with the high expectations of their employees even as they attempt to obtain commitment from the workforce.

What motivates one person may not motivate another. There are however several factors that are common to the motivational fabric of all organisations. People who feel they are *contributing* to the organisation are generally more motivated (Smith 1991:12), and when people are rewarded for using their intelligence, a company receives a great boost of energy (Block 1995).

If a leader hopes to be able to motivate and to unleash the potential of his/her workforce, he or she needs a profound, sensitive and intelligent understanding of the minds and hearts of his or her workforce.

Cohen and Bradford (1991:101) assert that before leaders even attempt to motivate employees, they should fully understand the world of their employees. Knowing the concerns, objectives and various styles of employees is fundamental for determining what they need before they will be willing to cooperate. The more a leader knows, the better will he or she be able to plan a company's future.

In the twenty-first century organisation the social and organisational context will have major implications for leaders in understanding the workforce. Some of the characteristics of twenty-first century organisations listed by Nanus (1992:173) are as follows.

- The labour force consists primarily of highly skilled knowledge workers. Knowledge workers are quite different from production workers in that they tend to view themselves as professionals and they have the discretion to generate their own initiatives. They also consider “psychic” rewards like challenge, status, personal growth and self-esteem to be as important as their financial reward.
- The products or services consist primarily of packages of knowledge. The production of most products for which a small knowledge component is required no longer takes place by and large in developed countries. The kinds of production that are undertaken are those which require small amounts of material and large amounts of human intelligence and skill.

- Organisations tend to be global in their scope. At the very least, organisations are likely to need supplies, technology, ideas or equipment from abroad. Even purely local organisations are no longer totally immune from the impact of distant events that affect local interest rates, government policies or the attitudes and expectations of workers or customers.
- Organisations tend to be characterised by rapid change and complexity. Research is constantly focused on producing new ideas that will make current concepts obsolete. Innovation in products and processes has become the engine that drives the economic system. As a result, the organisation it must retain the agility to react quickly and appropriately to innumerable threats and opportunities – however large it may be.
- Activities are distributed over space and time. Because knowledge workers are often dispersed in time and space and because they view themselves as professionals, they expect to exercise initiative. Such organisations tend to be flatter, less hierarchical and more intricately networked.
- Organisations tend to have fuzzy boundaries. No leading-edge organisation – no matter how large – is able to do *everything* it needs to do to achieve its vision on its own.

The above six characteristics of twenty-first century organisations suggest both challenges and opportunities for leaders who desire to motivate staff.

The more highly skilled and professional workers are, the more critical it becomes for a leader to be able to supply a meaningful job context and a challenge worthy of commitment and exceptional effort (Nanus 1992). Skilled professionals do not want to waste their time, and they really don't have to because they can easily move to another position where they can make a difference.

The leaders of twenty-first century organisations will be expected to have the capacity to challenge and inspire highly skilled professionals.

A leader's task in motivating less-skilled personnel will be no less demanding. The changing composition of the workforce as well as their aspiration will need to be borne in mind during the stages of organisational transformation.

5.5 Self-mastery

Although an understanding of a work force's needs and aspirations are essential, personal values are also critical when it comes to determining a motivational strategy. The suggestion has been made that leaders should begin with themselves. A leader needs to look deeply within himself or herself before he is capable or fit to motivate followers and employees. A leader's capacity for rigorous self-examination and his or her ethical standards have to be irreproachable before a leader can even begin to think of motivating his or her staff.

Covey (1996:18) advocates a kind of leadership that is based on what he believes are certain timeless principles – principles which he believes are not inventions of particular historical cultures or societies, but which are rather eternally valid “laws of the universe” that are relevant to human relationships and human organisations at all times. These values are, according to Covey (1996), an integral part of the human condition, consciousness and conscience. To the degree that people recognise and live in harmony with the basic principles as fairness, equity, justice, integrity and honesty, they move toward either survival and stability on the one hand or disintegration and destruction on the other.

Laferla (1998:25) confirms that the unethical behaviour of leaders can be enormously destructive. According to Laferla (1998:25), those leaders who fail tend to be very ambitious and competitive and have a very high need to achieve at all cost. These qualities are often sought after in business and, in themselves, they may appear to be praiseworthy. What makes the difference between success and failure is the *manner* in which such energies and ambitions are applied. Thus, if a leader is willing to manipulate others, to engage in corporate politics and to employ unethical tactics to climb the corporate ladder, then he or she is an inferior person and a failure as a human being – no matter how impressive the external trappings of power may be. Similarly, although people with highly competitive natures appear to be valued, leader who harm and hurt others as they promote themselves can quickly destroy an organisation. Block (1995:42) concurs with this ideal of the necessity for principled leadership. He states that a necessary prerequisite for acceptance of a position of power is that a person be, above all

else, *a good human being*. Trust, he states, arises out of the experience of pursuing what is true. This attitude is supported by Bennis, in Kennedy (1994:106), who states that a basic ingredient of leadership is integrity which he sees as comprising the three essential components of self-knowledge, candour and maturity.

The notion of self-leadership is endorsed by Vechio (1997:416), who contends that, before a leader aspires to lead others, he or she should, as it were, be a leader to himself or herself.

Self-leadership in this sense is the influence that one exerts on oneself (as a leader) to achieve the self-motivation and self-direction that are needed to perform effectively – the very qualities that are paradoxically sought in followers.

5.6 Cognitive-focused strategies

A leader will building rewards into tasks and will increase the level of natural rewards that accrue from his or her labour. Natural rewards may be defined as being part of rather than separate from the work itself – that is to say, the work, rather like a hobby, becomes its own reward. Leaders focus their thoughts on natural rewards: they purposefully focus their thinking on the naturally rewarding features of the work in which they engage.

Leaders establishment effective thought patterns. In other words, they establish constructive and effective habits or patterns in their very thinking patterns and attitudes to life. Thus they tend to search for the opportunities rather than the obstacles which are embedded in challenges by managing ones their own beliefs and assumptions, their mental imagery, and their internal self-talk.

Covey (1996:34) points to orientation towards service as a key characteristic of leaders. He emphasises that the principle of service without care, dedication and involvement is a contradiction in terms. Real leaders, according to Covey (1996:34), all possess a sense of responsibility, a commitment to service, and a desire to make a meaningful contribution. Block (1995:xxi) also emphasises the need for leaders to concentrate on service in their leadership practice. According to Block (1995:xxi), authentic service occurs when:

- there is a balance of power. People need make and act on their *own* choices. Acts of compliance do not serve those around us or the larger organisation. Domination also fails. A leader does employees a disservice when he or she makes decisions for them;
- the primary commitment of a leader is to the larger community. People who focus constant attention on themselves or on a small team become self-centred and arrogant. They also begin to feel an unrealistic sense of entitlement;

- each person plays a part in defining purpose and in deciding what kind of culture the organisation will exemplify. People are diminished and humiliated when purpose and meaning are defined for them; and
- there is a balanced and equitable distribution of rewards. Every level of an organisation shares in creating its wealth and expanding its resources. When an organisation succeeds in the market place, money and privileges need to be more evenly distributed among all levels if a leader's commitment and ethical standards are sound.

Block (1995:xxi) believes that these ideals of service and stewardship reflect some leaders' intentions but that they usually do not.

Thus, although he concedes that innovative pay systems, self-managing teams, total quality efforts, partnerships and invented pyramids are often features of a particular a company, they are rarely assembled in an integrated governance strategy. Because of this piecemeal approach, leaders often give control with one hand and then take it back with the other.

In terms of the above it is here argued that transformational leaders are charismatic and provide vision and a sense of mission. They instil pride, gain respect and trust and are role models. They inspire by communicating high expectations, using symbols to focus efforts, and by expressing important

purposes in simple ways. These leaders turn their own subordinates into transformational leaders in their own right. Leaders and subordinates all join forces in their effort to change the organisational culture. Transformational leaders inspire, energise and intellectually stimulate their followers to greater heights.

The challenge for South African leaders is how to move from the present situation to the desired future in South Africa. Fundamental long-term changes are required and these have to be implemented by means of transformational leadership (Bass 1994:10).

6 TOUGH LEADERSHIP

Many leaders believe that if organisations wish to bring about change, they need much more authority and discipline than is currently fashionable. They also believe that leaders of major change programmes are likely to need the kind of skills and competencies associated with a more “authoritarian” style of management if they are expected to effect and sustain permanent change. In a classic swing of the management theory pendulum, the Second International Competency Conference in London was told that flexible, decentralised and fully empowered organisations are unlikely to be making the most effective use of their own collective knowledge (Overall 1997:12).

Successful mobilisation of an organisation's knowledge calls for leader-imposed discipline, tightly monitored systems and even blatant authoritarianism.

According to Overall (1997:2), a leader who wants to change organisations must "Kill Tom Peters" – and that no company can thrive on chaos.

Overall (1997:3) also says that flexibility cannot take an organisation very far. Although this is contrary to popular belief, survival in a new era may require a new type of leader with specific leadership competencies. In Overall's opinion, highly disciplined processes are the *only* way to focus an organisation on the requirements of change. Numerous autocratic styles of leadership exist in the literature and each will be discussed in terms of their appropriateness for leaders undertaking organisational transformation. Types of leadership which fall in this category are pack leadership, military leadership and new generation leadership.

6.1 Pack leadership

Tough, direct and forceful leadership is also propagated by Nasser and Vivier (1993:108), who contend that true participative management among South African executives is a rarity, particularly as the term is understood in the classical sense of the word. Research has identified a *hybrid style* which is described as a mixture of benevolent dictatorship and cultivated autocracy. Many new generation organisation leaders may be described as "cultivated autocrats".

This leader is especially effective in allowing opposite view points to be heard and in encouraging strong contenders to emerge from the group. While such leaders are adroit at exploiting counter-trend ideas to create new opportunities, they also often marginalise weak team members or ease them into diminished roles. Such leaders quickly, decisively and ruthlessly deal with divisive employee behaviour such as challenges to the leadership or real threats the group fabric.

Nasser and Vivier (1993:108) term this particular leadership style *pack leadership*. Pack leadership is characterised by leaders who:

- focus on the power of the *team* as opposed to *individual* excellence;
- have an animal-like magnetism which they use to persuade followers to move in a particular direction;
- have forceful, charismatic and dominating personalities;
- nurture important and well-liked team members;
- have the ability to understand and use to their own advantage their knowledge of the human psyche – especially as it manifests in team dynamics;
- have the ability to use both verbal and non-verbal cues to wield influence;
- have an intuitive ability to gauge and enhance the energy levels of employees and
- utilise a “divide and rule” approach to great effect when dealing with dissension.

These leaders often use psychological experiences and symbolic events to establish commitment and to initiate action.

6.2 Military-style leadership

The need for powerful leadership during organisational transformation has revived an interest in the exploits of successful military commanders of the past. Syrett and Hogg (1992:31) note that the problems inherent in inspiring a large armed force to fulfil a series of military objectives, usually in the most turbulent conditions, is the nearest equivalent one may find to leading a modern business in a period of turbulence and uncertainty. Kotter, in Syrett and Hogg (1992:30), confirms this and asserts that no one yet has figured out how to *manage* people effectively into battle: they must be *led*. The same, he suggests, applies to business – where more change always demands more decisive leadership.

Dixan, in Syrett and Hogg (1992:51), also questions various “soft” vague and emotively charged ideas about leadership. The provenance of these ideas are many and varied. At the most superficial level, they are believed to include factors such as voice, stature, an appearance of omniscience, trustworthiness, sincerity and bravery. At a deeper and more important level, leadership depends upon a proper understanding of the needs and opinions of one’s employees and the context in which the leadership occurs. Thus, for example, the notion of charisma is questioned.

Collins and Porras (1997:32) contend that a high-profile, charismatic leadership style is absolutely unnecessary for successfully shaping an organisation. Collins and Porras (1997) add that some of the most significant chief executives in the history of the visionary companies did *not* have the personality traits of the archetypal high-profile, charismatic leader. They cite examples of many leaders who did not comply with the picture of the archetypal model of the charismatic visionary leader.

William McKnight, who is relatively unheard of and unknown, guided 3M for fifty two years. Of the nearly fifty references to McKnight in the company's self-published history, only one refers to his personality and that reference describes him as a soft-spoken gentleman. His biographer describes him as a good listener, humble, modest, slightly stooped, unobtrusive, quiet, thoughtful and serious. Similarly, Masaru Ibuka of Sony had a reputation for being reserved, thoughtful and introspective. Bill Allen, the most successful CEO in the history of Boeing, was described as having a rather benign appearance and an infrequent smile.

Collins and Porras (1997:33) point to further difficulties inherent in developing a high-profile charismatic leadership profile. Psychological evidence indicates that personality traits become set relatively early in life as a result of a combination of genetics and experience, and there is little evidence to suggest that one's personality style may change when one is in a managerial role. There is also evidence to indicate that such a style is *not necessary* and that the continuity in

excellent leaders stems from the organisation being outstanding and not the other way around.

Although the military environment is said to differ radically from organisations in the private sector, certain parallels may be drawn when one compares democratic leadership with autocratic leadership and the possible appropriateness of each – particularly in a turbulent context.

In military organisations, leaders are usually different from those in industry or commerce. Firstly, they are appointed: they do not emerge. Thus the needs of an individual soldier play almost no role in deciding what sort of leader he or she may get. Secondly, a military leader possesses constitutional power of a magnitude which surpasses that of leaders in most other human groups. If he or she cannot pull his or her followers by force of character, then he/she can at least coerce them by force of law.

Thirdly, military leaders are essentially autocratic and they operate in what modern theorists call a “wheel net” rather than in an all-channel communication net. In other words, essential information flows between the leader and his or her subordinates rather than between all members of the group.

In the light of these considerations it is worth noting that modern leaders in the British armed forces have been exceptionally effective. On the assumption that the primary function of officers is to get the best out of their men, one may note the

curious alchemy that was wrought by the relatively unprofessional officers of the First World War. A salient feature of all the campaigns that have so far been considered has been an absence of mutinous tendencies and a high degree of tolerance, fortitude and bravery on the part of the common soldier. For this reason, Dixon (1995:53) questions whether this dispute occurred because of their leader. If it was because of their leaders, how was it possible that even the most inept and reactionary of them could so touch the hearts of their men that they gave themselves to fight with a cheerful and destructive energy that could, on occasions, rise to whirlwind proportions?

Dixon (1995:53) states that modern research has come up with possible answers about the utility or appropriateness of autocracy. It has been shown that whereas low-stressed groups that operate in situations with no painful uncertainties do best under democratic leadership, people in organisations such as the military in times of war actually prefer autocratic leadership because they are subject to deeply stressful ambiguities. The feelings of dependency induced by stress successfully neutralise a person's normal antipathy towards an autocratic leader.

6.3 New generation leaders

The research of Nasser and Vivier supports the contention that the new generation of leaders have become cultivated autocrats.

The following are key characteristics among autocratic new generation organisational leaders:

- They are assertive and tough.
- They apply “light government” with a clear focus.
- They are visionary, intuitive and quick starters.
- They clearly define the priorities and strategy.
- They command loyalty, trust and respect.
- They use their reserves of positional power sparingly and their influencing power in abundance. By doing this they allow others to take charge of their own destinies.
- They are sensitive to organisational culture and know how to reshape an organisation’s culture.
- They are dynamic and positive in their outlook on life.
- They surround themselves with a team of executives of varying cognitive and conative strengths.
- They persevere and have great courage.

Garsombke (1988:49) expands why tough leadership may be desirable.

Firstly, discipline is an essential part of military life and has many positive features. The ability to control situations and people through discipline greatly appeal to many organisational leaders. In many organisations situations in which lack of time and high trust are crucial factors in the change process, the use of discipline may be especially appropriate.

A further characteristic of military leadership is group solidarity: this is an inherent strength of military culture. This characteristic can be very beneficial to an organisation since it may tie the members of a group or team together and make it easier for them to accomplish visibly stated goals.

Tough leadership is positively valued as a “sign of masculinity” – with corresponding implications of strength, chivalry, loyalty and endurance. Kono (1994:85) makes a case for utilising military values in organisational change because he believes that they encourage systematic thinking and planning.

Garscombe cites other desirable facets of direct or military-style leadership. “Efficiency” and “running a tight ship” are two other concepts which are derived from the military culture, and most commentators regard them as positive attitudes. Other elements that are associated with military behaviour and action are capability, victory, challenge, supremacy, challenge and winning.

The stress on winning and on being the best apparently helped IBM to beat its competitors in the information technology industry. In the 1985 edition of *The 100 best companies to work for*, Collins and Porras (1997:125) describe IBM as a company that has institutionalised its beliefs in the way that a church does. The result of this is a company filled with ardent followers. If you are not ardent, you may not be comfortable. Some have compared joining IBM with going into the military. If you understand the marines, you understand IBM. You must be willing to give up some of your individual identity to survive.

In the United States in particular, great applause is given to those underdog teams who emerge as strong competitors. Thus, for example, Pepsi Cola struggled to topple Coca Cola in the so called “Cola wars”. In describing these conflicts, Pepsi Cola’s leadership was known to use the words such as “will”, “determination”, “commitment” and “sacrifice” to epitomise the “rallying cry” of Pepsi. From an organisational perspective, these thoughts stress the positive aspects of a fighting spirit that emerges in the face of competing firms. Many American organisations have consequently adopted and used military leadership terms and concepts.

7 THE UNDESIRABLE CHARACTERISTICS OF TOUGH LEADERSHIP

Although it has been shown in the above discussion that tough and military style leaderships and cultures have many strengths and desirable characteristics, they also have certain weaknesses.

One of the major arguments against the use of military-style leadership in organisations has been its emphasis on the “win-lose” dichotomy. Peters and Waterman (1984) point out that assuming a “win-lose” perspective can limit any leader’s options for possible solutions to problems and situations.

In addition, a military style may sometimes might produce a “barking of orders” and too much emphasis on top- down communication. This may cause rigidity and implement an authoritarian structure in an organisation. Unless leaders have moved from a dictatorship to a relationship paradigm, they will continue to live in the past (Lascaris & Lipkin 1993:40). The possibility of controlling too much or becoming too “top-down” in orientation may also damage employee participation: this style would probably be very inappropriate in the many organisations in South Africa that have already adopted a philosophy that emphasises openness and a free flow of ideas. Employees in an organisation may not accept and implement strategies that are merely handed down to them as readily as they would if they were allowed to participate at some point in the decision making process – even if these passed-down ideas are accepted as being good for the organisation (Smith 1997:188).

Military leadership, taken to extremes, is not condoned by Skjelsback, in Garsombke (1988:51) for the following reasons: he believes that the military personality is socially irresponsible, impulsive and egotistical. According to

Skjelsback, the militaristic mind holds some very dangerous concepts as central to its ideology. They are the following:

- Human life is cheap and dispensable.
- Violence against the outside groups is condoned and even encouraged.
- Human nature is weak and inherently evil.
- Threats based on fear are a way to control people or to deter competition.

Because of the weaknesses and drawbacks in the military model, the wholesale adoption of a military model is not recommended. The organisational leader might instead utilise certain positive elements (such as systematic thinking and a winning attitude) from the military style of leadership.

7.1 Conclusions about tough leadership

Tough leadership is regarded as being appropriate – especially in an era when an organisation is expected to change in order to survive. Tough leaders believe that the only way in which organisations can survive is through highly disciplined processes. Tough leaders draw on the military analogy that people cannot be managed and that they should rather be led from the front. Certain behavioural traits are required by tough leaders as they lead from the front. They are assertive and tough; they command loyalty, trust and respect; they apply light government and they personally clearly define the strategy and priorities.

The ability to control situations and people by means of discipline has a great appeal for many organisational leaders – especially when they are in situations in which a lack of time and the requirement for a high degree of trust is a crucial factor in the change process.

8 TOWARDS A LEADERSHIP MODEL

The importance of transformational leadership – especially transformational leadership in South Africa – has been propounded by many theorists (Bass 1994:15). It holds the key for dealing with a changing workforce who have high aspirations and who wish to become more involved in the workplace. Moreover it holds the key for developing a workforce, for transferring skills, and for building trust and harmony in the workplace.

It is not however a solution for organisations which need to change quickly in order to survive. In cases where leaders are brought into an organisation for the specific purpose of renewing that organisation, a quicker, more direct, more forceful and more disciplined type of leadership is preferable. Tough leadership is therefore more appropriate as the *first* approach in organisational transformation. The shift to transformational leadership can then be made once the organisation is stabilised. Transformational leadership may then provide an improved and sustained culture of learning, openness and empowerment.

The interchangeability of these two styles of leadership is confirmed by Dixon (1995:53) who contends that low-stress which operate in situations that manifest no painful uncertainties do best under democratic leadership while organisations that are in flux and are subject to stressful ambiguities (like the military in times of war) actually *prefer* an autocratic leadership style.

The following styles appeared to be useful in enabling the leader to effect organisational change:

- utilise a “divide and rule” approach when dealing with discussions with those reluctant to change.
- focus on the power of the *team* as opposed to *individual* excellence.
- have an animal-like magnetism which should be used to persuade followers to move in a particular direction.
- adopt a forceful and dominating approach.
- nurture important and well-liked team members.
- have the ability to understand and use to their own advantage their knowledge of the human psyche - especially as it manifests in team dynamics.
- have the ability to use both verbal and non-verbal cues to wield influence.
- have an intuitive ability to gauge and enhance the energy levels of employees.

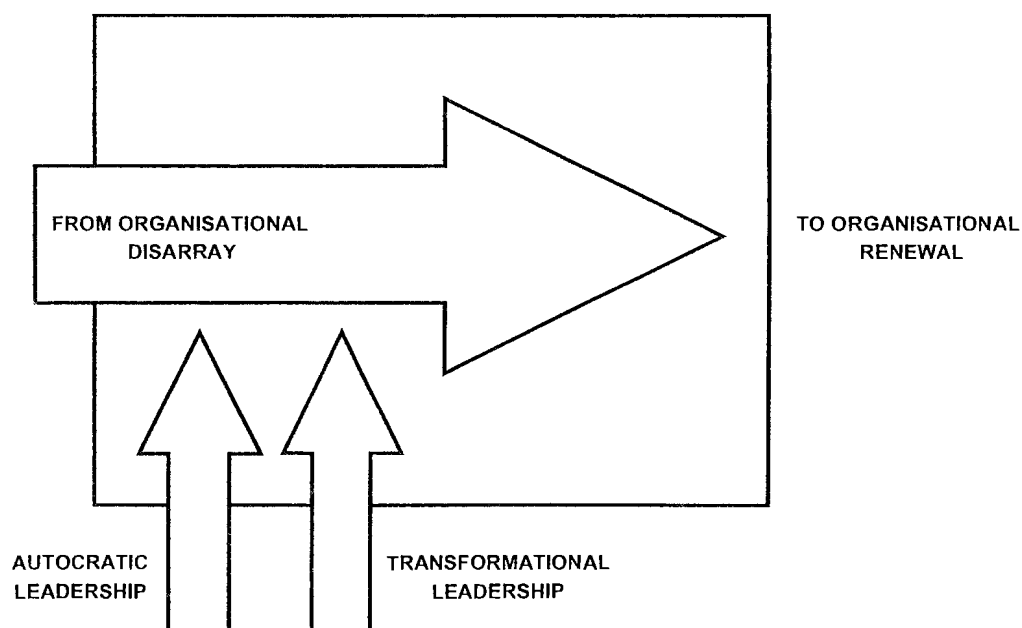
During times of uncertainty and especially in the early phases of organisational transformation leaders would need to be less democratic and to direct with “light

government”. Once the organisation is resuscitated and moves in the rhythm of the change process, a more transformational leadership style would be appropriate.

The transformational leadership approach compliments the direct, tough leadership approach in that it “frees” the “captured” organisation through, instilling pride, respect, inspiration and prompts intelligence, rationality and problem solving amongst the workforce.

It is therefore conceded that direct, autocratic leadership and transformational leadership are to be used sequentially in order to *effect* and then *sustain* organisational change. The direct, autocratic approach initiates and enforces the change, while the transformational leadership ensures that the organisation begins to grow it’s workforce and the organisational culture in order to ensure continued organisational life.

This combination approach is diagrammatically represented below:





The transformation and leadership within an organisational transformation context may take on various approaches each differing in nature, scope and process. In this study organisational transformation is viewed from an international and South African perspective. The latter mentioned perspective presents a process that is far more complex and multifaceted from a change management perspective than the international approaches.

The political and economic context ought to be considered when researching the process of organisational transformation in South Africa. In order that the process can be located within the broader context of social change. To date, few studies have been conducted on the change process from a leadership perspective.

The study further examines leadership and in particular, the leadership of those executives who were engaged in organisational transformation. Transformational leadership is generally perceived as being most significant in effecting organisational transformation because it attempts to instill pride, gain respect, inspiration and prompts intelligence, rationality and careful problem solving (Nanus 1992). However, while transformational leadership is shown to sustain change and it does not necessarily mobilize or induce change. In this study, a more direct or quasi military leadership style was noted as a necessary precursor to change. Once the organisation recovered sufficiently it is necessary to

introduce a more inspiring and nurturing approach to leadership such as transformational leadership.

The findings of this study are therefore of relevance in that they provide insight into the various types of leadership approaches which would need to be introduced at different stages in the organisational transformation process.

Based on the theoretical reviews of successful transformation, a leadership model was formulated in order for leadership in South Africa to achieve and sustain organisational transformation. The popular view that transformational leadership is the ultimate factor in attaining organisational transformation because of its participative and empowering components was integrated into the view that a quicker and more urgent approach to leadership was required. In the South African context where leaders are expected to convert their organisations into world competitors and to address the former apartheid imbalances within their organisations, a more direct and forceful leadership approach needed to be employed. The more direct “tough” approach was highlighted in that it can be usefully drawn upon to facilitate the initial stages of organisational transformation.