

**Gordon Institute  
of Business Science**  
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**The leadership competencies of strategic and operational leaders necessary in  
sustaining a successful turnaround intervention in public organisations**

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## ABSTRACT

Leadership plays a vital role in creating successful or failing organisations. Strategic leadership has a responsibility to develop a turnaround strategy to reverse performance failure in an organisation. Stakeholders' buy-in is of paramount importance in the execution of a successful turnaround strategy. Strategic and operational leaders employ various leadership competencies to sustain the successful turnaround strategy employed.

This study explores the strategic and operational leadership competencies required to sustain a turnaround strategy intervention. The study used a qualitative and exploratory method to research the limited exposure in public organisations, particularly in the local government. Data was collected from 13 semi-structured interviews which included two turnaround experts, two Section 139 administrators, four strategic leaders and five operational leaders in local government.

The study established critical fundamental drivers to sustain a successful turnaround strategy which predominantly encompasses measures to comply with legislation; stakeholder engagement and improving internal control processes.

The study revealed that applying a combination of leadership approaches is more appropriate in local government. Furthermore, the study exposed the various leadership competencies of strategic and operational leaders necessary to sustain a turnaround intervention in local government. The study advanced that exercising "ubuntu" leadership can be universally applied in order to sustain a successful turnaround. Lastly, the study revealed the operational leaders' role being the actual implementers of a turnaround strategy through management visibility in an organisation.

## **KEYWORDS**

**Turnaround; leadership; leadership competencies; operational leaders; public administration**

## DECLARATION

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

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1 December 2020

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## **CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM**

### **1.1 Introduction**

This study investigated the strategic as well as the operational leaders' leadership competencies that are imperative in sustaining a turnaround intervention in public administration, with a specific focus in the local government sphere.

### **1.2 Background to the Research Problem**

Public administration entities rigidly operate within the ambit of the legislation. The directives of public administration within the South African context, as well as their roles and responsibilities, are outlined in various sections of the Constitution of the Republic of South Africa (1996). The primary role of public administration is to implement policy directives and the applicable legislation when carrying out the mandated responsibilities regardless of limited capacity and resources (Hong, 2019; Connolly, 2018; Favero, & Rutherford, 2016). Walker (2013) affirms that the strategic goals of public entities are guided by legislation and the ruling party in the government's priority focus areas.

The role of leadership is a fundamental aspect of public organisations. One of the critical encounters in public administration is to be able to institute effective management leadership in order to enhance public trust, given the limited resources (Vigoda-Gadot & Beerli, 2012). The public officers' role is to be able to decode government policies into related activities and to provide sustainable services to communities (Connolly, 2018; Neill, & Nalbandian, 2018; Leary, & Ospina, 2016; Vigoda-Gadot, & Beerli, 2012).

The responsibility to provide basic services to the people is one of the critical roles of the local government. The intent of local government entails amongst others, the delivery of services to citizens in a viable manner, the provision of democratic and responsible governance for the public and ensuring the participation of the public and the stakeholders in issues affecting the local government (Republic of South Africa, 1996). The local government is the local sphere of government which is nearer to the citizens, and it must strive to ensure the provision of sustainable service delivery needs to the citizens although they have limited funds.

The financial and cash flow performance for some public organisations has been persistently deteriorating for several years which has impacted on the mandated delivery of services to the communities. According to the National Treasury (2019), approximately 125 of the 257 municipalities in South Africa exhibited indicators for different levels of financial distress and service delivery performance failure. The performance failure has been manifested through; (a) Inadequate cash coverage to finance operations; (b) Underspensing on the approved capital budgets; (c) Increase in trade receivables as a result of the inability to collect due revenue; (d) Increase in trade payables due to cash flow constraints and the late payment of suppliers; (e) Investment in service delivery infrastructure-related assets being relatively low; (f) Excessive water and distribution losses; (g) Unfunded and the approval of non-credible budgets; and (h) Continuous municipal audit outcome regression (National Treasury, 2019).

The Auditor-General of South Africa (AGSA) (2020) outlined the audit outcomes for all the 257 municipalities in South Africa during the previous three financial years, from the 2016/2017 financial year to the 2018/2019 financial year. The outcomes are seen in Table 1.1 below.

**Table 1.1: Municipal audit outcomes for three consecutive years**

Audit Outcomes	Number of Municipalities			Percentage		
	2018/ 2019	2017/ 2018	2016/ 2017	2018 / 2019	2017 / 2018	2016 / 2017
Unqualified with no findings (Clean Audit)	20	18	33	8%	7%	13%
Unqualified with findings	91	105	114	35%	41%	44%
Qualified with findings	83	87	72	32%	34%	28%
Adverse with findings	2	12	6	1%	5%	2%
Disclaimed with findings	33	31	32	13%	12%	12%
Outstanding audits	28	4	0	11%	2%	0%
<b>Total Municipalities</b>	<b>257</b>	<b>257</b>	<b>257</b>			

Source: (AGSA,2020)

According to the AGSA (2020), only 20 of the 257 municipalities (eight per cent) in South Africa obtained clean audit opinions for the 2018/2019 financial year, thereby indicating that there was an increase from the 18 municipalities (seven per cent) which obtained a clean audit during the 2017/2018 financial year. A total number of 91 out of the 257 municipalities (35 per cent) in South Africa obtained unqualified audit outcomes in the 2018/2019 financial year (AGSA,2020). The total number of 146 municipalities in South Africa obtained varying outcomes from qualified audit outcomes to incomplete audits due to late or non-submission of annual financial statements (AGSA, 2020).

Internal factors are predominantly the source of performance decline in organisations when compared to external factors (Yandava, 2012). According to Phinney (2018), financial mismanagement, poor leadership and unrealistic budgeting were the underlying causes of the financial distress that was experienced in the City of Detroit. McDonald (2014) advances that the reduction of automobile corporations within the metropolitan area and the enormous losses of the revenue tax base due to the declined population were amongst the causes which primarily impacted on the financial sustainability of the City of Detroit. The author further indicates that the City of Detroit's appointed administrator filed for bankruptcy after attempts to conclude contracts with the various stakeholders, which included employees, organised labour, and the pension boards failed.

Favero and Rutherford (2016) support the hypothesis that internal organisational processes are the common cause of performance decline in public organisations. According to the National Treasury (2019), the Auditor-General of South Africa emphasised that management and leadership are the critical underlying root causes of failures in municipalities. Collett, Pandit and Saarikko (2014) stress that performance decline stemming from poor management in an organisation is challenging to transform during the turnaround execution process. Leadership is thus, an essential aspect of an organisation's recovery initiative.

Several public institutions have gone through the process of formulating and executing turnaround strategies in order to address some of the performance decline challenges that include but are not limited to cash flow constraints, non-compliance with legislation issues and other matters relating to internal control weaknesses. The turnaround interventions are initiated voluntarily in an organisation, or they are introduced as an involuntary

provincial intervention that is guided by legislation. The Provincial Department of Co-Operative and Traditional Affairs can invoke an intervention in local government when a municipality does not accomplish its service delivery directive as defined in Section 139 of the Constitution of the Republic of South Africa (1996).

The reviewed Section 139 of the Constitution of the Republic of South Africa explicitly allows for a provincial executive to enforce a financial recovery plan to a municipality that is unable to execute its obligations to provide essential services or that cannot meet its financial obligations (Republic of South Africa, 1996). According to Ledger and Rampedi (2019), a total number of 140 Section 139 interventions were legislatively invoked in all the provinces with 15 interventions annulled through various appeal processes from 1998 up to 2019 (See Table 1.2 below).

**Table 1.2: Section 139 interventions per province from 1998 to 2019**

Province	Total number of Interventions	Annulled Interventions	Sustained Interventions
Eastern Cape	15	3	12
Free State	14	-	14
Gauteng	3	-	3
KwaZulu- Natal	40	2	38
Limpopo	2	1	1
Mpumalanga	11	-	11
North-West	43	7	36
Northern Cape	3	-	3
Western Cape	9	2	7
<b>Total</b>	<b>140</b>	<b>15</b>	<b>125</b>

Source: Ledger and Rampedi (2019)

The sustained Section 139 Interventions amounted to 125, and they were across South African provinces from 1998 to 2019 (Ledger & Rampedi, 2019). The execution of the turnaround strategy for sustainability is a critical measure in organisations. The continuous monitoring and the evaluation of the turnaround strategy's implementation are critical aspects in determining the need for review and pivoting. A clearly projected turnaround

period with milestones and responsible persons should be incorporated into the turnaround strategy, and it should also be monitored. The leadership has a responsibility to sustain the organisations' turnaround intervention. Walker (2013) argues that public political leadership is subjected to more regular changes which upset and disrupt the implementation of the organisations' existing strategies.

### **1.3 The Research Problem**

Studies on the successful implementation of a turnaround strategy within the public sector are limited. Most studies have researched in the field of organisational turnaround strategies within the private sector context and the limited research that was conducted focused on public organisations (Favero & Rutherford, 2016; Boyne, 2006). According to Vigoda-Gadot and Beerli (2012), the leaders in public organisations encounter challenges when implementing turnaround processes. These challenges include but are not limited to reconstructing public organisational structures, reengineering business processes and procedures, as well as enabling a dynamic culture for both the government employees and the citizens.

Collett, Pandit and Saarikko (2014) argue that cost-cutting and retrenchment strategies are the most successful turnaround initiatives during organisational renewal. The authors further postulate that the organisations that are facing performance failure as a result of poor leadership are difficult to turnaround successfully. The leadership drives the implementation of a successful turnaround intervention. Boyne (2004) echoes that research on financially distressed private entities has confirmed that transformational success is attainable through the implementation of the three strategies, which are namely; retrenchment, repositioning and reorganisation.

Boyne (2004) further emphasises that these strategies are undoubtedly achievable within the public administration environment, however, the risk of non-implementation within the public administration is high when compared to the private sector setting as its impact cannot be reliably measured. Several turnaround strategies that are employed in public administration focus on cost minimisation and proficiency gains instead of focusing on enhancing the provision of essential services to the communities (van der Voet, 2016; Wright, Christensen & Isett, 2013).

Leadership is the foundation for a successful organisational turnaround in public administration (van der Voet, 2016; Hennessey, 1998; Stewart & Kringas, 2003) and this is similar to private corporates (Herold, Fedor, Caldwell, & Liu, 2008). According to Burke (2010), a successful turnaround transformation must be driven by the executive leadership to yield successful outcomes. The turnaround strategy formulation and the subsequent continuous execution of the selected turnaround strategy require leadership determination, endurance and commitment. Yandava (2012) suggests that reversing performance decline in an organisation does not only depend on the existence of a comprehensive strategy but also on consistent and impactful implementation.

Diagnosing and developing an organisationally fit turnaround strategy requires specific leadership expertise, qualities and competencies. An organisational transformation is a multi-faceted procedure that cannot be done successfully solely through the execution of the retrenchment, repositioning, and reorganisation turnaround strategies (Favero, & Rutherford, 2016). Leary and Ospina (2016) accentuate that the growing development of policy improvement alignment and service delivery measures require unique administrative leadership to respond to the multiple accountability structures within the public organisations.

The executive management should diagnose and understand the origins of the performance failure indicators. Strategic leaders should promptly and strategically determine the real causes of the performance decline problem, and they should be able to develop a turnaround strategy in order to reinstate the organisation's effective financial performance (Lohrke, Bedeian & Palmer, 2004). The execution of a turnaround strategy is generally challenging for institutions and more complicated (van der Voet, 2016; Burke, 2010).

Neill and Nalbandian (2018) argue that the local government entities misinterpreted the role of strategic leadership teams and that of management teams. The authors highlight that management teams focus on the daily implementation of the strategy at a functional unit, and this is done at an operational level. In contrast, strategic leadership is visionary as it integrates the various disciplines and examines if the existing models on strategy implementation will yield the anticipated objectives (Neill, & Nalbandian, 2018). Kotter (1996), on the contrary, argues that the executive management becomes ineffective when

there are many managers than leaders, and the author also states that organisational transformation requires decent leaders.

Leadership plays a fundamental role in coordinating, managing and overseeing the organisations' successful turnaround execution process. Leadership has been considered to be a critical element to overcome the challenges for institutional transformation within the public sector (Fernandez & Rainey, 2006; Hennessey, 1998). According to Batistič, Černe and Vogel (2017), leadership is a manifestation that encompasses multi-dimensional notional ranks since it includes different ranks such as individuals and teams in an organisation and it also realises relevant results at each different rank. The successful implementation of an organisation's turnaround strategies relies on the willingness and commitment of both the executive management and the employees. Aryasri (2019) asserts that business does not fail, but rather it is the people managing the organisation that fail.

According to National Treasury (2019), the Auditor-General flagged six threatening areas which must be attended to by municipalities to improve its audit outcomes and financial health position which are: (a) Poor administration of procurement and agreements; (b) Reliability of financial statements; (c) Avoidance of prohibited expenditures; (d) Successful consequence management (d) Suppliers' payments not honoured within 30 days; and (e) Inadequate asset administration. AGSA (2020) primarily highlighted the lack of leadership, unethical leadership as well as the lack of accountability as fundamental issues in most municipalities across the provinces. Leadership determines the success and failure of organisations. Implementing a turnaround strategy requires leadership guidance from the executive as organisational transformation is a complicated process (Burke, 2010)

Boyatzis (1982) argues that good performance materialises when three fundamentals, namely, the competences of a person; the institutional environment; and the work's mandate equally correspond and balance each other. Given the status of the municipalities in South Africa which is informed by the deteriorating financial health situation and the limited clean audit outcomes, it is critical to investigate the leadership competencies that are employed in driving a successful turnaround intervention. Su and Linderman (2016) posit that superior performance builds over the years; however, it

becomes a challenge to sustain it, given the rapidly changing and complicated environment within which it operates.

Boyatzis (1982) states that superior job performance is the achievement of specific outcomes that are necessitated by the employment of certain activities while continually complying with the legislation, policies and circumstances that impact on the institutional environment. The specific characteristics or competencies of an individual enables them to exhibit appropriate activities in order to achieve successful job outcomes (Boyatzis, 1982).

The study sought to understand the leadership competencies of strategic and operational leaders in municipalities that are implementing or those that have implemented a successful turnaround intervention strategy with clean and unqualified audit outcomes, as well as having a good financial health situation. The required leadership competencies are critical to investigate as they contribute to the reversal of performance failure and to the recovery of the regressing municipalities. The study aimed to explore the impactful leadership competencies for strategic and operational leaders necessary in sustaining a successful turnaround intervention.

Rodolo (2016) advances that future empirical research should be conducted on leadership and the organisational competencies of sustaining a successful organisational transformation per industry. The author further states that future research can also be conducted on the leadership competencies of operational leaders in order to accomplish a successful and sustainable transformation (Rodolo, 2016). There is limited study on turnaround theories and their application to public administration, as well as to the strategic and operational leadership competencies that are required to maintain a successful turnaround strategy, particularly in the local government sphere.

#### **1.4 The Research Purpose**

The aim of this research is to contribute to the literature on leadership competencies in public organisations. Leadership competencies are fundamental levers in an organisation that intends on implementing change because leading change requires a leader to have a clear vision about the organisation and the leader should also possess a combination of

strong priorities about the changes to be implemented, institutional capabilities as well as core competencies (Blank, 2016).

The investigation will enable us to get knowledge and a better understanding of the leadership competencies that are exhibited and employed by strategic and operational leaders from the municipalities that have been able to execute an effective turnaround strategy in local government. The study will contribute to the existing theory on leadership competencies by exploring the results-driven combination of the leadership competencies of both the strategic and operational leaders.

The study is responding to the request for further research on the leadership competencies of strategic and operational leaders which are necessary for sustaining a successful turnaround strategy in the public administration environment. The research considered stakeholder management as a critical competency that is required in supporting sustainable turnaround interventions within the public sector environment as advocated by the Constitution of the Republic of South Africa (Republic of South Africa, 1996). The study focused precisely on the local government sphere as an essential government tier that is nearer to the communities where service delivery provision is significantly mandatory.

## **1.5 Scope**

The scope of this research was bounded to the local government sphere as a public administration sphere within the South African context. The study investigated the necessary leadership competencies of strategic and operational leaders' in sustaining a successful turnaround process in the local government sphere.

## **1.6 Conclusion**

The chapter outlined the introduction to the research, and it also detailed the background of public administration and the intent of the study. The existence and the role of local government have been presented together with the performance diagnosis of the organisations.

Public organisations have a mandate to deliver sustainable services guided by the demand of the communities within the limited capability of the fiscal resources (Favero, & Rutherford, 2016). The deteriorating status quo of municipalities in the Republic of South Africa highlighted the austere need for reflection given the mandate of the local government. The various causes of the performance decline in public administration primarily emanate from internal factors which require specific leadership competencies and change management practices in order to reverse the performance decline. The critical role of leadership in driving and sustaining a positive turnaround strategy is a fundamental aspect.

In the following chapter, the literature review was conducted on various turnaround theories and strategies. The literature also includes the role of strategic and operational leaders in sustainable turnaround strategy execution, and it also highlights the leadership competencies theories and framework. The literature overview also considered the stakeholder management theory as a critical attribute in executing and sustaining a successful turnaround strategy.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the appropriate literature relating to the leadership competencies that are critical in sustaining a successful turnaround strategy for both the strategic and operational leaders. The chapter; outlines performance failure and its causes, describes the turnaround theory and also analyses various turnaround models and phases. The chapter also reviews the role of strategic and operational leaders in a turnaround intervention, and it also highlights the theory of leadership competencies as well as the stakeholder management theory.

### **2.2 Organisational Performance Decline and Turnaround**

Organisational performance decline refers to an accidental, unintentional decrease of assets that distresses a company over time (McKinley, Latham & Braun, 2014; Tangpong, Abebe & Li, 2015; Lohrke, Bedeian & Palmer, 2004). Organisational performance decline takes place in a sinking pattern which speeds up the failure and decreases the opportunities of turning around the deteriorating business when the time lapses (McKinley, Latham & Braun, 2014; Tangpong, Abebe & Li, 2015). According to McDonald (2014), the City of Detroit lodged for insolvency in 2013 after realising persistent losses and evading insolvency for ten consecutive financial years.

The performance decline situation in public administration is predominantly demonstrated through loss or deficits on the statement of the financial performance in the annual financial statements, and it can also be seen in the inability to service debt obligations as they fall due. The inability to collect outstanding revenue and other prominent red flags are also financial indicators. According to McDonald (2014), the City of Detroit losses significantly emanated from various factors including but not limited to; the reduced revenue tax base due to a decrease in population that impacted on revenue collection, increased unemployment rate, pulling out of grants and subsidies from the federal government and it was also due to increased employee-related costs.

A turnaround is defined as the reinstatement of the sustainable financial performance and position of an organisation to the healthy financial status it had prior to the perennial performance failure that occurred (Robbins & Pearce II, 1992; Chowdhury, 2002; Boyne, 2004; Schmitt & Raisch, 2013; Tangpong, Abebe & Li, 2015). Kuusela, Keil and Maula (2017) reinforce that organisational transformation occurs when a company reacts to its performance decline by coming up with responsive, innovative solutions that will resolve the performance failure problem.

Turnaround leaders must analyse the performance decline situation in order to understand the principal cause of the problem so that they can respond accordingly. Yulihhasri, Johan, Handika and Herri (2018) contend that leaders have the authority to develop and execute a successfully adapted turnaround strategy and process given the institutional knowledge that empowered them to understand the root causes for the performance decline of the organisation. Hong (2019) reiterates that influential leaders seek the best optimal solutions to respond to the organisational performance decline rather than taking satisfactory solutions that are not responding to the root cause.

A strategy must be decoded into implementation activities; thus, the actual execution leads to realised strategy (Grant & Baden-Fuller 2018). The strategy formulation process is not a separate process from the execution; the process should consider the strategy implementation from the initial formation process (Grant & Baden-Fuller, 2018). The constant internal and external elements that impact on the organisation form part of the turnaround strategy formulation, and they are also included in the execution process.

Public administration leadership should have the ability to pivot during the turnaround strategy implementation in order to be resilient to all the political, economic, social, technological and environmental changes. According to Walker (2013), the entities that advance their capabilities while implementing various strategies are eligible for adapting their strategies to fit the environment. Organisations should build resilience during the strategy execution in order to achieve adaptability and recovery. Financial resilience is described as the capacity to forecast, engross and respond to the experienced financial crisis (Barbera, Jones, Korac, Saliterer & Steccolini, 2017).

### 2.3 Turnaround Theory

Many turnaround strategies were employed in transforming different organisations that encountered different challenges. Previous research has been undertaken on the effectiveness of the three turnaround approaches, which are retrenchment, repositioning and reorganisation in public administration (Favero & Rutherford, 2016). Girod and Whittington (2017) assert that transformation takes place in two ways, namely through organisational restructuring as well as through organisational reconfiguration. The authors further enlighten that ordinarily, restructuring turnaround yielded successful outcomes, with reconfiguration turnaround providing adverse outcomes.

Several stakeholders have different expectations towards an organisation experiencing performance decline challenges. The involvement and communication with all the relevant internal and external stakeholders is essential in all stages of the turnaround strategy in order for the organisation to achieve a common objective. The successful development and implementation of a turnaround strategy entail productivity-oriented, customer-oriented, and employee-oriented strategies in order for the institution to achieve the intents of the shareholders, the customers and the employees as they are the key stakeholders (Kopelman & Chiou, 2011).

Organisations may implement either resource-consuming strategic change tactics or resource-saving strategic change tactics when responding to performance failure (Kuusela, Keil & Maula, 2017). The authors further stress that significant performance failure and the firm's weak balance sheet generally directs the organisational transformation process to a resource-consuming strategic change intervention. Many studies have focused on retrenchment as a financial turnaround strategy in order to reduce costs and increase profits (Schmitt & Raisch, 2013; Robbins & Pearce II, 1992); however, numerous institutional contextual factors created barriers for the successful execution of the employee downsizing process (Schweizer & Nienhaus, 2017).

Some scholars have criticised the turnaround strategy on employees downsizing as it demoralises the employees and minimises employee creativity (Schweizer & Nienhaus, 2017; Amabile & Conti, 1999). Tangpong, Abebe and Li (2015) argue that not all the retrenchment measures yield positive results in reinstating the financial health of an organisation and in effecting a successful turnaround. The authors further advocate that

an employee's dismissal does not relate to the prospect of improving an effective turnaround; however, early divestments and early physical exits do enhance the prospect of a successful transformation.

The downscaling of Chief Executive Officers' (CEO's) in an organisation is associated to the principal agency theory, which considers the gap between the interests of the CEO with the interests of the organisation (Schweizer & Nienhaus, 2017; Barker III, Patterson Jr, & Mueller, 2001). Connolly (2018) states that reorganising the executive leadership in an organisation encourages as well as motivates the employees, and it also inspires them to improve efficiency. The author further advocates that, increasing the term of office for the newly appointed city manager in local government during a financial distress situation, reverses and improves the performance decline position. Kotter (1996), however, argues that there is a need for new and effective leaders or transformational experts in order for the organisation to realise the successful implementation of an organisational turnaround process.

The top management has a responsibility to ensure the buy-in and execution of the turnaround strategy at all levels within an organisation. Lohrke, Bedeian and Palmer (2004) support the notion that strategic leaders have a responsibility to ensure the successful execution of the customised turnaround strategy in order to address the performance decline causes. Government entities are involved in the process to attain excellent organisational performance when at liberty in order to establish a perfect mix of prospecting and defending the strategy content that is fit for the environment (Walker, 2013). The extent of delegation and decision making in organisations has an impact on the successful intervention execution.

Leaders face constant organisational challenges for which solutions must be obtained and decisions made in order to implement the initiatives. Lohrke, Bedeian and Palmer (2004) further allude that executive management should solve complex problems in a multi-faceted environment through a conversant decision-making process given the limited resources, low employee morale and other organisational design components.

### 2.3.1 Turnaround Models and Frameworks

Lewin’s (1947) organisational change model of unfreezing, change, and refreezing emphasise on a holistic consideration of people with its adjacent factors and circumstances, and the external atmosphere as essential fundamentals of the turnaround strategy (Hartge, Callahan & King, 2019). The organisational leaders must have the responsibility to understand and make sense of all the influences and dynamics. They must also be able to lead the people through a successful turnaround intervention.

Numerous researchers have developed varying models and processes for an organisational turnaround (See Table 2.1 below). There is, however, consensus on identifying and understanding the cause for the organisational performance failure as the initial turnaround process.

**Table 2.1: Differentiation of various turnaround approaches**

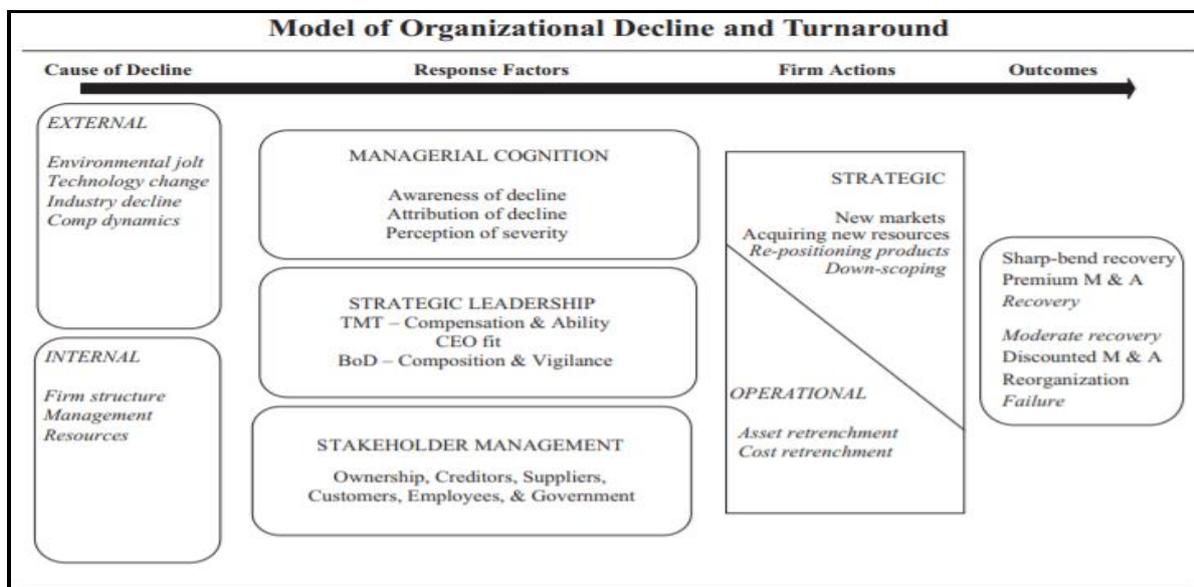
<b>Turnaround Stages/ Phases</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 4</b>
Chowdhury (2002)	<b>Decline</b>	<b>Response Initiation</b>	<b>Transition</b>	<b>Outcome</b>
Robbins & Pearce (1992)	<b>Cause of downturn</b>	<b>Retrenchment</b>	<b>Recovery</b>	
Schweizer & Nienhaus (2017)	<b>Context “why.”  Underlying distress cause</b>	<b>Process “how.”  Retrenchment</b>	<b>Content “what.”  Operational</b>	<b>Outcome</b>
Lohrke, Bedeian & Palmer (2004)	<b>Turnaround situation</b>	<b>Turnaround Response</b>	<b>Turnaround outcome</b>	

Source : (Chowdhury 2002; Robbins & Pearce 1992; Schweizer & Nienhaus 2017; Lohrke, Bedeian & Palmer 2004).

The turnaround strategy intervention should respond to the actual cause of the organisational performance failure in a way that operational related causes are addressed through operational turnaround tactics while strategically related causes are responded to through the strategic interventions (Chowdhury, 2002). According to Chowdhury (2002), the turnaround methodology involves a performance failure diagnosis, instigating a reaction through strategy development, the implementation of the turnaround strategy as well as the performance outcome.

Robbins and Pearce II (1992) posits that the turnaround response for a distressed organisation encompasses two corresponding stages which are primarily the retrenchment and the recovery stages. Schmitt and Raisch (2013) maintain that retrenchment and recovery have different tasks; however, both are linked to enhanced performance and transformation. Schweizer and Nienhaus (2017) reiterate that the turnaround framework initiates an understanding on the distress causes and it assists in contextualising such, through implementing a retrenchment process that is aimed at recovery, identifying and applying the operational, managerial, portfolio and financial measures as well as through measuring turnaround success indicators.

Furthermore, Trahms, Ndofor and Sirmon's (2013) advanced model of organisational decline and turnaround outlines the basis for organisational decline primarily from internal and external factors, reaction aspects including strategic management and stakeholder management, strategic and operational organisational reactions and subsequent turnaround results (See Figure 2.1 below). The authors comprehended the work by other scholars and modified the model to incorporate response factors such as executive intellect, strategic management and stakeholder management, thereby informing the strategic and functional responses to the overall organisational outcome.



**Figure 2.1: Extended Model of Organisational Decline and Turnaround (Trahms, Ndofor & Sirmon, 2013)**

The extended model of organisational decline and turnaround supplements the model with the strategic and operational perspective as critical constituencies leading to a successful turnaround intervention. The inadequacy and ineffectiveness of operational and strategic leadership, execution, as well as decision making, will result in adverse turnaround outcomes (Trahms, Ndofor & Sirmon, 2013). The administrative cognition and strategic leadership response elements (Trahms et al., 2013), as outlined in the model requires leadership competencies (Sanghi, 2016) to formulate and drive a customised turnaround strategy to address the core causes to the performance decline (Lohrke, Bedeian, & Palmer 2004, Yulihhasri, et al., 2018; Hong, 2019) for the organisation. Strategy formulation is a continuously revolving practice comprising of decision procedures about the challenges to resolve and how to resolve such challenges (Pettigrew, 1977). Leadership with the appropriate leadership competencies become fundamental in strategy formulation and execution for successful outcomes.

The turnaround intervention responses are clustered primarily between strategic and operating interventions (Chowdhury, 2002; Burke, 2010; Trahms, Ndofor & Sirmon, 2013; Schweizer & Nienhaus, 2017). Schweizer and Nienhaus, (2017) posit that the focal point for strategic turnaround intervention centres around significant organisational changes such as product or service variation, upright amalgamation, new market share creativities and divestment. The authors further explicate the operating turnaround response as directed towards transforming the existing operations of the organisation, and he entails the ephemeral strategies that are aimed at cost optimisation and revenue enhancement.

The turnaround models and framework do not explicitly incorporate the subsequent sustaining of the turnaround intervention effectively. Su and Linderman (2016) advance that sustaining a superior performance might need vibrant outlooks where organisations continuously understand and pivot to disruptions in order to sustain the performance status. Leadership becomes an essential aspect in carrying forward the execution of the strategy and ensuring continual sustainability thereof.

## 2.4 The Role of Strategic Leadership in an Organisational Turnaround

Strategic leadership is about giving direction in an organisation to achieve the intended objectives of an organisation. Goldman, Scott, and Follman (2015) stress that strategic leaders should grow acumen and intelligence, apply strategic thinking and have the capability to link and integrate concepts. Strategic leadership decisions require competencies to address new tests and pressures (Norzailan, Othman, & Ishizaki, 2016). A strategic leader should be willing to exercise the leadership role independently without being reliant on others' leadership (Norzailan, Othman, & Ishizaki, 2016) The authors further emphasise on the expertise and academic qualifications to guide the knowledge of business administration as an essential aspect.

Leading a turnaround intervention in the public sector requires specific skills and capabilities due to the nature of the environment and the extent of the stakeholders involved. The leadership competencies are required in order to instil an improved organisational culture to turn around the organisation through innovation when the deterioration is due to manageable sources (McKinley, Latham & Braun, 2014; Liang, Barker & Schepker, 2018).

According to da Silva, Jerónimo and Vieira (2019), leaders must develop and sustain vision, strategy and communication for the entire assignment by persuading, supervising, monitoring and evaluating the performance of the teams. Blank (2016) further stresses the importance for strategic leaders to communicate the vision, mission, priorities and the transformation process to all stakeholders. The executive management should get support from the employees to achieve successful implementation of the transformational strategy. The leadership team through supervisory coalition must develop a collective vision and strategy for realising the vision, which must be communicated and accepted by those who can influence strategy execution in an organisation (Neill, & Nalbandian, 2018; van der Voet, 2016; Kotter, 1996).

Leaders have a responsibility to communicate the breadth and length of the turnaround openly to all stakeholders, and the resources necessary to achieve the intended results must be shared (Hartge, Callahan, & King, 2019; Armenakis & Harris, 2002). The capability to relay information, express meaning, influence, give directives, pay attention and be able to comprehend are crucial collective processes of strategy development and execution (Grant & Baden-Fuller, 2018). Ocasio, Laamanen and Vaara, (2018) stress that communication should not be about the old-fashioned sending and receiving of information as the practice results in the communication losing its importance while it should guide the behaviours in which employees reflect and react.

Strategic leaders should be honest about the organisational distress status in order to establish a belief from followers on the accuracy and credibility of the information that is communicated (Hartge, Callahan & King, 2019; Decker, 2009; Renn & Levine, 1991). Wright, Christensen and Isett (2013) stress that regular and truthful communication with employees assists in amplifying the necessity for such transformation and subsequently, the public employees can appreciate the change management.

The implementation of a change management strategy and the involvement of employees facilitates the successful execution of the process (van der Voet & Vermeeren, 2017; van der Voet, 2016; DeVos, Buelens & Bouckenhooghe, 2007; Kotter, 1996). The leader's ability and efficacy to communicate organisational turnaround impacts on the team players' responsiveness, perspective and conduct (Hartge, Callahan & King, 2019). The drive for future performance improvement in public institutions can be achieved through the provision of feedback on performance to public managers (Hong, 2019). Communication and social capabilities (Grant & Baden-Fuller, 2018) and feedback are fundamental attributes during a turnaround strategy execution.

Begun and Malcolm (2014) suggest four leadership outlooks that are appropriate in public health administration, namely; servant leadership, flexible leadership, integrative leadership and complexity leadership. The authors highlighted each leadership approach with relevant concepts of leadership and management capabilities (See Table 2.2).

**Table 2.2: Four corresponding approaches to Public Administration Leadership**

Approach	Significant or related concepts
Servant leadership	Service as a motivator
	Commitment to developing others
	Power of spirit
Adaptive leadership	Technical vs adaptive challenges
	Transactional versus transformational leadership
Integrative leadership	Collaborative leadership
	Cross-sector coalitions
	Systems thinking
Complexity leadership	Leadership emerges from interaction around common goals
	Importance of sense-making, exploration and connecting
	Leadership as convening

Source: Begun and Malcolm (2014)

Begun and Malcolm (2014) explain that: (a) Servant leadership is appropriate as it considers the pledge that public officials commit; (b) Adaptive leadership embraces the demand for change management in numerous institutions; (c) The partnership among spheres of government and other sectors to solve complex challenges guides integrative leadership, and (d) That complexity leadership cemented on collaborative and integrated practices in public administration. The authors allude that the four leadership approaches can be applied concurrently depending on the environment and circumstances.

Many scholars corroborate that organisational changes are mainly demonstrated through the transformational leadership theory, where the transformational leader is considered a tool for effecting significant change (Davies, 2006; Yeşil & Sözbilir, 2017). Leary and Ospina (2016), stress that leadership studies in public entities advocate that transformational leaders can be useful in public entities. According to Bass (1985), transformational leaders have an objective of changing the principles of their supporters in order to uphold the institutional benefits.

Transformational leaders express the intended transformational goal and vision of the organisation, steer by example and motivate their followers (Bass, 1985). The attitude of transformational leaders closely aligns to the behaviours embedded within the change leadership theory (Fernandez & Rainey, 2006; Herold, Fedor, Caldwell & Liu, 2008). van der Voet (2016) deduces that change leadership attitude genuinely emanates from leaders who employ the transformational leadership approach. Yeşil and Sözbilir (2017) reinforce that the intensity for enthusiasm and the integrity of leaders as well as followers is greatly enhanced through the transformational leadership measures.

Leary and Ospina (2016), on the contrary, also motivate on collective leadership theories that look at the procedures and applications which manifest the importance of leadership efforts. The authors substantiate the principles of collective leadership as a developing and collaborative process that seeks to enhance the participants' capability and agility to respond to complex situations. In the collective leadership approach, numerous bases of leadership are intended to form a leaderful setting, thereby ensuring teamwork and assisting in earning mutual accomplishments (Leary & Ospina, 2016).

The turnaround strategic leaders in concurrence with operational leaders should apply and demonstrate the relevant leadership competencies in order to sustain a successful turnaround intervention in public administration.

## **2.5 The Role of Operational Leadership in an Organisational Turnaround**

Yacovelli (2019) posits that any person is a leader in an organisation if there is a responsibility to engage with other co-workers, management, clients or any other stakeholders. The role of strategic leaders generally involves attending to strategic organisational issues, solving complex problems and guiding employees. According to Norzailan, Othman, and Ishizaki, (2016), operational leaders' responsibilities generally entail solving challenges relating continuous routine work tasks and procedures. The authors posit that the problem-solving responsibilities of operational leaders are guided by the expertise and standard documented guidelines in organisations

Operational managers primarily develop implementation plans and solve business units' operational problems which generally involve products, customer satisfaction, employees and business operational procedures. Braun (2015) stresses that the operational leaders

are not only responsible for the execution of policy directives emanating from the corporate strategies which have been developed by strategic leaders but fundamentally critical for the sustainable growth and expansion of the business and its operations.

Narrow philosophies studied the extent of the ambidextrous attitude of operational managers incorporated into the organisational capabilities and performance following an analytical and disruptive innovation approach (Ployhart & Moliterno, 2011; Mom, Chang, Cholakova & Jansen, 2019). Studies with a background on institutional development have discovered that organisational turnaround is mainly structured around hands-on and bottom-up approaches that are intended to shift the mindsets and sense-making contrary to behavioural change and sense-giving (van der Voet & Vermeeren, 2017; Pettigrew, Woodman & Cameron, 2001; Weick & Quinn, 1999).

Some scholars corroborate that the performance efficacy of institutions exhibits itself as a multi-layered experience using a synthesis of top-down and bottom-up approaches. (Birkinshaw & Gupta, 2013; Mom, Chang, Cholakova & Jansen, 2019). Mom, Chang, Cholakova and Jansen (2019) support the measures that are aimed at improving the human resources initiatives in order to determine the bottom-up connection between the effectiveness of an operational manager and institutional efficacy.

Jiang, Lepak, Hu and Baer (2012); Mom, Chang, Cholakova and Jansen, (2019) argue that the initiatives improving human resources practices support the operational managers' collaboration and involvement in attaining institutional outcomes as the functionality moderate the bottom-up connection amongst the operational leader and institutional efficacy. The literature on strategic human resources management has noted operational level teams as critical foundations for competitive advantage, and they propose them for human resources systems that allow and promote the emergence of organisational ambidexterity (Mom, Chang, Cholakova & Jansen, 2019; Patel, Messersmith & Lepak, 2013).

Strategic leaders focus on institutional leadership by redirecting internal organisational competencies to augment innovative strategies and establish a competitive advantage (Nuntamanop, Kauranen, & Igel, 2013; Goldman, Scott, & Follman, 2015). Contrary, the

operational leaders focus on team leadership and functional areas guided by standard operating guidelines (Norzailan, Othman, & Ishizaki, 2016).

Strategic leaders give direction for an organisational transformation; however, the crucial implementers of the transformation are the lower-level employees guided by the operational managers. Wee and Taylor (2018) explain emergent ongoing institutional modification as the vibrant, communicating, and bottom-up progressions that comprise of mutual work-unit associates and leaders. The authors further explain that work units are a group of people regarding themselves or who are regarded as a solid collective body that is entrenched in major collective structures.

van der Voet (2016) argues that strategic leaders initiate turnaround strategies in public administration through top-down policy driven methodology at a political level. According to Dunphy and Stace (1988), the involvement of employees becomes narrow to establishing the secondary objectives of the broader transformation initiative that is driven by strategic leaders. Employees vehemently drive the turnaround intervention strategy when their leaders exercise frequent, reliable and anticipated communication (Hartge, Callahan & King, 2019).

Public administration is a highly legislated environment with strict regulatory requirements, policy and protocols (Pandey & Garnett, 2006; van der Voet, 2016). The operational managers can be considered as coordinators in the successful turnaround strategy implementation between executive managers and employees. The operational leaders are the bridge between strategic leaders and employees during the transformational strategy execution. For the operational managers to be able to execute such responsibilities successfully, they should possess specific leadership capabilities to drive and facilitate the turnaround process effectively on the lower operational level. The turnaround task requires operational managers to fully understand the strategy, organisational context, internal factors, as well as the culture to transform.

The operational leaders are better placed in converting the turnaround strategy objectives into operational actions and unbundling how it will be incorporated into the daily activities of the overall employees and into the organisational culture. Change leadership methods foster conveying the sense of urgency, the vision and the execution plans for the

turnaround strategy to employees (van der Voet, 2016; Fernandez & Rainey, 2006). According to van der Voet (2016), operational leaders who are immediate managers are fundamental change agents for relaying the organisational transformation process to the change recipients who are mainly in the legislated public administration environment.

According to van der Voet (2016), change leadership influences the transmission of transformation communication and employees acceptance, thus contributing and ultimately committing to the turnaround process. How employees accept and adopt organisational transformation initiatives determines the efficacy of the turnaround strategy execution (van der Voet, 2016; Walker, Armenakis & Berneth, 2007). An undertaking to transformation and involvement thereof by employees is a critical aspect of effective turnaround strategy execution (van der Voet, 2016). The participation of workers in the organisational turnaround progression enhances the excellence of the turnaround process (van der Voet, 2016; DeVos, Buelens, & Bouckenhooghe, 2007).

van der Voet (2016), argues that the bureaucracy in public administration renders operational leaders incapable of communicating the turnaround plan, purpose and the vision to the employees. The employees can undermine and halt the execution of the turnaround strategy if they struggle to comprehend the vision and overall purpose of the turnaround strategy. The employees also have the capability of resisting change management if it has not been well communicated and if the intention is not appropriately conveyed.

Employees generally make changes to their current procedures when they understand the overall objective that they must achieve (Feldman, 2000; Wee & Taylor, 2018). It is imperative for operational managers to continuously communicate the status quo, thereby prompting the organisational turnaround and clearly outlining the intended objectives of the transformation strategy to all employees. Feldman (2000), as well as Wee and Taylor (2018), argue that the transformation within the work-units strengthens and grows over time in order to create substantial organisational level changes over time through the continuous organisational change theory.

According to van der Voet (2016), the transformational leadership style that is employed by the immediate supervisors who are operational leaders in an organisation builds up the correlation between the change leadership behaviours and the involvement of employees. According to Yeşil and Sözbilir (2017), the intensity for enthusiasm and the integrity of leaders and the followers is greatly enhanced through the transformational leadership measures.

The role of operational leaders in the organisational turnaround is equally vital to the role of strategic leaders. Operational managers frequently communicate and engage with all employees, and they make informed decisions in a decentralised authority and delegated organisational setting. Continual communication, evaluation and monitoring are crucial foundations for strategy implementation. According to Blank (2016), leaders must be adaptive and agile, and they must also allow feedback in an organisational transformation process about what can be done and cannot be done amidst a rapidly changing environment.

The strategic and operation leaders require certain leadership competencies in order for them to be able to execute the roles and responsibilities that are associated with sustaining an effective turnaround strategy.

## **2.6 Theory of Leadership Competencies**

Competencies are the fundamental traits of an individual that can impact on the successful achievement of an assignment (Boyatzis, 1982). Bartram (2005) as well as Boyatzis (2008) state that the definition of competencies is a pattern of actions that contribute to the attainment of anticipated outcomes. Competency resembles a mix of inferred and specific information, conduct, aptitudes and capacities, which give an individual the potential for viability in task execution (Wei, Zhang & Liu, 2018; Draganidis & Mentzas, 2006).

Competencies are associated; however, they entail diverse clusters of conduct structured around an envisioned objective (Boyatzis, 2011). The author posits that the behaviours are substitute expressions of the intent relevant in certain circumstances and eras. Sturm, Vera and Crossan (2017) reinforce that competence refers to the capability to execute a

task based on physical ability or the advanced expertise of an individual. The authors stress that competencies focus on what leaders can undertake. The expertise and abilities that are required for effective leadership are demonstrated through the competencies of the leader (Dragoni, Tesluk, Russell & Oh, 2009; Sturm, Vera and Crossan 2017).

Leadership is defined as a persuasive practice between directors and supporters intending actual changes to achieve universal objectives (Daft, 2011). The author further posits that leadership encompasses a shifting mindset towards change management and problem-solving basics. Leadership drives the survival and recovery of an organisation experiencing performance decline (Yuliharsi et al., 2018).

Battilana, Gilmartin, Sengul, Pache and Alexander (2010) emphasise the task-oriented and person-oriented competencies that are suitable for the leadership study on institutional transformation. Nadler and Tushman (1999) support that task-oriented behaviours and person-oriented behaviours are fundamental as they can impact on organisational transformation. According to Bass and Stogdill (1990), task-oriented skills are associated with the organisational structure, design and control and instituting procedures in order to realise institutional goals and objectives. Yukl (2006) upholds the role of the task-oriented skills for realising the objectives of the organisation and for establishing turnaround initiatives.

The author further explicates that person-oriented skills entail conduct that encourages the collective engagement between institutional associates and they also institute a conducive social environment as well as encourage processes and procedures that warrant the fair and equitable management of associates. Yukl (2006) stresses on the significant importance of the interpersonal skills as they enable leaders to influence and guide their followers during the turnaround strategy execution. Mumford, Campion and Morgeson (2007) posit that leading followers comprises of capabilities involving inspiration, collaboration, entrustment as well as dependent compensations.

Boyatzis (1982) emphasises that the environmental context and employment role and responsibilities inform the required leadership competencies. The author further advances that the alignment of individual competencies with the employment requirements and the corporate setting results in successful performance outcomes. The responsibilities of the

job determine the magnitude of the specifically required competencies (Sanghi, 2016). Boyatzis (1982) assembled the competencies into three areas called cognitive, emotional intelligence and social intelligence (See Table 2.3).

**Table 2.3: The three groupings of competencies**

<b>Group</b>	<b>Individual Competency</b>
Cognitive intelligence	Systems intellectual
	Routine identification
Emotional intellect	Self-mindfulness
	Self-control
Social intelligence	Social consciousness
	Association management

Source: Boyatzis (1982)

According to Boyatzis (1982), cognitive perspicacity capability is the skill to reason or critique information and circumstances, thereby impacting on successful performance outcomes. Emotional perspicacity capability is the skill to identify, comprehend and utilise personal emotional awareness for successful performance outcomes (Boyatzis, 1982). Social perspicacity capability refers to the talent to identify, comprehend and utilise other peoples' emotional awareness for successful performance outcomes (Boyatzis, 1982). Boyatzis (2008) posits that capabilities are aspects of an individual's ability that can be advanced and enriched with maturity.

Yacovelli (2019) posits the six fundamental leadership competencies that apply to any level of leadership role to include (a) Being trustworthy, (b) Have leadership courage to new ideas and risk-taking, (c) Leveraging compassion, (e) Using effective communication, (f) Building coalitions, and (g) Influence organisational culture. The author advocates that these competencies are essential to any official who supervises and continually engages with other co-workers.

Several scholars have developed varying models of competencies for strategic leadership and performance management that are relevant in various organisational contexts (See Table 2.4 below).

**Table 2.4: The comparison of the leadership competencies**

The Four General Leadership Competency Clusters and Corresponding Individual Competencies (Sanghi, 2016)		The Great Eight Competency Domain Titles (Bartram, 2005)	Components of Strategic Management Competencies (Grant & Baden-Fuller, 2018)	3M's Leadership Competencies (Alldredge, & Nilan, 2000)	Competency Cluster
Thinking Capabilities	Visionary	Leading and Deciding	Judgement	Ethics and Integrity	Fundamental
	Strategic Orientation	Supporting and Cooperating	Social Skills	Intellectual Capacity	
	Decisiveness	Interacting and Presenting	Communicative Skills	Maturity and Judgement	
People Effectiveness	Development of People	Analysing and Interpreting	Insight	Customer Orientation	Essential
	Team Leadership	Creating and Conceptualising	Creativity	Developing People	
	Relationship Building	Organising and Executing	Familiarity with concepts and theories	Inspiring others	
Self Management	Achievement Orientation	Adapting and Coping	Intuition	Business Health and Results	Visionary
	Results Orientation	Enterprising and Performing		Global Perspective	
	Delivers Great Performance			Vision and Strategy	
	Self-Confidence			Nurturing Innovation	
	Accountability			Building Alliances	
	Integrity			Organisational Agility	
	Trust				
Social Awareness	Impact and Influence				
	Conflict Management				

<b>The Four General Leadership Competency Clusters and Corresponding Individual Competencies (Sanghi, 2016)</b>	<b>The Great Eight Competency Domain Titles (Bartram, 2005)</b>	<b>Components of Strategic Management Competencies (Grant &amp; Baden-Fuller, 2018)</b>	<b>3M's Leadership Competencies (Alldredge, &amp; Nilan, 2000)</b>	<b>Competency Cluster</b>
	Inspiration			

From the analysis and the comparison of the leadership competencies from various scholars, the leadership competencies were clustered into categories of thinking abilities, people efficacy, self-management and the social mindfulness framework (Sanghi, 2016), based on the perspective of each leadership competency. The integrated leadership competencies outline a comprehensive listing of the competencies that one can select and use to respond to specific leadership responsibility. The leadership competencies from various scholars have been grouped into intellectual competencies, stakeholder management, personal management, as well as social facilitation components (See Figure 2.2 below).



**Figure 2.2: Consolidated leadership competencies to achieve successful job performance (Sanghi, 2016)**

Sanghi (2016) advanced a model for comprehensive leadership competencies and grouped them into rational proficiencies, human efficacy, self-management as well as social awareness. According to Sanghi (2016), thinking capabilities incorporate a behaviour aligned to strategic thinking, forward-looking and an intellectual capacity to assess situations and be able to make informed decisions to achieve strategic objectives. The author further outlined people effectiveness as leadership competency is associated with improving relationships with employees, as well as empowering and developing teams in an organisation.

Self-management leadership competencies incorporate the abilities and strengths of an individual to drive effective job performance (Sanghi, 2016). The author further defines social awareness as a competency cluster that exposes an individual's capability to inspire and influence teams in an organisation. The author affirms that the four leadership domain competencies may not be necessary for all leadership roles and environment. Selecting the right balance of the required leadership competencies in a specific environment is vital for leaders.

Bartram (2005) developed the generic competency framework, which clustered the competencies into eight leadership areas dubbed "the great eight". The eight competencies summarise the leadership traits involving control, support to social circumstances, building relationships, critical analytical reasoning, creativity, proper planning, agility and solution-driven solutions (Bartram, 2005). The eight leadership competencies centre around leading and concluding, assisting and collaborating, relating and presenting, examining and deducing, establishing and conceptualising, arranging and implementing, acclimatising and resilience as well as enterprising and executing (Bartram, 2005).

Grant and Baden-Fuller (2018) modelled a four-stage process of strategy formulation-execution and outlined the strategic management competencies required in each stage of the strategy process. The authors summarised the four strategy stages as organisational assessment and analysis, strategic alternative cohort, strategic options and strategy execution and aligned strategic management competency required for each strategy process.

According to Grant and Baden-Fuller (2018), the strategic management competencies include innovative, judgement, instinct, insight, knowledge of notions and principles as well as social and communicative skills that are required to respond to strategy formulation and execution. The authors integrated the strategic management competencies with the processes and knowledge base emanating from Bloom's Framework. The strategic management competencies that were drawn are significantly grounded on individual cognitive intelligence except for the social and communicative abilities which align to the application and processes (Grant & Baden-Fuller 2018). The authors assert that the social aspects for strategic leaders that augment strategic implementation are primarily the attributes backing social consciousness and social talent, which are referred to as "social intelligence" (Goleman & Boyatzis, 2008).

Allredge and Nilan (2000) grouped competencies between mandatory, crucial and visionary areas in line with the organisational philosophy. According to Allredge and Nilan (2000), a leader should primarily demonstrate ethical governance, reliance, intelligence in handling challenges, demonstrate flexibility and must be able to make rational decisions. The author further attests to the critical aspect of a leader to uphold customer-centricity, promote training and the development of employees. The leader must also motivate followers as well as promote innovation. Visionary leadership proficiency demonstrates an understanding of macroeconomic factors, thereby developing a vision of the organisation and enrolling employees into the vision, by promoting corporate innovation and adaptivity (Allredge & Nilan, 2000).

A leader will require the right combination of competencies that fit a particular situation in an organisation. Scholars have researched data that confirms the impact of leadership charisma, attitude and conduct towards the effectiveness or ineffectiveness of a turnaround strategy (Battilana et al., 2010). According to Weick, Sutcliffe and Obstfeld (2005) diagnosing and collectively acknowledging the existing state of organisational failure as well as developing activity plans to remedy the status is called "sense-making".

The attributes of sense-making and communication are crucial for a leader and follower (Hartge, Callahan & King, 2019). Managing and communicating the turnaround strategy is focused around individual behaviour, strategic options, as well as on knowledge and understanding (Hartge, Callahan & King, 2019).

van der Voet (2016), as well as Fernandez and Rainey (2006), confirm that change leadership behaviours, including but not limited to the confirmation of the necessity for transformation, and outlining the vision and the strategy are critical pillars of organisational transformation. Leaders have a responsibility to communicate the need for turnaround intervention and the procedure that will be followed (Hartge, Callahan & King, 2019; Denning, 2006).

Communication is explained as the action that leaders embark on in order to execute the transformation and share the vision necessitating the transformation with the followers' transformation (Battilana et al., 2010). The leaders' required communication skills involve the capability to share information, express purpose, influence, give directions, mindfulness and being considerate attributes which are crucial to the social procedures (Grant & Baden-Fuller, 2018).

Turnaround leaders offer leadership competencies within the organisation, thereby ensuring alignment within the business units (Aryasri, 2019). Yandava (2012) suggests that resilient leaders who coordinate a successful team with the proficiency to give authority have vitally imperative leadership competencies. According to Battilana et al. (2010), leaders who are proficient at work-related behaviours pay attention to mobilising and evaluating activities during the transformational strategy's execution while person-oriented leaders concentrate on communicating activities. Turnaround leaders possess good personalities, intellectual capability, decision-making skills, honesty, self-motivation; courage; appreciate people, amongst other leadership qualities (Aryasri, 2019).

Leading change in an organisation requires the proficient use of tolerance, determination, agility characteristics (Blank, 2016; Kotter, 1996) and intellectual competencies (Liang, Barker & Schepker, 2018). These key attributes are mandatory as transformation is not achieved in a short period thus a leader requires sufficient time to build relationships, as well as consult and communicate with all stakeholders about the vision and priorities and get a consensus about how the change will unfold going forward (van der Voet, 2016; Blank, 2016; Kotter, 1996).

Change management leadership should utilise various tactics, and it should also apply various competencies for the change management intervention that is employed. According to Chowdhury (2002), executing a turnaround intervention requires people who would apply, drive and engage using soft and hard factors relating to leadership competencies. The context of an organisation and the responsibilities attached to the role of the leader determines the required leadership competencies that are to be presented (Boyatzis, 1982). The local government sphere is accountable to various stakeholders who become fundamentally critical for the success of a turnaround intervention and the sustainability thereof.

## **2.7 Stakeholder Management Theory**

The constitutional goals of local government entail the provision of democratic and responsible administration for local citizens as well as ensuring public participation in its operations (Republic of South Africa, 1996). Understanding the legislation and environment in which the local government operates within is the critical competency for any turnaround administrator.

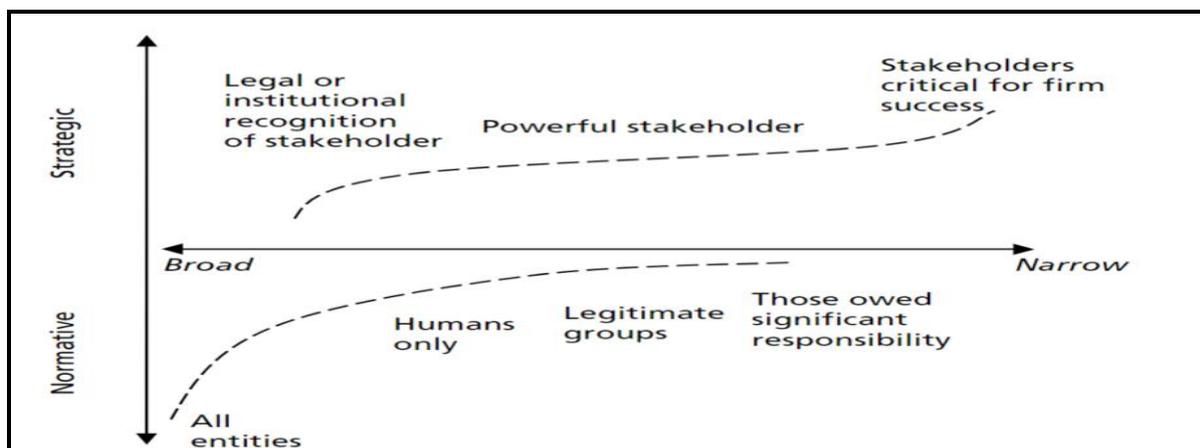
Forging relationships with the relevant stakeholders and regular communication with such stakeholders in local government is an essential competency for a turnaround leader. Battilana et al. (2010) posit that transformation ought to be viewed as a complicated multi-faceted task incorporating various tasks that are grounded on communicating the necessity for transformation.

The responsibility of turnaround leaders to communicate the objectives and procedures for change to all team members influences the success and the failure of the process (Hartge, Callahan & King, 2019). Stakeholder relations and management are essential attributes of leadership competencies that a turnaround leader must establish and execute.

Stakeholders consist of an individual or a collection of people who can impact or are impacted by the activities, resolutions, strategies, norms and or objectives of the entity (Freeman, 1984; Friedman & Miles, 2006; Carroll & Buchholtz, 2012). The concept was revised to define stakeholders as the associations that are critical to the continued existence and sustainability of an organisation (Freeman, 2004). According to Carroll and

Buchholtz (2012), stakeholder attributes consist of legitimacy, power and urgency, which guides how an organisation will manage and respond to each stakeholder’s requirement.

Stakeholder management reveals two principles that are based on the normative stakeholder theory, which comprises of the stakeholder-empowering principle and the principle of executive responsibility (Freeman, 2004; Friedman & Miles, 2006). The authors explain that the two stated principles empower organisations to be governed in the interests of the stakeholders and they place an obligation of care to the executive management in order to enable them to practice reasonable judgement to lead the organisation which is in line with the stakeholder-enabling principle. Freeman (1984) outlines a strategic focus of the stakeholder concept with the definition that entails the accomplishment of the institutional goals that influence or is influenced by the stakeholders (Friedman & Miles, 2006). The characteristics of the different stakeholder definitions are illustrated in Figure 2.3 below.



**Figure 2.3: Illustration of strategic and normative elements to the focused stakeholder designations (Friedman and Miles,2006).**

According to Friedman and Miles (2006), the strategic elements of the stakeholder definition includes limited influential stakeholders with significant strategic implication which are vital to the sustainability of the organisation. The normative aspects include numerous stakeholders and their collective expectations through legitimate entitlements to the organisation.

Organisations partner with stakeholders in order to achieve common institutional objectives (Desai, 2018). According to Friedman and Miles (2006), executive managers are perceived as the focal association that is responsible for executing the role of stakeholder management. The various stakeholders in a distressed organisation influence the turnaround processes in order to achieve the recovery objective (Trahms, Ndofor & Sirmon, 2013; Decker, 2018). The stakeholders are influential based on the legislated roles and responsibilities towards the local government sphere.

The stakeholders for the executive management in the local government sector primarily include the communities, creditors, employees, council, National Treasury, Provincial Treasury, Department of Co-Operative and Traditional Affairs (COGTA), Auditor-General of South Africa (AGSA), and Organised Labour (Friedman & Miles 2006). Employees are apparent primary stakeholders in an organisation given the significant influence over the organisation, thus considered high power stakeholders with high legitimacy (Mitchell, Agle, & Wood, 1997). The success or failure outcomes of an organisation significantly impact on the employees (Greenwood, 2007).

The Provincial and National Departments, Provincial Legislature, Parliament, Banks, South African Local Government Association (SALGA), Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO) and other associations are referred to as legitimate groups (Friedman & Miles 2006). These associations have had a stake in local government and collaborate to achieve shared objectives (Phillips, 1997). These are essential stakeholders in the local government without any legislative directive and mandate.

Engaging stakeholders on the operations of the organisation enhance responsibility and transparency. Stakeholder engagement is considered as a measure for consensus, a measure for managerial administration, a measure for collaboration, a measure for accountability, an initiative for employees contribution, a measure to instil confidence, a dissertation to improve equality and a measure for corporate governance (Greenwood, 2007).

## 2.8 Conclusion

This chapter briefly detailed the literature review on the turnaround theory, and it highlighted the various models and stages of the turnaround process. It also included an analysis of the employment of turnaround strategies in the public organisations, and also highlighted the role of strategic leaders and operational leaders in sustaining a successful turnaround strategy execution. The leadership competencies theories and analysis thereof were also included in the chapter. The literature overview also considered stakeholder management theory as a critical element in executing and sustaining a turnaround strategy given the local government environment and the legislative accountability mandate.

The strategy formulation process should consider finding the real origins of the problem to address the organisational performance decline (Collett, Pandit, & Saarikko, 2014). A turnaround administrator must understand the business environment and its context, as well as its external dynamics (Lohrke, Bedeian, & Palmer, 2004). The process requires a tailor-made turnaround strategy to be developed for each organisation (Yulihhasri et al., 2018). Leadership reinforces the implementation of the turnaround strategy at various levels within the organisation.

The strategic leader's role is to determine the vision of the turnaround strategy and be able to enrol the operational leaders to the shared vision. The role of the operational leaders is to translate the strategic turnaround vision and objectives into implementation plans for employees to understand and incorporate into their daily work patterns. The employees adjust daily work patterns and activities in order to realise the vision and objectives of the turnaround strategy.

The operational managers drive the overall process and ensure continual sustainability at an implementation level. Kotter (1996) attests that an organisational change management process progresses over time, and it requires a significant amount of time to realise a successful turnaround outcome. The effective turnaround strategy implementation mirrors the efforts and proficiencies of strategic leaders, operational leaders, employees, as well as the relevant stakeholders. The upkeep of the successful turnaround intervention that is implemented is essential and it is dependent on the leadership to steer the organisation continuously. The leadership competencies become fundamental in sustaining the successful turnaround outcomes.

According to Grant and Baden-Fuller (2018), strategic management competencies predominantly require the ability to make and implement strategic decisions. Paul (2008) stresses that leading an entity through a transformation strategy execution is a test that requires specific capabilities.

The numerous leadership competency theories and the fundamental roles of the turnaround leaders indicated exhibits that many scholars agree on numerous fundamental leadership competencies that include but are not limited to establishing a coalition, and exhibiting communication and social skills.

The next chapter includes the research questions that were used to address the study's research objectives.

## CHAPTER 3: RESEARCH QUESTIONS

### 3.1 Introduction

This chapter presents the research questions that grounded the foundation for this study. The literature review that was conducted and presented in Chapter two guided the construction of the research questions. The research questions address the objectives of the study. They are the primary inquiries that the research addressed (Saunders & Lewis, 2018).

The research questions were developed in order to get an understanding of the effective turnaround intervention in local government, as well as to understand the operational and strategic leaders' competencies that enabled the sustainability of a successful turnaround strategy.

### 3.2 Research Question One :

*What are the key fundamental drivers of a sustainable and successful turnaround intervention in local government?*

Collett, Pandit and Saarikko (2014) reinforce that the efficacy of turnaround strategies execution is dependent upon identifying and attending to the real causes of decline as the transformation cannot be done in isolation.

This question seeks to understand the crucial drivers of sustaining a turnaround intervention by getting insights into the impactful turnaround strategy that is applicable to the local government and how the employed strategy yielded successful results. It further prompts an understanding of the critical internal and external factors enabling a sustainable turnaround intervention in local government.

### 3.3 Research Question Two:

*What are the leadership competencies required in order to sustain a successful organisational turnaround in the local government?*

According to Sanghi (2016), the job position and the responsibilities inform the level of required leadership competencies. Yandava (2012) highlights the transforming leadership competencies that are necessary for an effective organisational turnaround and this entail (a) A strategy is driven by powerfully dedicated top management, (b) An emphasis on the

stretched period value construction, (c) A cohesive vision, (d) Instilling organisational change and innovation mindset, (e) Building an enabling environment for officials, (f) Consistent communication, (g) Handling organisation change, (h) An innovator, (i) Engaging a change executor as opposed to a change director.

The question seeks to get a better understanding of the roles and the responsibilities of strategic leaders during the execution of a turnaround strategy. This question further seeks to understand the leadership approach and the competencies that are exhibited in fulfilling the roles and responsibilities of driving a sustainable turnaround intervention in local government.

### **3.4 Research Question Three:**

*How can operational managers contribute to a sustainable turnaround intervention in local government?*

Narrow philosophies studied the extent of the ambidextrous attitude of operational managers that were integrated into the organisational capabilities and performance in order to follow analytical and disruptive innovation (Ployhart & Moliterno, 2011; Mom, Chang, Cholakova & Jansen, 2019). According to van der Voet (2016), the operational leaders who are immediate managers are fundamental change agents as they relay the organisational transformation process to the change recipients mainly in the legislated public administration environment.

This research question probes an understanding of the role of operational managers during a turnaround strategy's execution and the sustainability thereof. It further sought to gain insight into the required leadership competencies of operational managers that are necessary for sustaining a successful turnaround intervention in local government.

### **3.5 Conclusion**

This chapter presented the research questions that based the foundation for this study. The responses from the research questions provided a greater level of understanding and insight into the leadership competencies that were exhibited and employed by strategic and operational leaders in sustaining a successful turnaround intervention. The following chapter presents the study's research methodology. The methodology was applied in order to collect and analyse data.

## CHAPTER 4: RESEARCH METHODOLOGY

### 4.1 Introduction

This chapter presents the research design that was applied in the study to respond to the research questions that were outlined in Chapter three. According to Ellis and Levy (2008), research methodology specifies the various research methods and techniques that are utilised to produce the research findings that are useful in responding to the research questions, which subsequently respond to the research objectives. Qualitative research methods are essential as they offer a full and detailed explanation of a phenomenon (Klenke, 2016). According to Bansal, Smith and Vaara (2018), theory can be enhanced through qualitative approaches, with the theoretical understanding enhancing the knowledge towards solving ongoing management and business difficulties (Eisenhardt, Graebner, and Sonenshein, 2016).

The study used a qualitative method to get an understanding of the strategic and operational leaders' leadership competencies that are necessary for sustaining an effective turnaround intervention. A qualitative study was relevant as it enabled the author to get a rich understanding of the phenomenon by obtaining in-depth findings that were informed by approaches, perceptions and behaviours as articulated by the participants (Zakaria, & Zakaria, 2016). The authors further suggest that a qualitative study is suitable when the focus is to discover or explicate a phenomenon in an effective way.

The data was collected through semi-structured interviews with strategic leaders and operational managers in municipalities as well as turnaround experts and appointed administrators in local government. The respondents were executing a successful turnaround intervention in their municipalities. The semi-structured interviews that were conducted included key and influential stakeholders in the local government that have a legislative mandate to exercise specific oversight roles and responsibilities in local authorities. The data from the interviews was analysed with codes that were created and clustered into themes as guided by the literature review that was presented in Chapter two.

## 4.2 Research design

The research philosophy for this study is interpretivism. According to Saunders and Lewis (2018), interpretivism is a philosophy which supports the need to appreciate variances among individuals in their characters as social artists. The interpretivism philosophy is associated with the study of individual behaviour or performance within an environment of business (Saunders & Lewis, (2018). According to Miles and Huberman (1994), interpretivism is one of the three qualitative research customs encompassing phenomenology. The drive for this study was to understand the strategic and operational leaders' competencies that were exhibited towards a successful and sustainable turnaround intervention in local government. The research design aimed to obtain the suitable combination and balancing thereof, of both the strategic and operational leaders' leadership competencies.

The applied research approach is an induction method that is guided by the literature review. Bansal, Smith and Vaara (2018) assert that the inductive approach is the foundation of a qualitative study. An inductive approach is simplified as a method entailing the construction of a theory by analysing gathered data (Saunders & Lewis, 2018). The inductive analysis is used when a theory or research is limited (Bansal, Smith, & Vaara, 2018; Myres, n.d.). The method was used in order to advance an understanding of the implications people attach to actions (Saunders & Lewis, 2018).

According to Cypress (2018), a qualitative study is inductively grounded, and it is based on theoretical and moral grounds. The inductive approach was most suitable for this research as it seeks to enhance an understanding of the leadership competencies of both the strategic and operational leaders in sustaining a successful corporate turnaround in local government.

The methodological research choice that was used for the study was a mono method qualitative that was conducted through semi-structured interviews. The semi-structured interviews were conducted in order to respond to the research questions and to meet the research goals. The nature of the research study was exploratory. According to Saunders and Lewis (2018), an exploratory study consists of; research to look for new insights, requests for new inquiries, and it also evaluates topics from a different perspective. The constructs of operational and strategic leadership capabilities to sustain a successful

turnaround have not been adequately explored within public organisations, specifically in the local government; thus, an explorative study was most appropriate.

The applied qualitative research method for the study was phenomenology. According to Hein and Austin (2001), the phenomenology research design was developed with the view that the insights and awareness of the world originate due to involvement, thus its value is discovering individual experience. Phenomenology primarily studies practices and understanding the experiences (Leavy, 2014).

Phenomenology research methods entail the understanding of how individuals make sense of their proficiencies or how they are partakers viewpoints (Bogdan & Biklen, 1998; Merriam, & Grenier, 2019). The phenomenological study seeks to comprehend the meaning or structure of that involvement (Merriam & Grenier, 2019). The operational and strategic leaders reflected on their understanding and knowledge of the leadership competencies that were applied during the turnaround strategy's implementation.

According to Leavy (2014), the research questions are developed with the supposition that experience drives behaviour and that the necessary comprehension results in particular research methods. The author further explains the importance of gathering data on lived experience from the participants' viewpoint. The study was trying to source views and experiences, thus obtaining a better understanding of the leadership competencies from the strategic and operational leaders.

The time horizon for the study was cross-sectional research. According to Saunders and Lewis (2018), cross-sectional research studies a particular subject at a specified period. The data was collected through semi-structured interviews with strategic and operational leaders, turnaround management specialists and influential stakeholders within the local government sector and all the participants have been in a quest to implement or sustain a successful turnaround execution.

Semi-structured interviews were conducted with turnaround administrators, strategic leaders, as well as operational leaders in local government that are implementing or sustaining successful turnaround intervention. The semi-structured interviews were also conducted with influential stakeholders within the local government environment in order

to get a broader understanding of the leadership competencies that are necessary for sustaining a successful turnaround strategy. Saunders and Lewis (2018) describe semi-structured interviews as a data collection method that allows the interviewer to ask about a set of subjects using pre-set questions without a specific order. The semi-structured interviews allowed the interviewer to restructure and omit some of the questions that may not apply to other participants (Saunders & Lewis, 2018).

The questions were clustered into three perspectives; understanding the factors that drive a sustainable turnaround intervention, determining the strategic leadership competencies that are required in sustaining a successful turnaround intervention as well as understanding the role of operational managers and the required leadership competencies. The questions were rearranged for the different participants in order to get rich data of their experiences based on the role and the position the participants had or currently have. Questions that were not relevant to other participants were omitted (Saunders & Lewis, 2018).

### **4.3 Population**

The population for the study included; executive management and operational managers in municipalities, externally appointed turnaround administrators, turnaround management specialists, the management of influential local government stakeholders such as the National Treasury, Department of Co-Operative and Traditional Affairs, the South African Local Government Association (SALGA), and the Auditor-General of South Africa (AGSA) as well as other professional associations within the local government. The population covered South African municipalities who implemented or those that are implementing a sustainable turnaround strategy. According to Saunders and Lewis (2018), a population is a comprehensive set of diverse members who have been involved and those that have experienced a particular phenomenon in turnaround interventions.

The population was determined through publicly available documents including reports and research papers from government organisations and entities. Phenomenology mainly makes use of interviews and may also include papers and art observations (Creswell, Hanson, Clark, & Morales, 2007).

According to Ledger and Rampedi (2019), a total number of 125 interventions were sustained for the period between 1998 to 2019. Numerous indicators were used to evaluate the success of the sustained turnaround interventions, and these included the assessment of the five years of audit outcomes from the AGSA (2020) as well as the financial health indicators (National Treasury, 2019) listed in Appendix One. The names of the municipalities have not been indicated; only the municipal codes have been listed to enhance the confidentiality of the participants. The financially unqualified audit outcomes (with and without findings) and the improvement thereof over the five years from 2014/2015 to the 2018/2019 financial years for municipalities where Section 139 interventions were invoked formed the base for the population of the study.

The existence of financial distress in municipalities considered factors and assessment indicators such as cash coverage, cash balances in the Statement of Financial Position, reliance on capital grants, overspending on the operational expenditure budget, underspending on the capital budget, the growth in debtors due to uncollected revenue and other related indicators (National Treasury, 2019). The municipalities that had a total score of equals to or greater than 16 on the assessment for all the indicators were considered to have the existence of financial distress elements (National Treasury, 2019). The criteria was used to eliminate those municipalities who displayed financial distress indicators.

The population included the strategic and operational leaders from the municipalities. The administrators or turnaround management experts who are generally appointed by the provincial executives when the Section 139 intervention is invoked in municipalities also formed part of the population.

#### **4.4 Sampling**

A sample was chosen from a heterogeneous population (Saunders & Lewis, 2018). Publicly available information such as the audited annual financial statements and approved municipal budgets from the National Treasury website, were used to obtain the contact details of the executive management and operational leaders for the sample of the study. Some of the contact details on the publicly available documents were not accurate nor available; the researcher also verified the contact details from the websites of the various organisations. The researcher also requested the contact details from the

National Treasury, specifically for those organisations that did not publicise contact details on their website.

The non-probability sampling method was also used given the challenge that a complete list of the population, which included all executive leaders and operational managers in municipalities, externally appointed administrators, turnaround management specialists, and influential external stakeholders involved in successfully implementing turnaround strategies, was not available. Saunders and Lewis (2018) describe non-probability sampling as choosing a sample when the comprehensive list of the population is not available.

A purposive sampling technique was also used to collect qualitative research data (Saunders & Lewis, 2018; Klenke, 2016). The executive management and middle management officials were regarded as essential for the sample of the study given their experience, roles, and responsibilities in the organisations. The purposive sampling method allowed the researcher's judgment to be applied in order to choose a sample that is grounded by various factors and motives (Saunders & Lewis, 2018; Klenke, 2016). The purposive sampling technique aided in selecting participants who would adequately respond to the research questions and conform to the research objectives (Saunders & Lewis, 2018). The researcher also made use of both the formal and informal network in order to get participants that fit into the population criteria that was set above.

The critical case purposive sampling strategy was applied as the participants were fundamental in responding to the research questions as well as in addressing the research objectives (Saunders & Lewis, 2018). The critical case strategy in purposive sampling offered a strong understanding of the phenomenon (Miles & Huberman, 1994).

Volunteer sampling was used together with the purposive sampling method to ensure a wider range of relevant participants with the required experience and expertise. Volunteer sampling is another kind of non-probability sampling, where the prospective participant either offers or is offered to be a participant (Saunders & Lewis, 2018). Recommendations from the supervisor were implemented as part of the snowballing approach to get the participants who have the same expertise and experience in turnaround interventions. The supervisor nominated participants and the snowballing method was employed on those

participants. The snowballing sample approach was used during the interviews with the participants in order to obtain access to additional associates, which resulted in a homogeneous sample (Saunders & Lewis, 2018).

The strategic leaders and operational leaders in municipalities, turnaround management specialists, management of influential external stakeholders, and other professional associations in local government that are presently involved in the implementation of sustainable turnaround strategies or those who have successfully implemented turnaround strategies in the past were able to respond to the research questions in order to accomplish the research objectives. The timing of the interviews was fundamental as municipalities work on strict time frames for certain legislative compliance matters. The selection, therefore, considered the availability of the participants as an essential aspect.

The sample size was not fixed as the data saturation informed the sample size. This was done in order to allow rich data to be gathered from the experience of the strategic and operational leaders as well as the turnaround experts. Conversely, Creswell (1998) suggests 12 to 18 interviews as the minimum sample size for a phenomenology research method. Morse (1994) suggested at least six to ten participants for phenomenological research. Data saturation was achieved at the 11<sup>th</sup> interview, and subsequent interviews were conducted to validate saturation. The data saturation was validated by identifying each new code that was created, and the new information made no or least changes to the created codes (Guest, Bunce, & Johnson, 2006). The researcher monitored new codes through the data analysis process using the Atlas. ti application.

#### **4.5 Unit of analysis**

The units of analysis were the 257 municipalities in South Africa (Zakaria, & Zakaria, 2016) and the various strategic and operational leaders, appointed administrators, turnaround experts and influential external stakeholders who were once involved or are currently involved in implementing successful turnaround interventions within the local government sector.

#### **4.6 Measurement instrument**

Semi-structured interviews were conducted using the interview schedule as per **Appendix 2**. Open-ended questions were used in order to get in-depth responses from the participants (Saunders & Lewis, 2018). Some questions were omitted and reordered for some participants, given the roles and experience of the various participants. The researcher probed in order to get more information on the experiences of the participants. Semi-structured interviews using open-ended questions were conducted (Cypress, 2018).

The approach allowed the researcher to rearrange and omit some irrelevant questions to some participants and even ask supplementary questions in order to enhance the understanding of the responses provided by the participants (Saunders & Lewis, 2018).

#### **4.7 Data gathering process**

Data was collected primarily through the telephone and online web conferencing applications such as “Microsoft teams” and “Zoom” as well as through semi-structured interviews (Saunders & Lewis, 2018). The COVID-19 pandemic and the efforts to minimise the increase in infections through regulated safety protocols informed the use of online platforms for the semi-structured interviews rather than face to face interviews. The researcher took notes during the online interviews in order to monitor the interview progression and to keep sight of the additional questions asked. The interview sessions were recorded using either a recorder or the online web application recording application. The audios were subsequently saved on google drive in order to ensure data back up.

The researcher gathered the information for the participants' details, especially the strategic leaders in municipalities, through audited annual financial statements, approved budget documents, and other municipal reports obtained through the National Treasury and the municipality's websites. The approach was followed to ensure that the participants fit the population narrative.

Although Saunders and Lewis (2018) suggest that a pre-trial of the interview sessions needs to be done, the pretesting of the interviews was not done; however, the questions were asked differently, and follow-ups were done in instances where the participant was not adequately responding to the question. Permission to record the interviews was sought from the participants before the recording of the semi-structured interviews. The

consent form was read out to the participants requesting permission for the participants to take part in the research, and the participants were also allowed an opportunity to revisit the informed consent form, sign and send back to the researcher after the interview session (Saunders & Lewis, 2018). The rights of the participants to withdraw at any time during the interview, and voluntary participation were clearly communicated before the interview (Saunders & Lewis, 2018). The researcher assured the participants' that confidentiality would be upheld and they advised that the data would be reported without identifiers (Saunders & Lewis, 2018).

The researcher also took notes during the interviews in order to ensure credible data transcribing. The interviews were conducted until data saturation was realised. A total number of 13 interviews were conducted during the five-week period. Data saturation was achieved at the 11<sup>th</sup> interview, and subsequent interviews were conducted in order to validate saturation. The data saturation was validated by identifying each new code that was created, and the new information made no or least changes to the created codes (Guest, Bunce, & Johnson, 2006). The researcher monitored each time a new code was identified through the data analysis process using the Atlas. ti application. According to Saunders and Lewis (2018), data saturation occurs at a level where the data gathered offers little or no insights into the study question and goals.

The shortest interview that was conducted was 14'25" with the most extended interview being 2h04'13". The shortest interview was primarily due to the questions that were omitted as they were not relevant to the participant and their work environment.

#### **4.8 Analysis approach**

The interviews were conducted with municipal managers, Chief Financial Officers (CFO's), head of departments, turnaround expert/leader, and an administrator in local government. The recorded interviews were transcribed verbatim in order to avoid the possibility of misquoting the participants. Saunders and Lewis (2018) support that the audio from the interview transcripts must be transcribed, word-processed and analysed as text data.

The data scrubbing and arrangement approach for coding process involved a comprehensive analysis of the transcripts for the interviews. Thereafter, the researcher discarded typographical errors and missing words. The applicable sections were marked at the reading inception stage in order to ease the data analysis process (Creswell 2013; Creswell 2015). Data was categorised during the coding process in order to combine the themes that fit together (Spiggle, 1994).

An electronic coding process using Computer Assisted Qualitative Data Analysis Software (CAQDAS) Atlas.ti Version 8 software was applied to code and analyse all the information that was provided by the participants. The rationale for using a CAQDAS is that the software offers a single source for storage that keeps all the information, codes, notes, and results from a similar task in a particular situation (Ngalande, & Mkwinda, 2014; Zakaria, & Zakaria, 2016). The process enabled to control, excerpt, contrast and examine the information within the transcripts sense-making to the analysis process (Ngalande, & Mkwinda, 2014; Zakaria, & Zakaria, 2016). Moreover, the application helps construct networks and associations, thus generating a graphical outlook of the information (Ngalande, & Mkwinda, 2014).

Coding is a procedure allowing a researcher to recognize what is regarded as important, and it is also used to set the stage to interpret meanings and draw conclusions (Zakaria, & Zakaria, 2016). The study's coding process was guided and framed by the research questions and the study's objectives. Codes were applied to sentences and paragraphs where the participants were emphasizing on a specific theme (Zakaria, & Zakaria, 2016). Coding encompasses an understanding of the texts from the interviews, observations and documents that were gathered (Cypress, 2018). Coding also entails grouping the texts or visual data into small categories of information and assigning a label to the code (Cypress, 2018). Groups are attached to the units of the data gathered (Saunders & Lewis, 2018).

#### **4.9 Quality Controls**

The quality of qualitative research was assessed by testing for dependability, credibility, transferability and authenticity (Saunders, Lewis, & Thornhill, 2016). Pratt, Kaplan and Whittington (2020) argue that instituting trustworthiness can be achieved by understanding the approach, methodology and strategy of the study and by not applying a standard model. The triangulation tactic improved the credibility, reliability and

confirmability elements of the study (Myres, n.d.). Data triangulation was achieved with the combination of turnaround experts, strategic and operational leaders in municipalities as well as representatives who undertake the monitoring and evaluation role in local government. The triangulation process was applied in order to contemplate and minimise the risks that research conclusions do not mirror only organised biases or the limitations of a particular source (Cypress, 2018).

The data collection methods were conducted through video conferencing applications, especially given the coronavirus pandemic and its impact. According to Pratt, Kaplan and Whittington (2020), scholars who conduct qualitative studies should be transparent about what they have done, and they should outline the rational selections that were made in carrying out the study.

The purposive sampling technique was applied in order to enhance the transferability component (Pratt, Kaplan & Whittington, 2020; Myres, n.d.). Reducing bias is a measure to ensure the quality of the collected data. Sampling bias was used to reduce bias by clearly outlining the purposive sampling approach and indicating the criteria for including the participants (Myres, n.d.).

#### **4.10 Limitations**

The nature of the study draws bias from the researcher in analysing and deducing the data collected from the participants. As the researcher works for a municipality, some of the data collected might be interpreted in a biased perspective based on the author's experience in local government. It was necessary for the scholar to explore their own bias resulting in their exclusive outlook (Leavy, 2014). The minimum number of between 12 to 18 interviews that are applicable for the phenomenology research design was reached with 13 interviews.

## CHAPTER 5: RESULTS

### 5.1 Introduction

Lohrke, Bedeian and Palmer (2004) state that the turnaround process model focuses on understanding the organisation's internal and external influences that cause performance failure and its impact on the performance failure situation. The authors stipulate that drafting executive management turnaround responses and strategies is crucial. The authors explicate the employment of turnaround strategies in order to focus on stabilisation and recovery, thereby demanding the deployment of strategic and operating activities to achieve the intended results of the turnaround intervention and the sustainability thereof.

Leadership at various levels is vital in ensuring the successful execution, monitoring and evaluation of the turnaround strategy intervention. Strategic leaders set the tone and the objectives of the turnaround strategy for implementation by all the officials. Operational leaders simultaneously own the turnaround strategy, and they take the lead of the operational execution in order to augment the objectives of the turnaround strategy.

The study is trying to understand the leadership capabilities of strategic and operational leaders that are necessary for sustaining an effective turnaround intervention in local government. The study also focused on addressing the research objectives and obtaining responses to the research questions.

A total number of 13 participants were interviewed, and these included two turnaround experts, two local government administrators, four strategic leaders and five operational leaders in local government. The data collected was analysed using the Atlas.ti version 8 software. Through the data analysis process, three themes emerged. They included fundamental drivers for a sustainable turnaround strategy, leadership competencies contributing to sustainable turnaround and the contribution of operational managers to sustainable turnaround processes.

The findings revealed fundamental drivers for a sustainable turnaround intervention; these included but were not limited to understanding the root cause to the problem, developing a tailor-made turnaround strategy, understanding the vision, mission and intentions of the organisation, ensuring compliance with the relevant legislation, building a coalition,

stakeholder engagement as well as monitoring and evaluation measures through the implementation and review of internal controls.

Although the participants highlighted the strategies that were employed to drive the sustainable turnaround intervention, they also outlined a combination of leadership competencies that were needed to implement and sustain the turnaround intervention. They contended that a leader should; have technical expertise, should lead by example, and must also be resilient and have flexibility, demonstrate ethical conduct and integrity, as well as show commitment and determination.

This chapter presents a description of the participants in the study and the subsequent presentation of the results from the qualitative analysis.

## **5.2 Description of the Participants and their Contribution to the Study**

A total of thirteen interviews were conducted in this study. The participants that were interviewed included two municipal managers/Accounting officers, two Chief Financial Officers (CFO), one head of the department responsible for local government interventions, two senior managers, one senior municipal advisor, two managers, and three turnaround specialists registered with the Turnaround Management Association Southern Africa. Of the three turnaround specialists, one was appointed as an administrator in local government following Section 139 (4) (a) of the Constitution of the Republic of South Africa (1996). The diverse participants contributed immensely given their role in the turnaround management discipline both in theory and in practice.

In addition, each interviewee contributed in varying capacities to the coding process, which was used to generate the references. References signify the number of quotations generated from each transcript (participants in this case). The references were obtained using Atlas.ti, a qualitative data analysis software (Table 1). Participants 1 to 4 responded to all the questions, while participants 5 to 13 only responded to part of the questions which applied to them, given the leadership role in their respective municipalities.

As shown in Table 1 below, Participant 4 contributed the most insights to the study in comparison to the other participants with 159 references. This may be due to the fact that Participant 4 is the Specialist or Expert within the Turnaround Management field. Table 1 also shows that Participant 10 contributed the least insight into the study. This may be due

to the location contributing factor as Participant 10 was at work during the online interview session.

**Table 5.1: Demographics**

<b>Participant</b>	<b>Number of references</b>
Participant 1	104
Participant 2	97
Participant 3	69
Participant 4	122
Participant 5	25
Participant 6	23
Participant 7	54
Participant 8	85
Participant 9	32
Participant 10	25
Participant 11	37
Participant 12	39
Participant 13	25

**Table 5.2: Profiles of the participants**

<b>Participant</b>	<b>Gender</b>	<b>Industry/Organisation</b>	<b>Role</b>	<b>Categorisation</b>
Participant 1	Male	Department of Co-Operative Governance and Traditional Affairs	Head of Department, responsible for local government interventions	Turnaround Expert
Participant 2	Male	Consulting, Local Government	Local Government Administrator/ Turnaround Leader (Expert)/ Former Municipal Manager	Turnaround Expert
Participant 3	Male	Financial Services- Municipal Infrastructure Funding	Turnaround Management Specialist / Former executive management in local government	Turnaround Expert/ Former Municipal Strategic Leader
Participant 4	Male	Financial Services – Municipal Infrastructure Funding	Turnaround Management Specialist	Turnaround Expert
Participant 5	Female	Local Government / Municipality	Municipal Manager	Strategic Leader
Participant 6	Female	Local Government / Municipality	Manager	Operational Leader
Participant 7	Male	Local Government / Municipality	Senior Manager	Operational Leader
Participant 8	Male	South African Local Government Association	Senior Municipal Advisor	Operational Leader

<b>Participant</b>	<b>Gender</b>	<b>Industry/Organisation</b>	<b>Position / Role</b>	<b>Categorisation</b>
Participant 9	Female	Local Government / Municipality	Chief Financial Officer	Strategic Leader
Participant 10	Female	Local Government / Municipality	Manager	Operational Leader
Participant 11	Male	Local Government / Municipality	Senior Manager	Operational Leader
Participant 12	Male	Local Government / Municipality	Chief Financial Officer	Strategic Leader
Participant 13	Female	Local Government / Municipality	Municipal Manager	Strategic Leader

Table 5.3 shows an example of the coding process and it also highlights how codes and themes were created. The code management visibility was used to give the meaning of the information provided by the participants. Therefore, the theme contribution of operational managers to the sustainable turnaround was generated through the grouping of codes.

**Table 5.3: Example of the coding process**

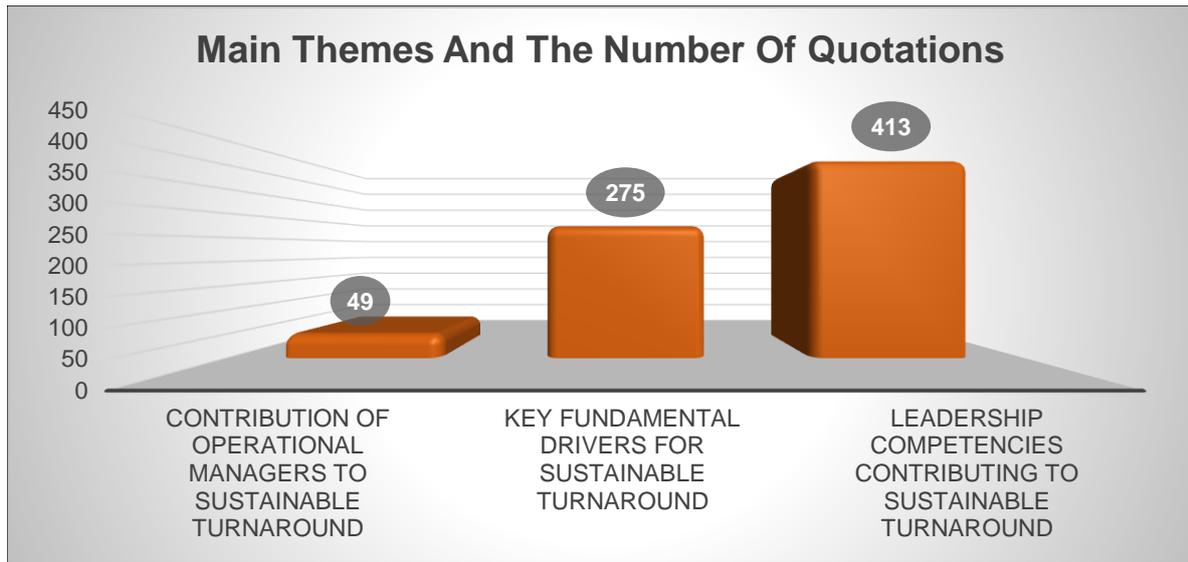
Theme	Code	Data from the transcript
Contribution of operational managers to sustainable turnaround	Management visibility	<i>“Be available for the team as the strategy is being implemented and provide the necessary tools for them to do that, because you know if this is a good strategy and you are expecting people to do things, but if you are not providing them the means to do that”.</i> (Participant 12)

### 5.3 Main themes created

The main themes that emerged from the data analysis process are presented in both Table 5.4 and Figure 5.1 below. Table 5.4 and Figure 5.1 highlight the number of quotations for each theme. From the figure and table below, the most discussed theme is “Leadership competencies contributing to sustainable turnaround” with 413 quotations. The “key fundamental drivers for a sustainable turnaround” came as the second most discussed theme with 275 quotations, and the “contribution of operational managers to sustainable turnaround” was the third with 49 quotations.

**Table 5.4: Main themes and number of quotations**

Main themes	Number of quotations
Leadership competencies contributing to the sustainable turnaround	413
Key fundamental drivers for a sustainable turnaround	275
Contribution of operational managers to sustainable turnaround	49

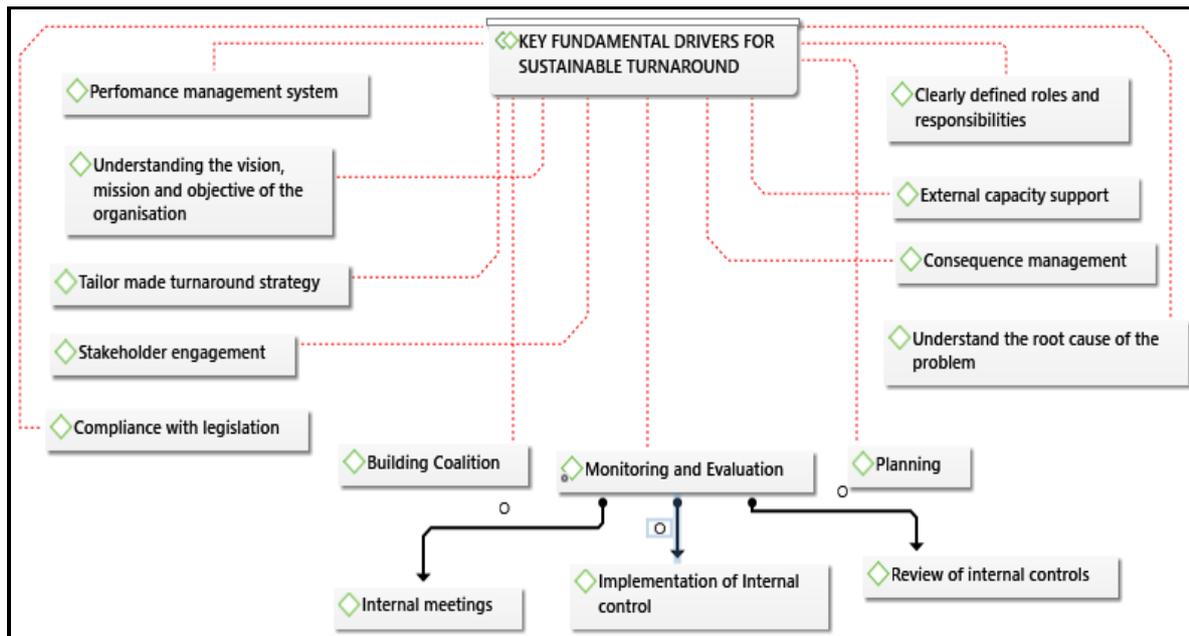


**Figure 5.1: Main themes and the number of quotations**

#### 5.4 Results: Research Question 1

*What are the key fundamental drivers of a sustainable and successful turnaround intervention in local government?*

This research question aimed to understand the primary basics and aspects driving a successful and sustainable turnaround intervention in local government. In executing the turnaround strategy, the participants indicated the various drivers for a sustainable turnaround intervention in local government. The critical fundamental drivers included (a) Understanding the vision and the mission of the organisation; (b) Understanding the mandate and objectives of the organisation; (c) Understanding the root cause to the problem; (d) Developing a tailor-made turnaround strategy; (e) Planning; (f) Compliance with legislation; (g) Clearly defined roles and responsibilities; (h) Stakeholder engagement; (i) Building coalition; (j) Effective performance management system; (k) Monitoring and evaluation; (l) Consequence management; and (m) External capacity support as shown in Figure 5.2 below.



**Figure 5.2: Overview of results for key fundamental drivers for a successful turnaround**

The data extracted from the participants shows that the organisations employ and rely on various fundamental drivers for a successful and sustainable turnaround strategy. Organisations employ different turnaround strategies and tactics in order to address performance decline challenges. Participants who took part in the research study indicated that these strategies are initiated in the organisation; however, they are primarily guided by the legislation.

There are, however, a number of fundamental drivers that impact on the successful and sustainable turnaround strategies that are shown in the diagram above and their responses are summarised below with regards to the mentioned influences.

#### **5.4.1 Understanding the vision, mission and objectives of the organisation**

Participants mentioned the importance of understanding the organisation’s objectives and vision in order for the turnaround strategies to be successful. Most of these participants argued that understanding the vision and the objectives is crucial in influencing the mandate of the organisation as it minimises any problem that might emanate. Participant 2 asserted that:

*“Well I would say number 1, understanding of the business itself. Coz if we are trying to solve a problem that we do not know that we do not understand it creates a problem. So, understanding the business becomes important such that we should try and understand the whole organisation to say what are they doing in water services? What are they dealing with in local economic development and so on? And to do that it is, unfortunately”.*

Reinforcing the above argument is Participant 11, who contended that:

*“My view on that one is that maybe have to start integrated the vision, the mission and the objectives of the particular institution. So if they have that vision, they have that what you want to see where the institution is going, I think they must have leadership that will understand what the vision is, what the mission is and what the objective of that particular institution is”.*

Corroborating the information mentioned above is Participant 8, who asserted that:

*“Another point I think I would say is, maybe it would be good for them to capacitate them with skills that will align with the achievement of the vision. They might have a vision, they might have the resources, they might protect it, but the question is if now you don’t have the resources to make it a success, what is going to happen? So, it means you also need to capacitate yourself”.*

Participant 10 alluded to understanding the operations of the organisation from the planning processes and to accountability through annual reporting and auditing processes:

*“Understanding of planning and monitoring of charts. And the issue of auditors, whereby we are being audited as an institution, they must also have the competency of that”.*

#### **5.4.2 Planning**

Other responses from the participants revealed that planning is another turnaround strategy that is used in organisations when dealing with diverse challenges that are encountered during the transformational process. Most of these participants revealed that proper integrated planning entails long term planning and reviews of the existing organisational masterplans. Participant 9 indicated:

*“It is because planning does not incorporate risk management and controls. So we are running these two separately, and we are only doing the controls and the risk management for compliance which should not be the case it should be part of all the processes”.*

Additionally, the participant further alluded that:

*“They should be involved on the planning phase, and they should be part of the process of saying what needs to be done, how and when, so that they will also own the process and understand the process because if strategic leadership lies only with the strategic managers at senior management level, at times, you will have plans that are not talking to the actual work that needs to be done”.*

Participant 4 reinforced what was mentioned by Participant 9, as they argued that:

*“So, I think the answer to your question has got to be to know what you are going to be doing differently and how are you going to do that. So, you can have a plan that says, ‘I am going to have all the bells and whistles’, and you can say ‘No, sorry, that is not going to work”.*

Supporting the above argument is Participant 2, who mentioned that:

*“Again, I’ll be going to the issue of succession. Succession... we should be planning our departure when we arrive you see. When we exit, we will make sure that this organisation is going to be sustained because we have prepared all those who are going to take over. And we must do so consciously”.*

Furthermore, responses from the participants indicated that planning is regarded as one of the five management pillars implemented in an organisation.

#### **5.4.3 Compliance with legislation**

The data shows that compliance with legislation and accountability is vital for a successful turnaround plan. Most of the participants indicated that committees should ensure that they meet the legislation requirements and that they are fully accounted for. This was supported by Participant 3 who contended that,

*“So, first and foremost that turnaround is anchored around legislation. We have various legislations, from section 139 systems Act through to MFMA Chapter 13 that talks around turnaround. The competencies for me is that the senior managers should have a good understanding of the legislation, your regulations required in terms of let us talk supply chain, procurement processes. They must have occupational health competencies; a good understanding of municipal legislation let’s be honest on that”.*

Reinforcing on the above point is Participant 9 who also argued that,

*“Because remember local government is very much legislated, so you have to understand the legislation but also have proper risk management – and internal controls, to ensure that whatever has been done on the strategic leadership...”*

Further reviews show that Participant 2 agrees with the above-mentioned information. The participant echoed that,

*“There must be more malicious compliance to the legislation because I always look at legislation as an aide. I know many people spend time moaning and groaning about legislation, we are over-regulated by local government and so on and so forth. Yeah true, but are we doing with what we already have at our disposal. Can we make sure that we look at it as an enabler and if there’s a hindrance, then let’s engage coz we can merge”.*

#### **5.4.4 Clearly defined roles and responsibilities**

Instituting clearly defined roles and responsibilities in an organisation is a crucial driver to sustain a turnaround intervention stated by the participants. The participants mentioned the importance of understanding the roles and functions of everyone within the organisation. Participant 11 stated that:

*“A little bit of law and a little bit coming together, but at that moment, is that a person, once you are up there, you should understand the subject in fulfilment of the role you are in, you must understand the legislation governing that particular role”.*

Participant 7 affirms the claim by stating that,

*“The operational managers... already the documents are there, we all know the documents. It has been prepared from a strategic level. This document must then be further broken down into specific activities which will have your key performance areas, your key performance indicators”.*

The participant, however, mentioned the importance of understanding the day to day functions of each staff member that need to be carried out within a specific operational level. This information is significantly validated through Participant 4 who affirmed that,

*“If that is not the case then you have carried them through, so you have inherited them, you have got to be able to understand that they know, or you have got to be able to ensure that they understand what it is that is expected of them, that’s a good strategy to work on.”*

Reinforcing the ideas discussed above is Participant 2 who contended that,

*“Functionality actually requires our support. Therefore, meaning every member of the ward committee members can be very clear as to what is it that they do, and they get out from the administration”.*

From the findings, it can be noted that the participants insisted that the employees or the critical players within the organisation must know and understand their roles and functions in order for them to execute them exceptionally well. This information is echoed through Participant 12 who said,

*“They must know their roles, and how to actually execute those. Because remember I spoke earlier of the leader must have resources, so it means you must provide the resources there. But they will come with those operational plans and the roles that they need to play and then how to execute those particular roles”.*

Participant 3 emphasised on the development of job descriptions to make sure that all employees are mindful of their responsibilities and they execute them thoroughly:

*“Job description needs to be in place, and accountability. So that chain of command needs to be in place, otherwise operational managers will always look for an excuse of ‘I couldn’t do this because I didn’t have time. But then also operational managers have got the ability to abuse systems, and a good*

*example is I have experienced that refuse compactors would break down on a Friday morning”.*

#### **5.4.5 Stakeholder engagement**

The information provided by some of the participants acknowledges the importance of stakeholder engagement as a turnaround advantage. The participants indicated that the roles played by different teams or stakeholders in reversing the fortunes of failing municipalities are substantial. Data shows that people from different sectors should work together to implement strategies which are fit for the needs of the people in different communities.

Corroborating the information mentioned above is Participant 4 who said,

*“So we talk about integrated development plans in terms of what the municipalities are supposed to do, they are supposed to have all these engagements with the communities, they are supposed to understand what the communities want, and then they are supposed to put them in a plan and get that plan through and on the basis of that get the budget and start implementing”.*

Supporting the above quote is Participant 2, who argued that:

*“The customer is the community as we know that local government has three legs, the community, council and the administration and we realise that we ought to have a very important leg of the institution of the whole municipality”.*

This information is also supported by Participant 1, who mentioned that:

*“We engage with stakeholders to test if what we are saying is indeed what they know about that. And on the basis of what we have tested with stakeholders, we then agree that certain things may not have worked well, and for that reason, the interventions that should be put in place must be able to address those gaps that may have been picked up”.*

These participants indicated that engaging different stakeholders throughout the turnaround strategy’s execution tend to yield better outcomes and a greater sense of ownership. This information is reinforced by Participant 10 who said,

*“The involvement of community participation because if you are in a local government, we cannot be able to achieve alone. But we also need the community to identify their needs to say, ‘We need 1-2-3-4-5’ so that we can be able to include it on our plan”.*

The participants supported the role of municipalities to provide services to the communities, which makes stakeholder engagement an essential aspect in fulfilling the legislative mandate of local government.

#### **5.4.6 Building coalition**

The information presented by the participants indicated the importance of building a coalition as a turnaround strategy driver in order to overcome the problems of industrial sickness through different structures working collectively to accomplish a mutual objective. From the analysed data, Participant 4 outlined that,

*“So, I think you must be able to listen to them, but the short answer is their technical expertise and their experience I think is what is critical. Because they will drive the process, because if they cannot make it work nobody else can. Sitting at the top office in the corner is not going to help you know”.*

Supporting the above point is Participant 2, who posited that,

*“It’s how we look at it as an organisation, if our approach is holistic you want to touch every section of the institution so that everybody feels that they have value to add you know. Everyone, everyone. If all of them can feel that there is a change agenda, then the change is not for us but the change that is meant to actually meant to assist us to perform you know. we have some workshops, work shopping to say this is now the new turnaround plan”.*

Participant 10, also confirmed the notion above by indicating that,

*“The issue of teamwork because as an example I may be a revenue manager, but I am depending on other people to do their work. It is like I am the receiving part, but if there is not effective communication I cannot achieve alone because I need other managers or other directors”.*

Interestingly, from the various responses extracted from the data, Participant 6 said,

*“And also allowing your subordinates as well to form part of your vision. You know as a strategic person you will have a vision but at the same time your vision needs to be cascaded to your subordinates for you to be able to meet your targets”.*

Participant 12 mentioned that building a coalition enhances the culture of team spirit and good teamwork. The participant goes on to indicate that,

*“Coalition leads to the spirit and culture of teamwork, be very good at resolving conflict because that always happens in the workplace you know, but they must be well equipped to resolve those conflicts that might arise so they can get the team going”.*

#### **5.4.7 Effective Performance Management Systems**

The extracted data indicated that developing effective performance management systems is an essential driver for a sustainable turnaround intervention in order to measure performance in line with the organisational objectives.

This information is supported through participant 2, who said:

*“Regulations we already had our own performance management system because we... you can't run an organisation and not be able to check whether you're making. What about achieving good audit comes, do we all contribute to good audit outcomes? If not, why are we not including those in the performance management of everyone, everyone's scorecard. Why are we not including that? So that we all come together in unison so that everyone feels this is important to us because we are a team”.*

Reinforcing on the above turnaround plan of performance appraisal is Participant 10, who indicated that,

*“Implementation? Because if we have let us say a plan, we need to implement that plan and you must be able to achieve the KPI or the goals that are there”.*

It is evident from the participants that employing an effective performance management system to evaluate performance on the implementation of the turnaround strategy is one of the fundamental drivers for sustaining a successful intervention.

#### **5.4.8 Monitoring and Evaluation: Implementation of Internal controls**

Through the data analysis process, some of the participants indicated that developing and implementing internal controls through monitoring and evaluation processes is a useful tool that is used for a successful turnaround strategy implementation project. Participant 2 said,

*“Why are we getting laptops. I’m glad we started with that even then in when was it? 2008 you know. I’m saying basically if we look at staff members that are out there in the field, our technical services department basically. People travel with tools in their cars as well. It actually says to me the organisation does not care about the safety of its employees”.*

Echoing the above information is Participant 9, who argued that,

*“To ensure that whatever has been done on the strategic leadership, with us without the competencies, but if you have got proper controls, proper risk management, you will be able to bridge the gap between those two spheres of management, and likewise be able to be proactive. have proper risk management”.*

And the participant further stated that:

*“What I have seen working with us for both the strategic and operational leadership, has been putting the strength on the controls”.*

Supporting the above argument is Participant 10, who asserted that,

*“It’s the implementation of internal controls, and we must be able to review our internal controls regularly to ensure that they are aligned to our policies and legislations. And our monthly reports and weekly reviews and weekly reconciliations. Those need to be aligned with the plan and the budget”.*

#### **5.4.9 Monitoring and Evaluation: Review of Internal Controls**

Data extracted from the participants shows that reviewing internal controls is another turnaround strategy measure that is used in organisations to reverse the performance decline and to sustain the recovery of organisations. Participant 10 mentioned that the reviews need to be aligned with the plans and goals of the organisation. More so, reviews make employees align with the culture of the organisation.

*“The participant indicated that It is the implementation of internal controls and we must be able to review our internal controls regularly to ensure that they are aligned to our policies and legislations. Also, our monthly reports and weekly reviews and weekly reconciliations. Those need to be aligned with the plan and the budget”.*

Reinforcing the point above is Participant 7, who argued that:

*“Because remember we are field workers, it’s out there the task has been set and assigned. A task is assigned by the operational manager, when he comes back, he must report back to say this is what I found. When a cashier or a receptionist is sitting on their reception and the customer comes in, that receptionist is tasked and on her task that he/she must do while sitting there and being looked at and ticked off by the operational manager”.*

Reviewing the effectiveness of the existing internal controls, assisted the executive management to review the turnaround strategy, thereby making sure that they execute and sustain a successful turnaround intervention.

#### **5.4.10 Monitoring and Evaluation: Internal Meetings**

Through the data analysis process, some participants mentioned that internal meetings are a turnaround strategy initiative that is used in organisations to curb the challenges that might affect the organisation's performance levels negatively. Some of the participants mentioned that these internal meetings are held weekly with top management. Participant 2 said,

*“If we give them an opportunity to shine in their sections, we should be saying to them let them hold their weekly meetings as well. I have always said I cannot be holding weekly meetings with my top management team, and that team does not hold weekly meetings with their teams. Coz if they do not it means there is a gap somewhere. Whatever advice they give me as the accounting officer and head of administration it lacks input from team members or the management or the planning department and so on. So, I would expect and demand that. And I say I want to monitor”.*

Supporting the idea above is Participant 12, who indicated that there is a system of weekly reporting that emanated from the internal meetings. The participant contended that:

*“One thing is firstly, once we have come up with a direction of a strategy, there has to be a clear and precise monitoring tool or method that is devised, must be progress internal meetings to keep track of where things are, and also to make any corrective actions where needed”.*

In line with the above quotations is Participant 1 who commented that,

*“Yes. So for me, from my side, I think what helps is that we would have frequent monitoring meetings, you would have strategy planning sessions, you would have most of the reporting that happens on a weekly, monthly and quarterly basis, you would have assessments of the reports that come through”.*

#### **5.4.11 Consequence Management**

The data shows that consequence management as a turnaround strategy initiative can minimise the impact of any organisational challenges. The Local government operates within the relevant legislation and prescripts, and it is accountable to various stakeholders. The participants specified the significance of consequence management in order to ensure transparency and accountability, as highlighted through Participant 7, who indicated that:

*“And actually, it becomes one of their day to day activities. Because now one thing I have allocated those tasks, they must make sure those tasks are being implemented. And if those tasks are not being implemented they must make sure that in the form of whether it gets reported or in the form of whether because remember the very same strategy your strategic leaders are still going to report back”.*

Participant 2 was in agreement with the above participants. The participant outlined the importance of consequence management as a strategy that can be adopted in different organisations. The participant said,

*“So, I wish therefore everywhere where there are interventions where you have a turnaround strategy being introduced, if it could be clarified as to what is it that we could lose?” I would say to my managers and say to them you know what. If anyone is found in a corrupt activity, I will assist them to get to*

*person and very so. I will assist the person, that is my job. And I will make sure. Isn't it we are communicating it clearly".*

Participant 8 echoed the statement and indicated as follows:

*"So for me there should be consequence management in place, should, should. If it is discovered that the strategy is failing based on your faults or incompetencies, there should be consequence management. People must account and there must be consequences on what they fail to do".*

Summing up on the point, further findings show that consequence management is a principle that works. Participant 3 contended that:

*"You hear what I am trying to say? It can be done! And that is how we operated at local government. This was the controls in place. Why can't we return to that principle? I am using this as an example because I know it is being recorded but I want to say I was gatvol for them deducting it. But it was consequence management."*

#### **5.4.12 External capacity support**

Through the data analysis process, some of the participants indicated that sourcing external support is a measure that is employed in municipalities with limited resources as it assists in sustaining a successful turnaround strategy. The following codes will be discussed in light of this information.

The results show that the sourcing of external capacity support is another approach that is used to assist municipalities in the respective sections. Participant 3, argued that:

*"I was in local government, I then decided to leave because I jumped the ship so to speak. I went to the ...for deployment of capacity support in local government. But the more we would do capacity, and this is now hands-on capacity in a municipality. And not one of them was successful, we had hands on deployment in the municipalities. I don't say it wasn't successful, the outcomes were achieved in terms of infrastructure was implemented etc".*

Reinforcing on the above idea is Participant 1, who contended that:

*“We therefore select those that are really collapsing, which they are not doing very well on, and on the basis of them we scrutinise, and we agree that they have to be assumed as a responsibility of this provincial sphere of government. That must go with a clear understanding politically and administratively”.*

#### **5.4.13 Tailor-made turnaround strategy**

Participants also stated that management should ensure that they implement strategies that are tailored to respond to the actual problem so that it can be easy to find a solution. As participant 1 and 4 eloquently put forward:

*“So your strategies must also contribute towards ensuring that the people who are there are capable enough and they are understanding the job that they have to do, and they actually do it with diligence so that their performance is not questionable for the things that they need to do”.*

And

*“So you then have to say ‘Right, if the people who are appointed cannot either be trained to accommodate and make sure that they can adapt to the new position, then you have to find another solution to that problem”.*

Resonating with Participant 4 who indicated that with regards to the issue of indigents who are unable to pay municipal rates, managers are therefore required to develop and implement a revenue enhancement strategy to deal with the indigent challenge. For instance, Participant 3 maintained:

*“So you need to have a clear funding strategy and your priorities correct in the budget around the capital and also your expenditure then the financial plan should look at your tariff modelling. Do a long term tariff modelling to say if I increase my tariffs with this percentage, what can I achieve? You know it is more understanding the impact of tariffs on your budget in terms of a long term financial plan”.*

#### **5.4.14 Understanding the root cause of the problem**

One participant suggested that upon developing a tailor-fit strategy for a challenge, and operational managers need to understand the root cause to the problem after that a solution can be developed. For example, participant 4 mentioned that:

*“So you want to be able to leave or exit the turnaround and leave the company in a better position than it was when it went in. it won’t be the same, it is not going to be the same, it cannot be the same and in fact it should not be the same, because that is the reason why you are in business rescue or turnaround in the first place, because there was a problem. You know? So you have got to fix the problem. So fix it!”.*

And:

*“I think they have a critical role to play because again you have to distinguish between these operational people, are they part of the previous operations, or have they been carried forward or are they new? Because you must sometimes remember when you have a new turnaround, you replace all your management”.*

Participant 1 stated that:

*“So part of what our strategy does is to make sure that we drill on those matters, because they are just a wide problem in municipalities-you’ll agree with me coming from the municipality, that if you have your unauthorised, irregular, fruitless and wasteful unchecked, obviously they do dip you. Strategies must actually explore if we are able to address that as such”.*

Participant 1 further argued that:

*“For the fact that when you say “turnaround”, it means there must have been a problem somewhere, and they want to reverse it and actually improve on the functionality of the institution. In our case it’s municipalities”.*

Participant 5 reinforced the understanding of the challenge that needs to be resolved when developing an objective for the turnaround strategy, and they shared that:

*“So as the strategic leader you have to I think have an understanding of what are the issues that require change – first and foremost – so that you can*

*concept or give direction of what we need to achieve. So if you can first have a comprehension of what the problem is, what needs to be changed, then you can be able to deliver proper guidance and direction of how you will reach where you need to get to”.*

#### **5.4.15 Summary of Results for Research Question 1**

In responding to the research question, the findings indicated that the key fundamental drivers of sustaining a successful turnaround intervention in local government are vital. The identified critical fundamental drivers included (a) Understanding the vision and the mission of the organisation; (b) Understanding the mandate and objectives of the organisation; (c) Understanding the root cause to the problem; (d) Developing a tailor-made turnaround strategy; (e) Planning; (f) Compliance with legislation; (g) Clearly defined roles and responsibilities; (h) Stakeholder engagement; (i) Building coalition; (j) Effective performance management system; (k) Monitoring and evaluation; (l) Consequence management; and (m) Sourcing external capacity support.

#### **5.5 Results: Research Question 2**

*What are the leadership competencies that are required in sustaining a successful organisational turnaround of local government?*

This research question seeks to understand the leadership competencies that are demonstrated and utilised in fulfilling the leadership roles and responsibilities; and in driving a sustainable turnaround intervention in the local government. In understanding the leadership competencies that are necessary for sustaining a turnaround intervention, it was imperative to initially understand the leadership approach or style that is applicable during the execution of the successful turnaround intervention.

### 5.5.1 Leadership style or approaches

Figure 5.3 shows the results of the leadership style or approach applied during the successful implementation and sustainability of the turnaround strategy



**Figure 5.3: Overview of results on Leadership style or approach**

#### 5.5.1.1 Combination of leadership styles

A number of the participants mentioned that there is not a single leadership approach that can be useful but it is advised that the organisations select the right **combination of leadership styles or approaches** in order to achieve a successful turnaround strategy since employees are different and act differently. The participants also indicated that the circumstances would detect which leadership style to enforce. The participants further alluded that the local government environment requires a correct selection and balance of the leadership style given their circumstances. The following quotations are in line with this:

*“In local government, I don’t think there is a specific style – that’s my view – I don’t think you can come up with a specific style because in local government the environment that you operate is not easy or cast in stone. But it is dependent on systems, there are a number of role players there that you must take note and cognisance of. So there has to be a combination of styles that one needs – not that you must be influenced by what is happening around, but you must be able to adjust and be able to pave the way and direct your people accordingly”. (Participant 12).*

*“There is now no reason or a space where you can apply one leadership style does not exist, because there are so many dynamics in the business world and in the government, you know? So for me I would say the mixed leadership style, where you incorporate all these leadership styles, I think that would work best”. (Participant, 8).*

#### 5.5.1.2 *Transformational, transactional, visionary and servant leadership styles or approaches*

Most participants in the study shared their views on the types of leadership styles that are vital for a successful turnaround strategy. They specifically mentioned a combination of **transformational, transactional visionary leadership and servant leadership approaches**. For instance, Participant 5 said:

*“They must be good team leaders, so the only difference is at which level are you now operating. But every manager needs to be able to understand the vision, have a view of the vision. So they are visionaries, they know where we are going”.*

Participant 6 shared that:

*“I think the one would be a role of a strategic manager, would be to strategically guide your junior managers, in a sense that you would want to have a person that has a vision, a person that has goals, the same time the person that is able to transfer his/her vision to the subordinates”.*

Participant 12 echoed this by saying:

*“And then the third one could be transformational style or others call it the quotient style, where you allow your team to try things: do this, you do that, and then you guide as they actually do what they ought to be doing. Because that also assists and enables you as a leader at some point in time not to be too much involved, because once you have capacitated people, then they can run with what they need to be doing”.*

Participant 1 stated that :

*“But enforcing it, it is more a transactional one. And I’ll tell you why. Because this institution already is not doing well, but now we need to dangle a carrot.*

*We say, for it, for you to get a bonus, for you to get a reward, you must have done so many things, and when you get those things in place, then we can give you a bonus or performance, or whatever, a raise, or a promotion, whatever”.*

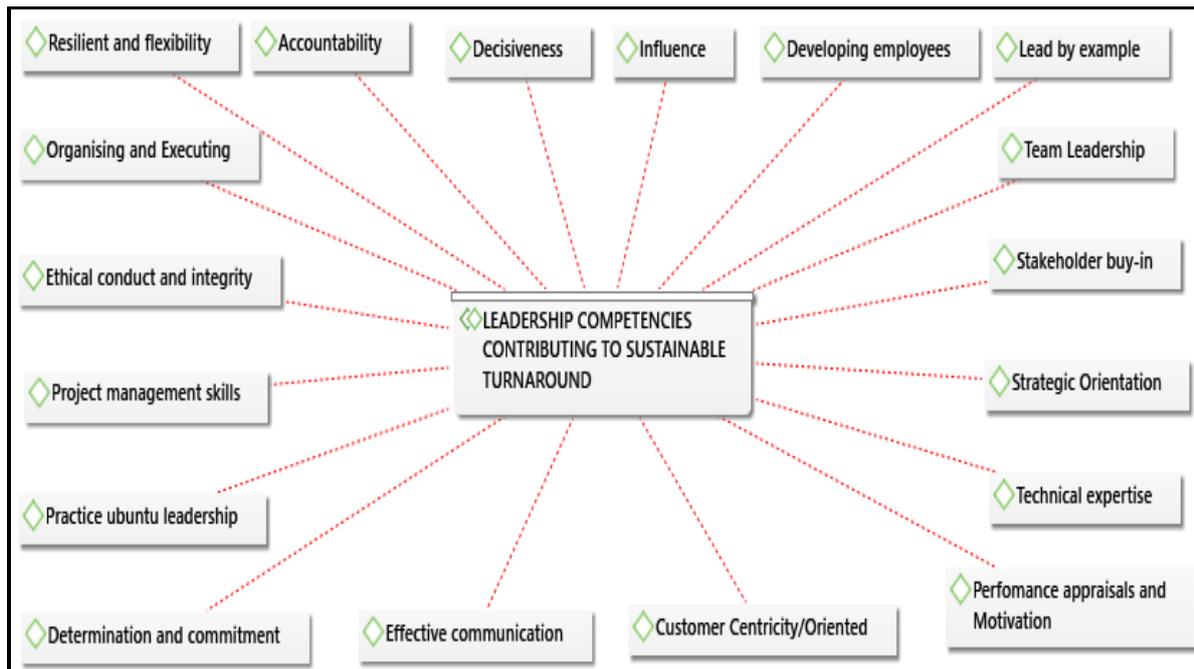
Participant 12 stated that:

*“Okay, firstly we have to embrace servanthood leadership. You know if you are a local government, you are the servant of the people, whether you are a senior manager or a manager or you know, just an employee – but at the end of the day you are there to serve the communities, it starts and ends with service delivery local government”.*

It was evident from the findings that using the right combination of leadership approaches in local government is inevitable given the environment, stakeholders, legislation prescripts as well as the circumstances. The leadership approach was a base of understanding the leadership competencies that are required in sustaining a turnaround intervention in local government.

### **5.5.2 Leadership competencies**

The overview of the findings for the leadership competencies contributing to a sustainable turnaround intervention is summarised in Figure 5.4 below, and it is discussed further below.



**Figure 5.4: Overview of the results for the leadership competencies**

#### 5.5.2.1 *Lead by example*

Most participants advocated for a **leader who leads by example**. In that, they mentioned that a leader represents the organisation. If the organisation is not performing well, that reflects on the type of leaders in that organisation. The following quote from Participant 12 eloquently exemplifies this notion:

*“You know when you set up the meetings, it mustn’t just be haphazardly and then you just calling people anyhow and disrupting people. People must know that we do things and this is how we do things. And then as you have good order then this way we are able to see even excellence and it starts to spread out of there. You can never have excellence in disorder”.*

Echoing the above participant, Participant 5 said:

*“So they must be hands-on as well, and they must be role models. That is a key competency! It must be a leader who walks the talk. So what they say they also do. That means they have people who can copy from them and do as they do”.*

In additions, Participant 11 also contended on a charismatic type of leader. He said:

*“He must be with them, a charisma kind of leadership that will be able to open doors for each and every person to be able to communicate with that particular person. I think that is the type of leader we are looking for”.*

#### 5.5.2.2 Decisiveness

From what the participants above shared, it is essential to note that when there are current changes from the actual or original plans, the municipality needs a leader who has strong competencies with regards to decision making. A leader who confidently takes a stand and provides guidance on what needs to be done in a particular situation is required. To substantiate this point, Participant 13 advocated for an autocratic type of a leader. She said:

*“For instance, you are pressed for time; the autocratic is the best. You can’t be democratic if you are saying ‘I want this thing done by this time!’ When time is against you, you cant ask for employees for consultation, you must be firm and indicate that this must be done this time!”.*

Participant 12 echoed this when they said:

*“Maybe lastly something also of importance to make mention of here is the issue of making informed decisions, being able to make informed decisions”.*

In a related vein, Participants 9 and 4 commented:

*“because of some of the work that we have to do, but the PMU manager is there on the ground, so they should be able to have powers to make decisions, and also apart from making those decisions, be proactive in saying that whatever has been decided on in the strategies, how do I apply it and apply it in a way that will still be proper?”(Participant, 9).*

And participant 9 further stressed that:

*“And they should be people with proper decision-making skills as well. Because in terms of the implementation, you should know what will work and what will not, and take timely decisions in trying to resolve the issues”.*

Participant 4 eloquently stated that:

*“And it is not an easy job, let’s be frank about that, it is not easy. And it takes a certain kind of personality to do that, and sometimes you have to be rough and hard as you were saying earlier, you have to be unpleasant and say ‘no, this is how it is going to be’ but not that at the expense of derailing all the work that has been done and/or compromising your relationship with all the people”.*

### 5.5.2.3 Customer Centricity / Oriented

The primary mandate of municipal leaders is to deliver services according to the needs of the people. It is, therefore, not surprising that **customer-centricity** emerged as one of the critical competencies that are needed in order to achieve a successful turnaround strategy in the local government. For instance, Participant 2 mentioned that a leader should be fond of what he/she does and should love serving the people. He said:

*“If you have passion on it and the love for the people because I would say local government if you don’t love people no, people must find another job then they look for another job. If you don’t love people... you must have love for people and love what you do because King Solomon, you know King Solomon if you know the Bible”.*

Indeed, the Bible analogy above clearly exemplifies the importance of having a passion for serving the people. Similarly, Participant 12 added that:

*“You know if you are in local government, you are the servant of the people, whether you are a senior manager or a manager or you know, just an employee – but at the end of the day you are there to serve the communities, it starts and ends with service delivery local government. So you have got to embrace that servanthood leadership, whether you like it or not”.*

### 5.5.2.4 Determination and Commitment

From the analysis process, the participants alluded to the leadership competencies that necessary to sustain a successful turnaround in the local government. Some participants argued that keeping abreast of all the municipal operations and what is happening in other municipalities illustrates a high level of determination and commitment. An illustration that clearly captures this point is provided by Participant 7, who said:

*“Also being knowledgeable, especially in terms of things that happens around the municipality especially in terms of things that happens around other municipalities which might be of the same effect on you. So both for task and person oriented I think those are some of the traits and attributes that a leader must have”.*

Similarly, Participant 4 eloquently asserted that:

*“So the most important thing for the turnaround practitioner is that he needs to be hands on, he has got to know what is going on”.*

It is crucial to mention that other municipal managers, sacrifice their time to work after hours without compensation, as they are driven by the determination to make the municipality a success. In this light, Participant 2 stated that:

*“When I was MM for example at times I wouldn’t be in the office the whole day but I would arrive at 6pm and guess what? At 6pm as I arrive a number of my managers are still at work, are busy at work, 6pm. And managers as we know they don’t get extra pay for spending more time at work but that’s the culture that was there because everyone knew that when we don’t see the MM we know that the MM is away doing municipal work, that we are sure of. Wherever he is actually taking us to another level”.*

For Participant 3, a leader that is responsible for a turnaround process should be someone who has the drive to deliver to the set goals.

*“So it must be a person that has got... you know if employees see a person as a light weight, they are not going to respect him. He needs to be able to guide them, give solutions, be solution-driven, be performance-driven, be outcome-driven, be a strong implementor, be a team player. That is what you need in terms of a person that needs to do a turnaround”.*

#### 5.5.2.5 Resilient and Flexibility

Other participants indicated that a leader should show skills of being resilient and flexible in every situation. In that, they mentioned issues of being able to adapt when the situations change from the initial set plan. A comprehensive explanation of this leadership competency was provided by Participant 4, who stated that:

*“If there is a change in the plan or it is not going exactly according to what was agreed to up front, he needs to be able to deal with that and be able to demonstrate ... he has got to have the confidence of all the creditors, all the interested parties”.*

The participant went further to say that, a leader that is responsible for a turnaround strategy should be able to see good in every bad situation and should recover from that difficult situation. He explained that:

*“So that is the first thing. It is not going to be the same. It can’t be the same; it shouldn’t be the same because then you might as well shut the doors and go into liquidation. So you have got to be able to see the opportunity for the improvement or the change.”.*

From what the participant above alluded to, it is clear that municipalities need robust leaders. This is buttressed by Participant 6, who also shared light on a robust leader. He indicated that:

*“Yes. So that whatever comes from strategic, it doesn’t destroy me, because if it destroys me, then the junior officials are dead. So I need to have that competency to say that somebody that can be able to take the pressure – for both sides remember – it should be for the junior officials and also the strategic”.*

Apart from being able to withstand difficult situations, a skill of change management was emphasised by Participant 3 to be necessary for every leader that is responsible for a turnaround process in the municipality. The participant noted that:

*“But then he must also be a change management agent as well. So if something is broken he needs to be able to have the ability to change and manage that change in such a way that he takes the people and employees with him. So change management is crucial in what that person needs to do in taking the municipality forward as part of a turnaround”.*

#### 5.5.2.6 Accountability

**Accountability** was also revealed from the data analysis process as a vital leadership competency that is required in order to achieve a successful turnaround process. For instance, Participant 4 shared that a leader should be transparent, and Participant 3 highlighted on governance and accountability as the pillars for a sustainable turnaround process. Similarly, Participant 13 mentioned that a leader should take ownership of the turnaround strategy. She said:

*“I am thinking what is more important for the executives is to totally buy into the turnaround strategy themselves. They must own it. Because if they don’t own it, it will be difficult for them to cascade it down to the other levels of management”.*

Participant 8 shared the same views as the above participants:

*“Okay, for me I think their role is to be the vision bearers. Because every organisation needs a vision, and that vision must have its own bearers, someone who will account, someone who is going to own”.*

Participant 10 supported the accountability responsibility during the implementation of the turnaround plan as follows:

*“And also like the issue of communication and rolling out the plan, and accountability as well, and also the issue of monitoring budget and also the issue of monthly reporting”.*

#### 5.5.2.7 Ethical conduct and Integrity

In as much as the participants' advocate for a leader who is a firm decision-maker, they also shed light on **ethical conduct and integrity**. Participant 3 shared that, “a leadership style is a good communicator, one that has good ethical standards”. Participant 12 also mentioned that:

*“Another point is about ethics, I think that is something that is spoken about quite a lot these days, but you have to be ethical. You have got to be ethical. You cannot be a leader with a turnaround strategy, and you want people to do what you say and change things for the better, but you are not ethical. And people can see through people”.*

Participant 10 echoed that:

*“And also be able to maintain personal integrity and professional ethics , because when you lead you must lead with example, and also the professional ethics in terms of the confidentiality as well, and also professional scepticism as well”.*

#### 5.5.2.8 Technical Expertise

From the information provided by the participants above, it is noteworthy to mention that **technical expertise** is also one of the key competencies for a leader that is responsible for sustaining a turnaround intervention.

The following excerpts from the interviews correspond with this:

*“First of all we need qualified leaders, like on my side, you must have the relevant qualifications to be able to carry your work, and also the experience is very important as well because when you develop the policies, you must also be able to implement those policies”.* (Participant, 10).

Participant 10 also stated that:

*“We need the issue of qualification, we need qualified people, especially when it comes to accountants and chief accountants, and there must also apply professional ethics and also understanding of the budget”.*

Drawing emphasis on the above statement is Participant 7, who also stated that,

*“One element that will always be very critical is the element of academic qualifications in a sense that it’s used as one of the yardsticks to say will this person be able to do this job. I’ve seen doing that job. Experience plays a very key critical role”.*

In a related vein, Participant 8 further added that leaders should have a basic understanding of some disciplines such as financial management, in order to improve their job performance. For example, Participant 8 stated that:

*“Well, this one is maybe we won’t talk much on. What I have noticed is we have a tendency as leaders of saying ‘No, I am not in the finance portfolio; therefore it is not my business’. That is wrong values. Because as a strategic leader you need to understand some basics of financial management”.*

Participant 2 emphasized the importance of having the right skills and expertise for a particular job in order to perform successfully:

*“So that’s important. So in other words it depends on the calibre of the leadership that we have to say but what we’re going to achieve. So it’s also making sure that all these skills, let’s make sure that they are deployed properly otherwise if the skills mismatch then you have a problem, you know”.*

#### 5.5.2.9 Project Management Skills

Participants also mentioned that a leader that is responsible for a turnaround process should have **project management skills**. Participant 5 indicated that a leader should have the ability to use the available resources to make the project a success. In a related vein, Participant 7 shared that:

*“Someone will make sure that the finances of the institution are spent at bandwidth in terms of the relevant guideline how monies should be spent, collected and so on. So in all these spheres you will then have your operational managers who are entrusted with making sure that the ball is rolling within those different spheres because believe you me, water department can do well, but if the finance department is not doing well, there’s no money to support water-related activities then it holds the wheel from climbing”.*

Participant 3 also shared that:

*“And then they must have the ability to bring the ...Because you are going to develop plans and outputs and outcomes: to be able to prioritise those priorities that would make a difference, and have the resources allocated. So now we are talking very much to be able to bring the funding, the resources and the systems together to make it happen”.*

Participant 5 also echoed that:

*“I always like to say everything is a project, as long as it has delivery goals I like to manage it as a project. So you must assign responsibilities, and key role players, identify who will play which role and then assign them*

*responsibilities so that you can be able to have a way of monitoring that the project is implemented, and it is implemented correctly”.*

#### 5.5.2.10 Developing employees

Further responses from the participants who participated in the research study highlighted that employees in any organisation have a desire to go to the next level through the organisation’s assistance in terms of career development plans or personal development plans that help in building their own career path in the organisation. This leadership competency is important in enhancing turnaround objectives as highlighted through Participant 12, who highlighted that:

*“Because you can have a good turnaround strategy, but then if you are not quick to capacitate it well enough, then that strategy is again as good as the paper it is on. So, you then need capacitated, developed people to actually do that”.*

This information is supported through Participant 2, who indicated that:

*“So, I think the skills, are we optimising in terms of utilizing every skill that is at our disposal? But apart using skills is also ruining new skills to say are people being prepared? For instance, now that we are in the new normal, to what extent are we exposing all our team members to say now we are doing business differently. What has been exposed as well during this new normal is that my goodness any organisations that are overstaffed”.*

Supporting the same notion is Participant 3, who posited that,

*“When national treasury started the financial management grant and all the associated reforms and they then appointed the young professionals, the YP programme. I appointed about ten YPs and I made them an extension of my office because I wanted them to report to me. I am a product of mentorship and I like to be a mentor in people’s lives because I had very strong mentors. I did this training a while ago, there are 13 modules”.*

Furthermore, Participant 11 also mentioned that,

*“Because he/she is disgruntled with what the management is saying on that side. But coming back to your question, how do we fix this thing? We need to*

*empower them; we need to empower them in a sense in which they should be able to understand their roles”.*

Participant 1 highlighted the importance of developing employees with better skills and experience in order to enable them to achieve organisational turnaround:

*“That’s what turnaround is all about the problems are there, that you’ve got to unblock these problems with better skills and experience”.*

Participant 8 also supported the competency to develop employees in an organisation and explains that:

*“So performance management for them is very key because once they see that performance, they need to assess it. Secondly, that assessment must lead to them being able to coach, mentor and guide, because as the implementor I will think I am doing the right thing, it is your role as the operational manager to say ‘Yes, you are doing the right thing but in the wrong way’. You coach, don’t destroy. So I would says performance management is key for those people”.*

#### *5.5.2.11 Performance appraisals and motivation*

The information that was extracted from the participants indicates that the performance appraisals for employees are a viable turnaround tactic that organisations have adopted in order to fulfil the company’s objectives. The participants highlighted that regular reviews of the employee’s job performance are conducted, and some employees are rewarded according to their contribution. Performance appraisals, as mentioned by some participants help in enhancing organisational communication, and they aid in justifying remuneration increases and incentives such as bonuses.

This information is supported through Participant 12, who commented that:

*“Because those are the guys who are experts in the field, because as a leader, you do not know everything, and you have to have experts who will know the subject matter. As an example, the CFO, who might not be well versed in asset management, you have an asset manager who may not be well versed in SCM issues, but you have an SCM manager. And then when*

*you direct them accordingly, you motivate them accordingly, then they will execute their functions excellently. That is what I mean”.*

In addition to the above points, Participant 1, stated that:

*“We say, for it, for you to get a bonus, for you to get a reward, you must have done so many things, and when you get those things in place, then we can give you a bonus or performance, or whatever, a raise, or a promotion, whatever. Problem with that is that you would still not focus on what we want you passionately to do. Your focus is with the payment, the reward that you want. In other words, if I do not have this, I won’t do it”.*

Reinforcing on the idea of motivating employees as a tactic, Participant 5, affirmed that:

*“They must be motivators as well, they must be able to motivate their team, and those who are doing well continue to do well and those who are struggling must be assisted”.*

Furthermore, Participant 11 shared that:

*“But at this moment, to say how are we able to motivate them, how are we able to motivate them so that they can be able to fulfil their roles effectively. Because honestly, if you check all the labour, all the labour unrest, all the tools down, it is from that middle management and it goes down to the workers”.*

#### 5.5.2.12 Organising and Executing

The coding process reveals that **organising and executing** work is a leadership competency that is necessary for the successful execution of a turnaround strategy and subsequently sustaining the strategy. For instance, Participant 2 shared that when work is organised, and the responsibilities are clearly outlined, the execution of the task becomes successful. Organised work creates efficiency and a conflict-free environment.

*“But at those meetings, I'd make sure that people understand one another, they understand what they do, they present. So that an IT guy knows what others are doing otherwise, they're going to be developing systems and wondering why there is such under utilization of JSS as an example”.*

Sharing the same sentiments is Participant 5, who contended that:

*“I always like to say everything is a project, as long as it has delivery goals I like to manage it as a project. So you must assign responsibilities, and key role players, identify who will play which role and then assign them responsibilities so that you can be able to have a way of monitoring that the project is implemented, and it is implemented correctly”.*

Similarly, Participant 9 added that when there is proper delegation of responsibilities, an individual does not have to carry the workload alone, a manager knows that this person is responsible for this and the other for that, and in the end, the goal is met.

*“You have to wait for someone who might take three or four days to go through the project plans and understand the plans, while you already know what is in the plan as the middle manager. So what do you do? So I think with proper management there should be separation of powers”.*

#### 5.5.2.13 Strategic orientation

Leaders give strategic direction to employees in an organisation that is implementing and sustaining a turnaround strategy. Strategic orientation is a leadership competency that is required in achieving a sustainable turnaround process. The leaders instil the strategic vision and objectives of the turnaround to the teams in order for implementation in the organisation. Participant 3 contended that when managers give directions for the task, employees perform the task to their utmost best when they clearly understand the importance of the project. For example, Participant 3 indicated that:

*“They must be able to give strategic leadership and management. You have talked about the strategies you know, so there must be strategic guidance”.*

Furthermore, Participant 5 added that :

*“The role of strategic leaders of course, will be to give direction or conceptualise what it is that needs to be changed. So as the strategic leader you have to I think have an understanding of what are the issues that require change – first and foremost – so that you can concept or give direction of what we need to achieve”.*

Participant 11 in reinforcing the above statement mentioned that for a manager to be able to cascade information and provide guidance, they need to engage with everyone in every level so that they understand the needs of the organisation.

*“What we are saying is that he must be able to have a bottom-up kind of approach, taking the information from the ground to himself, so that he can understand what the department or what the institution needs. I think that is the kind of person”.*

#### 5.5.2.14 Stakeholder buy-in

The data extracted from the study indicated other causative influences to the unsuccessful execution of the turnaround process include but is not limited to the lack of support from officials. Therefore, participants shared that leaders obtain internal and external stakeholder buy-in as a competency that is necessary for the implementation and sustainability of the strategic plan and organisational growth. For example, Participant 1 advocated that:

*“They would have questions about it. So this strategic leader must own this with a vision that people understand, and they do have buy-in on the delivery of the strategy because they are followers. But not just followers, but they believe in one thing, and they are prepared to go with you in terms of the implementation”.*

Resonating with the above-mentioned statement is Participant 3 who alluded that plans tend to fail when necessary support is not provided. Participant 3 said:

*“So if you want to ensure sustainability, what gets measured gets implemented. So for me is 1 ownership of this plan and I have mentioned it you can do a plan but if there is no buy-in and support, both at political and at the official level. I think politicians need to understand the challenges of the staff and the staff need to understand what needs to happen on the ground level”.*

Agreeing with both Participants 2 and 3 is Participant 4, who added that:

*“ They have to engender the support of their subordinates to support the plan. So that is why I said, if they don’t support it and they are not committed*

*to it, then it is not going to work. Because if they don't get their people to support it, we all fall down".*

Participant 8 further alluded that the involvement of stakeholders in decision making could help reduce a lot of challenges faced by municipalities.

*"They don't trust you; they don't want to come to you when you call them. It means something is missing. How do I communicate? How do I engage the public so that they are able to buy into what I am bringing. So it is about being able to engage the public because remember the public is like a baby".*

#### 5.5.2.15 Practice "ubuntu" leadership

The participants stated that the officials should practice humanity within the workplace **(the spirit of ubuntu)** that will result in employees working harmoniously. Participant 6 expressed that:

*"And I think another competency that we need, I think in local government, what we also need is your human how can I put it you human communication, your "ubuntu".*

Sharing the same sentiments with the above statement is Participant 8, who argued that when an official notice that one of the employees is not performing as he or she is expected, the official must identify and understand the cause of the underperformance. Participants advised that they should try and understand the person before judging them, thereafter they must offer assistance, rather than jumping the gun and firing a person. Participant 8 maintained that:

*"The other thing I wanted to mention, as that champion, I would say be, if I would say "iba ngumuntu wabantu", I am looking for a proper English concept, sometimes its nice when you say it in your language. I think we have mentioned earlier that a change is a very difficult thing. Now you will get different reactions but if you are not the people of the people – let's put it that way – you will be impatient and you will be you know, so frustrated because people are not doing what you want them to do when you want it and the way*

*you want it. So people have weaknesses, they have challenges, so you need to understand people, okay they are coming”.*

And further stressed that:

*“let’s say you have asset management, a manager, but this person is failing, you give him this task and say you want a report and they don’t produce a report. Now, what do you do as a strategic manager? Do you kick and beat that person and say ‘I am going to fire you?’ No. You need first to understand. For example, you have this person who is qualified, competent and has the right experience, but he is failing to meet the targets, meaning there is something not right”.*

#### 5.5.2.16 Effective communication

Most participants mentioned the importance of **effective communication** in sustaining a successful turnaround strategy. For example, Participant 1 highlighted that when information is clearly relayed, it is easy to come up with solutions for the problem faced by the organisation.

*“And where there could be a deviation to the plan or the strategy, or where there are areas that warrant some change, that must be a collective discussion so that when we see this differently because of pressing environmental issues externally”.*

In addition, Participant 5 contended that:

*“They need to be able to communicate well with their people to make sure they know what is going on in the environment, who is battling, who is excelling”.*

Sharing the same sentiments is Participant 6, who highlighted that effective communication plays a significant role during the turnaround transformational process in the organisation.

*“So I think communication is key, and it becomes difficult sometimes to sell a vision to a person, but I think if your communication skills are good, you can be able to do that, and that is why you need somebody who has that*

*skill as well on a strategic level. You need somebody that can sell something”.*

#### 5.5.2.17 Influence

The leaders’ responsibilities entail influencing teams and stakeholders to enrol into the mission of the turnaround strategy and to take control of the process. It is argued that the leadership competency that is required in sustaining the turnaround process is to **influence** and inspire people to share one’s vision. Participant 2 indicated that:

*“Attitude determines one's altitude, these guys or ladies maybe they're aspirant managers, senior managers themselves. So what they do now, they are busy planting a seed of the demise of their success. So what you do it then manifests before people”.*

Another participant mentioned that as a leader; one needs to be sure of what they are presenting to the public, and they must be able to convince and influence other stakeholders, failing to which the employees will lose faith in them. For instance, Participant 4 shared that:

*“For me, it is what are you going to do differently, and you have to convince me as a creditor to vote for that plan, that this is going to work. So you have to show me how is it going to work. You have to manage expectations”.*

In addition to the above statement, participants highlighted that if a leader is unable to influence the employees, then the organisation will suffer, and its goals and objectives will not be achieved. Participant 5 argued that,

*“Without your managers accepting and really modelling and implementing it with a positive attitude, you have a very serious challenge at the lowest level, so you need them to be the key people who buy into the strategy”.*

#### 5.5.2.18 Team leadership

Coordinating and directing strategic plans with lower-level issues and being a team player are fundamental leadership competencies that are required in order to achieve the organisational objectives of a sustainable turnaround intervention. The role of leaders is

to be able to establish teams that can sustain a turnaround intervention in local government.

Participant 6 reinforced the above statement by highlighting that an operational manager should be versatile. Participant 6 revealed that:

*“The operational guys to be able to meet the strategy that the guys want at the end of the day. So it means I am a team player, it is like I am an all-rounder now. I am bringing in the gaps. So you need a person who will be a team player, who will then assist to bring the synergy between the two, the strategic and the operation”.*

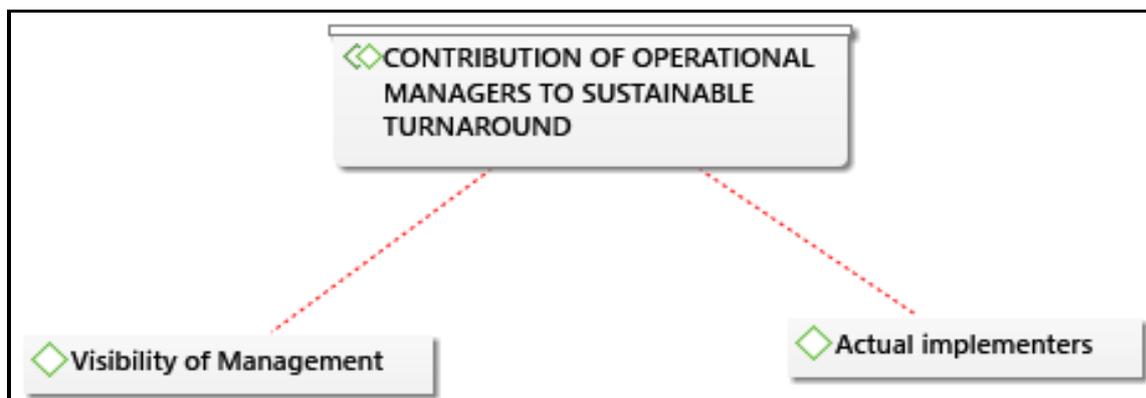
Adding more to what the above participant shared, Participant 10 said:

*“Like I said earlier on, effective communication is also very important, because you must be a team leader. So if you are a team leader you must be able to communicate with your team and also be able to demonstrate good leadership to them”.*

### 5.6 Results: Research Question 3

*How can operational managers contribute to a sustainable turnaround intervention in the local government?*

This research question sought to understand the role that operational managers play during a turnaround strategy execution and during the sustainability thereof. The summary of the contribution of operational leaders is shown in Figure 5.5 below, and it is further detailed below.



**Figure 5.5: Overview of the results on the contribution of operational managers**

### 5.6.1 *Actual Implementers*

The participants argued that the operational managers play the role of being **actual implementers** of the turnaround strategy by making sure that organisational strategic plans are executed. For example, Participant 1 alluded that:

*“Fixing what may have been broken, so the efficiency lies with the performance of their activities at that level. So I would say that, that role of ensuring that we put back or restore efficiency in the organisation also lies with them. Without that, we would not achieve the ideals of the plan”.*

Participant 7 eloquently indicated that:

*“As I’ve indicated ma’am that your operational managers are the cornerstone of the success of any strategy, turnaround strategies”.*

Participant 5 echoed that operational leaders are the implementors of the turnaround strategy:

*“Ja, well the operational managers I think they are our implementors. They are the people who will see to it that the vision, the strategy, is actually implemented correctly”.*

Participant 8 further alluded that operational managers need to have a plan to address and implement the outlined challenges faced by the organisation.

*“And also they need to have the resources to ensure that the vision gets to be successful as much as they can have the vision, but without resources, they will not realise the vision. So they must have resources in place”.*

Participant 9 reinforced that:

*“Operational managers are normally at the forefront of implementation”.*

Buttressing more on the above statement is Participant 12, who indicated that:

*“And if you really want a turnaround strategy, those operational managers must make it happen, that is why motivating them, encouraging them becomes very important”.*

### 5.6.2 **Visibility of Management**

The participants mentioned the various measures that can be implemented to reverse the performance decline in an organisation through the implementation of turnaround intervention. Upon the provision of the strategies, participants further mentioned the contribution that is made by operational managers in order to implement sustainable turnaround intervention.

Most participants highlighted that the role played by operational managers in order to attain a sustainable turnaround process is management visibility, and they further alluded that when there is **management visibility**, one becomes aware of what is happening, as in who has not been to work and it makes it easy to promptly respond to the gaps or the imbalances within the organisation. For instance, Participant 2 shared that:

*“I will be saying when last did you see Sipho here? They say three months ago, I say there’s problems here. You know okay, then I will be making notes. But basically, whenever I was doing visits to my satellite offices, I would make sure that manager from my office accompanies me because then she’s busy taking down notes for me”.*

Similarly, Participant 6 eloquently asserted that the operational managers play the middleman role and they can account for both ends within the organisation. Participant 6 mentioned that:

*“The person that speaks for both parties, in a way, I need to defend what my junior staff are doing, and at the same time, defend what the strategic people are doing. I am a goalkeeper for both parties, I need as the middle manager to be able if there is something coming from the strategic management when it hits, it must hit me, not my junior official. I should be the person who is the shock absorber. If strategic fights, they should fight me”.*

Participant 7, also stated that management visibility has a critical impact in terms of achieving the stipulated goal. For example, the participant shared that:

*“Involve their lower-level staff so that everyone starts to understand what is the main goal or what you achieve as an institution. And they play that role in a very critical way because now they support the management and also get to say they are a good middle role player”.*

And the participant further stated that:

*“Now, this layer of the management it becomes a level of interaction with the other layer, the lower layer. It’s more ... It interacts with the staff more than your strategic leader so they are very critical in any industry”.*

## **5.7 Conclusion**

This chapter presented the research results as guided by the research questions proposed in Chapter three of the study. The findings revealed that various turnaround experts or administrators use various strategies to turnaround an organisation. In developing a turnaround strategy, the findings revealed the need to understand the root causes of the organisational problems in order for the management to be able to develop a customised turnaround strategy to respond to the challenges. The findings indicated the importance of understanding the vision, mission and organisational objectives.

The findings further exposed the importance of executing practices within the ambit of the legislation governing local government as an essential factor. In complying with the relevant legislation, it is key to undertake an integrated planning approach in order for the organisation to implement internal control measures. Stakeholder consultation is an essential aspect throughout the execution of the turnaround strategy. An organisation needs an effective performance management system in order to monitor the performance in line with the organisational objectives and apply consequence management where applicable.

The findings also revealed a combination of leadership competencies which apply to both strategic and operational leaders. The leadership competencies entailed a combination of decisiveness, project management skills, accountability, organising and executing plans, leading by example, resilience and flexibility, customer-oriented, stakeholder buy-in, determination and commitment, practising “ubuntu” leadership as well as the technical expertise. The need for clear and constant communication between strategic leaders, operational leaders and employees using a two-way approach was raised as an inevitable leadership competency.

A number of participants also emphasized the role of operational leaders as the actual implementers of the turnaround strategy intervention in municipalities. The next chapter will discuss the results in detail.

## CHAPTER 6: DISCUSSION OF RESULTS

### 6.1 Introduction

This chapter elaborates on the results of the qualitative data analysis from the interviews that were conducted and presented in Chapter five of this study. The discussion of the results is aligned with the research questions, and it gives a better understanding of the leadership competencies of strategic and operational leaders that enable a successful and sustainable turnaround intervention in municipalities. The results are compared and contrasted with the existing theory base discussed in Chapter two of the study.

### 6.2 Discussion of Research Question 1

*What are the key fundamental drivers of a sustainable and successful turnaround intervention in local government?*

This research question gave a better insight into the crucial foundations driving a successful and sustainable turnaround intervention in local government. The research question sought to understand the foundation that was laid through the turnaround strategy that was formulated and successfully employed. The fundamental drivers ensure the sustainable implementation of the turnaround strategy intervention. The key factors driving a sustainable turnaround intervention lay the foundation for viable organisational outcomes. The strategic and operational leaders apply their leadership capabilities to drive the turnaround strategies and balance the fundamental drivers in order to achieve a sustainable turnaround strategy.

Although the findings did not prove the strict application of cost-cutting measures, the results revealed that the repositioning and reorganisation strategies are being applied through a number of tactics. According to Favero and Rutherford (2016), the three private sector's related turnaround strategies, namely retrenchment, repositioning and reorganisation, are generally ineffectively executed within the public administration. Van der Voet (2016) attests that the public administration organisations are designated with barriers and the lack of transformational leadership competencies and that they are also given the strict and formal organisational structures (Pandey & Garnett, 2006) as well as strict legislation governing the public sector.

Public and private organisations are different associations with different organisational dynamics; hence the reversal of performance decline might be challenging in public administration compared to the private sector settings (Boyne, 2006). The turnaround strategies for organisations attempting to recover from performance decline as well as the financial distress vary and differ in their nature and theoretical foundation (Schweizer & Nienhaus, 2017; Ndofor, Vanevenhoven & Barker, 2013).

Collett, Pandit and Saarikko, (2014) reinforce that the efficacy of turnaround strategies execution is dependent upon identifying and attending to the real causes of decline as the transformation cannot be executed on its own. According to Lohrke, Bedeian and Palmer (2004), strategic leadership is tasked with the responsibility of developing and implementing a customised turnaround strategy to address the core sources of the performance failure.

Developing a responsive turnaround strategy that considers the overall legislative environment and all impactful organisational aspects within the public administration is fundamental to the successful execution of the selected turnaround strategy. Yulihhasri et al. (2018) stress the importance and understanding of the contingency theory, which clarifies that various organisations are exclusive and are differently managed. The mandate of local government is outlined in Section 152 of the Constitution of the Republic of South Africa (1996) and primarily entails providing sustainable services to the communities within the limited available resources (Hong, 2019; Connolly, 2018; Favero, & Rutherford, 2016).

Organisational awareness and understanding the root cause to the performance decline informs the formulation of a tailor-made strategy for successful turnaround (Yulihhasri et al., 2018; Hong, 2019). The findings confirmed that a turnaround strategy in local government primarily focuses on compliance with legislation measures, improving service delivery mandate as well as integrated long term planning as core organisational capabilities. Various scholars validate that the primary mandate of the public organisations is to implement policy directives and the applicable legislation in carrying out the mandated responsibilities regardless of the limited capacity and resources (Hong, 2019; Connolly, 2018; Favero, & Rutherford, 2016). Walker, (2013) echoes that the relevant legislation,

in conjunction with the priorities of the ruling party, guides the strategic objectives of public organisations.

The participants maintained that understanding the vision, mission and organisational objectives is an essential aspect in a turnaround intervention. According to da Silva, Jerónimo and Vieira (2019), leaders must develop and sustain a vision, strategy and communication for the entire assignment by persuading, supervising, monitoring and evaluating the performance of the teams. Blank (2016) further stresses the need for strategic leaders to communicate the vision, mission, priorities and how the transformation will be employed and achieved by all stakeholders in an organisation.

Favero and Rutherford (2016) posit that public organisations should achieve several objectives which are not associated with monetary profits as in the private sector. The public organisations should deliver mandated services to the communities which cannot be reduced in circumstances where such services are not delivered sustainably primarily, during an organisational underperformance (Favero & Rutherford, 2016). The authors argue further that the retrenchment, repositioning and reorganisation of the turnaround strategies appear not to be expressively related to the performance improvement in a public organisation.

The findings advanced that establishing a coalition, establishing effective performance management systems, stakeholder management, as well as the monitoring and evaluation measures, determine the successful execution of the turnaround strategy in municipalities. The findings confirmed the theory that executives must through supervisory alliances develop a collective vision and strategy for realising the vision, which must be communicated and accepted by those who can influence strategy execution in an organisation (Neill, & Nalbandian, 2018; van der Voet, 2016; Kotter, 1996).

Kopelman and Chiou (2011) theorise that the successful turnaround strategies focus on operational efficiencies, customers and the employees to accomplish the goals of the various stakeholders in an organisation. Da Silva, Jerónimo and Vieira, (2019) stress the responsibility of leaders to communicate the implementation of the strategy continually, thus influencing, managing and reviewing the performance of the teams in an organisation.

Battilana et al., (2010) posit that transformation ought to be viewed as a complicated multi-faceted task entailing numerous responsibilities that are grounded on communicating the necessity for transformation, mobilising relevant stakeholders to embrace the transformation and evaluating the execution of the transformation. Leaders have a responsibility to communicate the breadth and length of the turnaround strategy open to all the stakeholders and the resources that are necessary to achieve the intended results (Hartge, Callahan & King, 2019; Armenakis & Harris, 2002). The capability to relay information, express meaning, influence, give directives, pay attention and be able to comprehend are crucial collective processes of strategy development and execution (Grant & Baden-Fuller, 2018).

The participants resonated that the objectives of the turnaround strategy that is employed in local government seek to achieve compliance with legislation and the provision of service delivery to the citizens. The findings revealed that the turnaround strategy focuses on improving the internal processes and procedures as well as establishing teamwork in the organisation. Favero and Rutherford (2016) support that internal organisational processes are the common cause of the performance decline in public organisations.

A successful turnaround strategy is driven by understanding the vision, mission, strategy and objectives of the organisation. The findings revealed critical fundamental drivers to sustain a successful turnaround strategy to include, namely; (a) Understanding the vision and the mission of the organisation; (b) Understanding the mandate and objectives of the organisation; (c) Understanding the root cause to the problem; (d) Developing a tailor-made turnaround strategy; (e) Planning; (f) Compliance with legislation; (g) Clearly defined roles and responsibilities; (h) Stakeholder engagement; (i) Building coalition; (j) Effective performance management system; (k) Monitoring and evaluation; (l) Consequence management; and (m) Sourcing external capacity support when needed. These fundamental drivers of a sustainable turnaround primarily align to the legislative roles and responsibilities of local government.

The objectives, as well as plans to achieve the strategy, should be communicated together with each stakeholder's role in the turnaround process (Blank, 2016). The stakeholders' involvement during the implementation of the turnaround strategy is of paramount importance as it impacts the successful outcomes. The successful implementation of a

turnaround strategy relies on the leaders' capability to communicate the objectives and processes effectively and influence all stakeholders in organisations (Hartge, Callahan, & King, 2019).

A turnaround is a complex and multipart process with numerous responsibilities which must be communicated thoroughly, thus establishing alliances to ensure execution is crucial (Battilana et al., (2010). Turnaround leaders need a coalition to develop the vision, strategy and communicate the strategy to be recognised and implemented in an organisation (Neill, & Nalbandian, 2018; van der Voet, 2016; Kotter, 1996).

The study further supported effective performance management systems, monitoring and evaluation and sourcing external support in municipalities with limited resources as fundamental drivers for a sustainable turnaround intervention. Local government has the responsibility to execute the legislative mandate and service delivery responsibilities within the limited available resources (Hong, 2019). The application of consequence management measures in local government was exposed as an essential aspect to turnaround intervention.

The study exposed various fundamental drivers for sustaining a successful turnaround intervention in local government. These underlying drivers of a sustainable turnaround intervention lay the foundation for organisational success outcomes. The strategic and operational leaders apply leadership competencies to execute the turnaround strategies and balance the fundamental drivers to achieve a sustainable turnaround.

### **6.2.1 Summary of the discussion of Research Question 1**

The research question 1 firstly explored the application of turnaround strategies in local government in order to reverse any identified performance failure. The outlined strategies revolved around the adherence to relevant legislation as well as the provision of legislated service delivery to the communities. The participants indicated the strategies that were primarily aligned with repositioning and reorganisation the strategies that are applied through several initiatives.

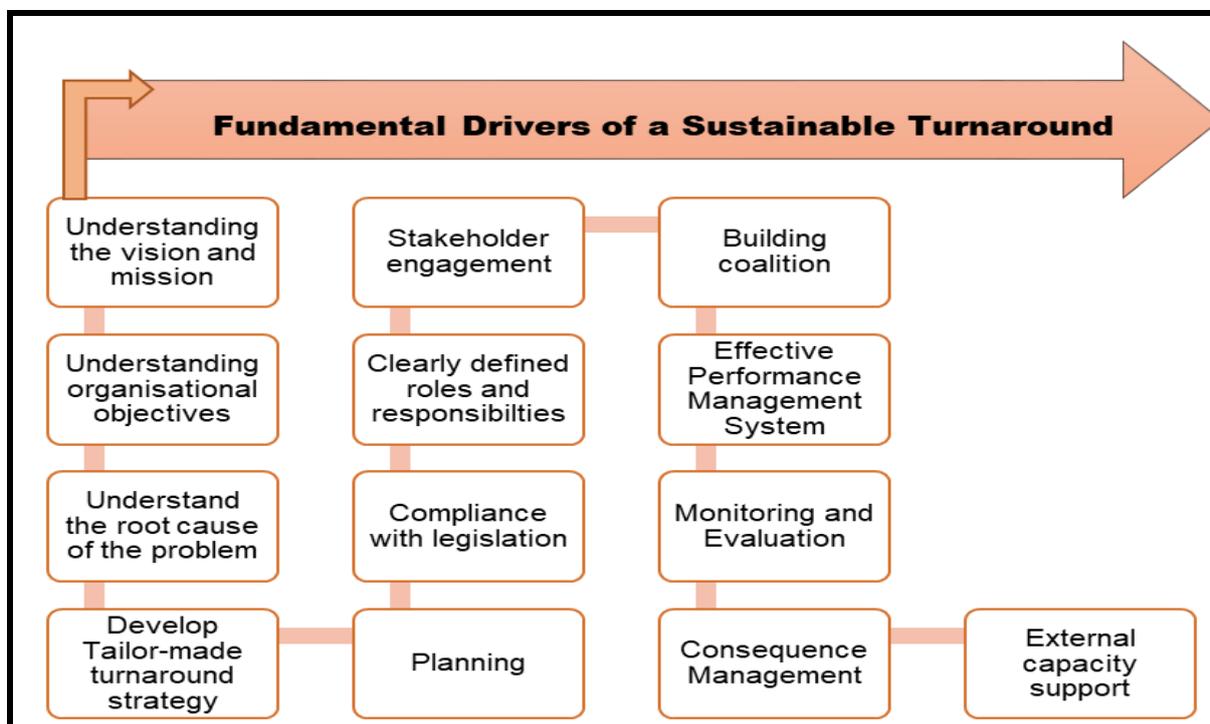
According to Boyne (2004), the three turnaround strategies, namely; retrenchment, repositioning and reorganisation, are applied to reverse performance failure in an organisation. The findings agree with the theory to develop a turnaround strategy that will address the core cause of the organisational problem. Hopkins (2008) stresses that for

the turnaround strategy to yield successful transformation outcomes, it must be informed by the genuine root causes of the organisational performance’s decline or failure.

Several scholars defend the retrenchment and recovery process as aligned to improved organisational efficacy (Schmitt & Raisch, 2013; Schweizer, & Nienhaus, 2017). The findings also revealed that the employees' layoff as a retrenchment strategy is complex and challenging to implement in local government. Several fundamental drivers have been shared by the participants, which enabled the successful execution of the turnaround intervention in local government.

### 6.2.2 Conclusion

In summary, the participants recommended the following fundamental drivers for a successful turnaround intervention in local government in Figure 6.1 below.



**Figure 6.1: Summary of the findings for the fundamental drivers of a sustainable turnaround intervention**

Source: Author’s combination from the study results and codes.

In executing the turnaround strategy, the participants indicated the various drivers for a sustainable turnaround intervention in local government. The critical fundamental drivers included (a) Understanding the vision and the mission of the organisation; (b) Understanding the mandate and objectives of the organisation; (c) Understanding the root cause to the problem; (d) Developing a tailor-made turnaround strategy; (e) Planning; (f) Compliance with legislation; (g) Clearly defined roles and responsibilities; (h) Stakeholder engagement; (i) Building coalition; (j) Effective performance management system; (k) Monitoring and evaluation; (l) Consequence management; and (m) Sourcing external capacity support. These drivers are vital in sustaining an effective turnaround intervention employed in local government.

### **6.3 Discussion of Research Question 2**

*What are the leadership competencies that are required in sustaining a successful organisational turnaround of local government?*

The research questions identified a combination of leadership competencies for strategic and operational leaders that are necessary for sustaining an effective turnaround strategy intervention in the local government. In understanding the leadership competencies, it was imperative to understand the leadership approach in order to lay a foundation for the application of the leadership competencies that are needed in order to sustain a turnaround intervention. The research question also identified the leadership approaches that are suited to sustain a turnaround intervention.

#### **6.3.1 Leadership style or approach**

The participants argued that it is impractical to apply one leadership style in a municipality that is implementing a turnaround strategy that is aimed at reversing a particular decline situation. The participants echoed on applying a particular leadership style that is applicable and dependant on the circumstances and the situation at hand. They confirmed that there is not a single leadership approach that can be applied in a public organisation in an endeavour to recover from the performance decline situation. They also confirmed that the local government is accountable to many stakeholders, and each stakeholder warrants the application of a particular leadership style.

A number of participants explicitly suggested a combination of various leadership approaches namely; a transformational leadership, transactional leadership, visionary leadership, collective leadership and servant leadership critical as being critical for sustaining an effective turnaround intervention in local government. The finding concedes with Begun and Malcolm (2014) who argue that various leadership approaches can be applied concurrently depending on the environment and the existing situations.

The leadership approaches confirm what Begun and Malcolm (2014) highlight that there are four leadership approaches that are suited for public health administration, and they are namely; servant leadership, flexible leadership, collaborative leadership and complexity leadership. The authors illustrated that the servant leadership approach focuses on a leader who encourages employees and is determined to develop others. The adaptive leadership approach considers a combination and a comparison of transactional and transformational leadership in responding to challenges (Begun, & Malcolm, 2014).

Begun and Malcolm (2014) further explain that (a) Servant leadership is appropriate as it considers the pledge that public officials commit; (b) Adaptive leadership embraces the demand for change management in numerous institutions; (c) The partnership among spheres of government and other sectors to solve complex challenges guides integrative leadership, and (d) That complexity leadership is cemented on collaborative and integrated practices in public administration. The authors confirm that the four leadership approaches can be applied concurrently depending on the environment and the circumstances.

Many scholars corroborate that organisational changes are presented through the transformational leadership theory, where the transformational leader is an instrument for transformational change in an organisation (Davies, 2006; Yeşil, & Sözbilir, 2017). Leary and Ospina (2016) ascertain that leadership studies in public entities advocate for transformational leadership as value-adding through a results-oriented approach.

Leary & Ospina, (2016) also motivate on collective leadership theories focusing on the procedures and applications exhibiting the importance of leadership efforts and do not focus on apparent leaders as in the transformational leadership theory. The authors substantiate the principles of collective leadership as a developing and collaborative process that seeks to enhance the participants' capability and agility to respond to complex situations.

### **6.3.2 Leadership competencies**

The achievement of job performance is structured on the balanced triangulation of the three fundamentals, namely, the competencies of an individual; the institutional environment; and the work's requirements (Boyatzis, 1982). The competencies are traits, expertise, awareness, abilities and other skills that an individual requires to execute responsibilities successfully (Boyatzis, 1982; Wei, Zhang, & Liu, 2018; Draganidis & Mentzas, 2006).

The leadership competencies suggested by the participants entailed task-oriented as well as person-oriented competencies (Battilana et al., 2010). The findings revealed a combination of leadership competencies, which are essential in sustaining a successful turnaround intervention in local government.

#### *6.3.2.1 Lead by example*

The majority of the participants confirmed that setting the tone from the top through leadership is a vital competency to achieve a successful turnaround intervention. Leading by example insinuates that there are followers who are looking up to the leader. Leadership responsibility revolves around responding efficiently to organisational failures in public organisations (van der Voet, 2016; Fernandez & Rainey, 2006; Hennessey, 1998). Aryasri (2019) asserts that it is the leaders in organisations that fail since organisations do not fail on their own. Leading and deciding is a leadership competency (Bartram, 2005), and they are aligned to the people's efficiency leadership cluster (Sanghi, 2016).

#### *6.3.2.2 Decisiveness*

The findings endorse that taking informed decision for the benefit of the organisation is a fundamental leadership competency. Leaders would be expected to take firm decisions under any circumstances. The decisiveness leadership competency forms part of the theoretically grounded leadership competencies within the thinking capability of a leader (Boyatzis, 1982; Bartram, 2005; Sanghi, 2016).

#### *6.3.2.3 Customer centricity*

A number of participants reiterated the objective of local government to provide essential services to the communities. The principals for the municipalities become the communities as they pay for the services delivered; thus, it is inevitable for the leader to be customer-

oriented. Customer centricity is a leadership competency that is categorised as an essential competency (Alldredge, & Nilan, 2000), and it is clustered within people management (Sanghi, 2016).

#### *6.3.2.4 Determination and commitment*

The findings revealed that the leaders must commit to the organisation and have the will as well as the determination to perform tasks for a successful turnaround intervention. Leaders must always keep abreast of the organisational situations, and they must be hands-on while also leading by example. This determination and commitment competency can be clustered within the self-management leadership competency (Boyatzis, 1982; Sanghi, 2016).

#### *6.3.2.5 Resilient and flexible*

Some participants shared their views in terms of the complexity of the local government environment. The participants buttressed that building leadership resilience and adaptability are important aspects of leadership. The participants echoed the need for leaders in local government to develop agile leadership competencies in sustaining a turnaround intervention. The leaders implementing a turnaround intervention should adapt to change management as the new way of reversing the failure situation that existed.

Walker (2013), reinforces that the organisations that focus on improving their core competencies during the execution of strategy adapt their strategies to fit the environment. Dulewicz and Fletcher (1982) clustered self-management, adaptability and resilience competencies within the personal competencies group. According to Bartram (2005), leaders should adapt to change, and they must cope well with transformation by responding to pressure and complex organisational problems. The leadership competency has been clustered within self-management competencies as it is person-oriented (Battilana et al., 2010).

#### *6.3.2.6 Accountability*

Municipalities operate under the strict legislative environment with a number of stakeholders that they are accountable to. The objective of the local government is to ensure fair and accountable governance to the citizens of the country and stimulate community participation on the local government issues (Republic of South Africa, 1996).

Accountability is a leadership competency that is clustered within the self-management competency group (Sanghi, 2016).

#### *6.3.2.7 Ethical conduct and integrity*

Participants suggested that ethical conduct and integrity are vital leadership competencies that leaders must practice. The participants indicated that ethical conduct and integrity are aligned to leading by example and competency in the local government environment. The leader must practice ethical leadership during the change management process brought about by the execution of the turnaround strategy. Ethics and integrity are fundamental leadership competencies that every leader must demonstrate to execute job performance successfully (Alldredge, & Nilan, 2000). Ethical conduct and integrity are critical capabilities grouped within the self-management leadership competency (Sanghi, 2016) and they fall within an emotional intellect cluster as a capability to recognise, comprehend and use personal emotional awareness for successful performance outcomes (Boyatzis, 1982).

#### *6.3.2.8 Technical expertise*

The findings confirmed the need to have leaders who are qualified to perform the turnaround task successfully. The leader must have the qualifications as well as the relevant experience in the discipline and the environment. The leader applies both the task and personal oriented leadership competencies (Battilana et al., 2010) to augment the technical expertise's core competency. According to Bartram (2005), leaders take control and exercise leadership, analyse and interpret situations in order to solve complex problems, and they apply their expertise effectively. The technical expertise competency falls within the thinking capabilities (Sanghi, 2016), which falls within the cognitive intelligence cluster which is a skill that leaders use to analyse information and situations which can influence the successful performance outcomes (Boyatzis, 1982).

#### *6.3.2.9 Project Management Skills*

The participants outlined the necessity to have project management skills for every task in order to ensure successful output performance. The participants indicated that municipalities have a responsibility to deliver sustainable services to the communities through projects funded from various sources which must be completed within specific timeframes. Leaders have a responsibility to complete projects within the scope, time and

resources using project management skills. The project management skills align to technical expertise which requires cognitive intelligence (Boyatzis, 1982) thinking capability (Sanghi, 2016) and cuts across all other competency clusters such as people management, self-management and social awareness (Sanghi, 2016). Bartram (2005) posits that the leaders who demonstrate an understanding of business, commerce and finance and perform best results-oriented tasks use enterprising and performing leadership competencies.

#### *6.3.2.10 Developing employees*

The research findings emphasized on improving human resources management perspectives as fundamental leadership competencies. Developing employees to execute the turnaround strategy is a fundamental phenomenon resulting in superior performance outcomes in an organisation. Kaplan and Norton's (1996) balanced scorecard emphasized the learning and growth perspectives that an organisation should focus on in order to create long term growth and development (Drury, 2016). The author posits that the cause and effect relationship of investing in learning and growth initiatives drives internal business processes subsequently to drive customer perspective and financial perspective.

Developing employees is within the people management competency cluster to improve the effectiveness of individuals (Sanghi, 2016) and an essential leadership competency to ensure successful job performance outcome (Alldredge, & Nilan, 2000). According to Bartram (2005), leaders explore learning prospects and comprehensive strategic approaches using the creation and conceptualising leadership competencies.

#### *6.3.2.11 Performance appraisals and motivation*

The performance appraisals are conducted in order to motivate employees who are performing exceptionally well, and they also give constructive feedback to employees who are not performing tasks as expected. Boyatzis, (1982) refers to social intelligence competency as a capability to recognise, follow and relate to other people's emotional awareness to achieve positive performance outcomes. Performance appraisal is an effort to effectively develop and motivate employees to continually perform to expected job outcomes (Sanghi, 2016).

#### *6.3.2.12 Strategic orientation*

Strategic leaders have a responsibility to give strategic guidance in an organisation. The findings concur with what da Silva, Jerónimo, & Vieira, (2019) suggest that leaders have a responsibility to develop and sustain vision, strategy and communication during the turnaround period. Blank, (2016) further stresses the importance for strategic leaders to communicate the vision, mission, priorities and how the turnaround will be executed and accomplished by all stakeholders. Strategic orientation is a leadership competency that is clustered within the thinking competencies of a leader (Sanghi, 2016).

#### *6.3.2.13 Organising and executing*

The proper organising of work within units in an organisation results in successful job performance outcomes. A proper delegation system will enable work to be shared amongst employees who will then deliver on organisational outcomes. According to Bartram, 2005, organising and executing as a leadership competency allows work to be planned and organised correctly in order to achieve quality work standards. Organising and effectiveness are leadership competencies that are aligned with people effectiveness (Sanghi, 2016).

#### *6.3.2.14 Stakeholder Buy-In*

The leaders' role is to communicate the magnitude of the turnaround strategy that is open to all stakeholders and the resources that are required in order to attain the intended outcomes (Hartge, Callahan & King, 2019; Armenakis & Harris, 2002).

The findings agreed to get buy-in into the execution and sustainability of the turnaround strategy. Leaders have a responsibility to engage and involve various internal and external stakeholders in an organisation. Employees take ownership and control the turnaround strategy execution when they are involved (van der Voet, & Vermeeren, 2017; van der Voet, 2016; DeVos, Buelens, & Bouckenhooghe, 2007; Kotter, 1996). Stakeholder buy-in aligns with building alliances leadership competency within the visionary cluster (Alldredge, & Nilan, 2000) and people effectiveness leadership competency (Sanghi, 2016).

#### 6.3.2.15 “Ubuntu” leadership

Two participants eloquently indicated that practising “ubuntu” leadership is a leadership competency that enables a sustainable turnaround intervention in local government. Khoza (2012) described African humanism as an important leadership philosophy that embraces the recognition of the people around sharing and caring about people. The principle aligns with building relationships within people effectiveness and also with the social insight competency cluster with its objective of influencing and inspiring employees in an organisation (Sanghi, 2016).

#### 6.3.2.16 Effective communication

Effective communication from the inception and post turnaround strategy execution is vital to the strategy execution's success. Blank (2016) emphasized communicating the vision, mission, and goals of the turnaround strategy intervention to all stakeholders and outlining the role each stakeholder has on the implementation of the strategy. Effective communication enables the employees as well as the stakeholders to take control and ownership of the turnaround strategy implementation process (van der Voet & Vermeeren, 2017; DeVos, Buelens & Bouckenhooghe, 2007; Kotter, 1996).

With effective communication from leaders, employees passionately drive the implementation of the turnaround intervention strategy sustainably (Hartge, Callahan, & King, 2019). Change leadership encourages the communication of the turnaround strategy, and it motivates the employees’ buy-in into the strategy (van der Voet, 2016). Employees accept and effect changes into their existing work patterns when they understand the overall objective that they must achieve and the outcomes of their contribution (Feldman, 2000; Wee & Taylor, 2018). Communication is a social awareness leadership competency that can inspire and influence employees (Sanghi, 2016).

#### 6.3.2.17 Influence

According to da Silva, Jerónimo and Vieira, (2019), leaders have a responsibility to develop and sustain vision, strategy and communication during the turnaround period. Strategic leaders must influence operational managers in order to embrace the vision and objectives of the turnaround strategy intervention. Strategic leaders develop corporate plans which are implemented by operational managers through the employees in various operational levels (Braun, 2015). Operational leaders coordinate work responsibilities

from employees in various sections of the organisation and give guidance and direction, thus influencing the operational teams to achieve the organisational goals (Braun, 2015).

Operational managers are change agents in the execution of a successful turnaround strategy, as they influence the employees as well as the strategic leaders. Organisational turnaround is a demanding process that requires changing work patterns over time using a bottom-up approach to realise the strategic organisational turnaround objectives (Wee, & Taylor, 2018). Operational managers influence the employees to accept and effect change management into daily work procedures. The successful employment of the turnaround strategy depends on how employees accept and endorse the organisational transformation (van der Voet, 2016; Walker, Armenakis & Berneth, 2007).

Influence is a social awareness leadership competency that enables a leader to use the social understanding of an environment, and it inspires teams (Sanghi, 2016).

#### *6.3.2.18 Team leadership*

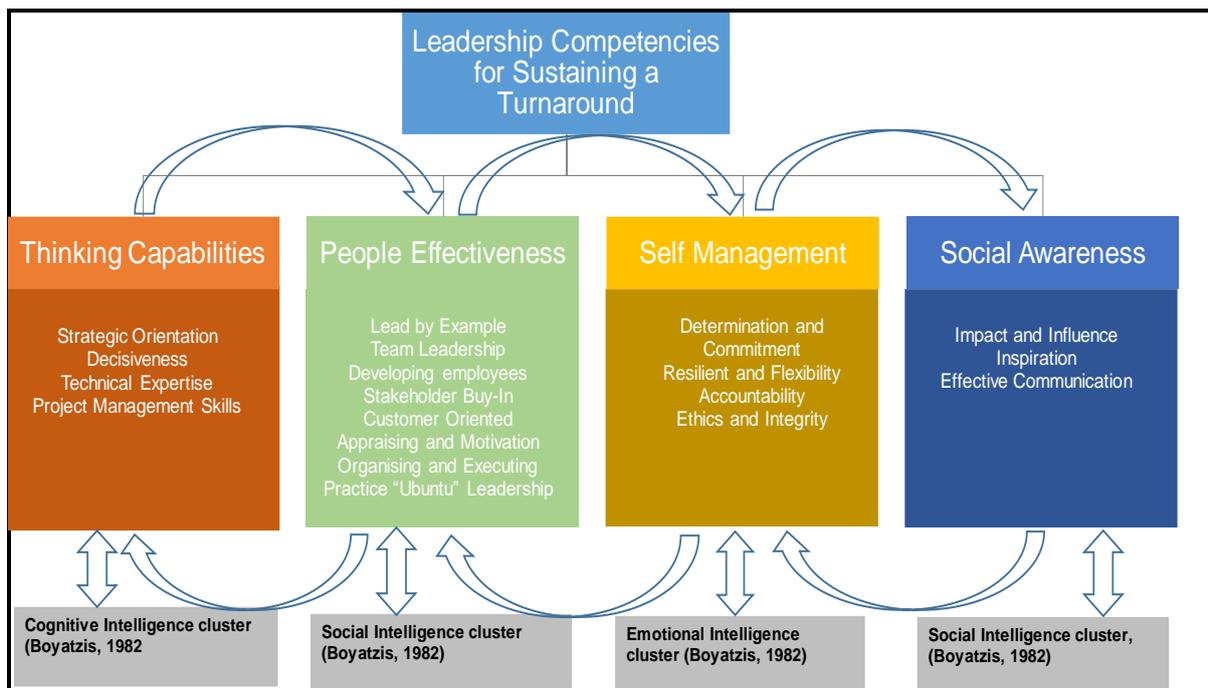
Operational leaders lead and co-ordinate operational teams in an organisation. Given the role of being change agents (van der Voet, 2016), the operational leaders communicate using both the bottom-up and top-down approach to both the strategic leaders and the junior officials, and this ensures the successful execution of the turnaround strategy (Wee, & Taylor, 2018). Operational leaders establish and lead teams by coordinating work responsibilities in various sections of the organisation and by giving guidance and direction (Braun, 2015).

Team leadership relates to the effectiveness of people in an organisation to achieve successful outcomes (Sanghi, 2016).

#### **6.3.3 Summary of the discussion of Research Question 2**

The research question primarily understood and identified the leadership competencies of both the strategic and operational leaders that are required to sustain an effective turnaround intervention in local government. The research question further prompted and exposed an understanding of the leadership approach that was used in sustaining a successful turnaround intervention in the local government.

The findings revealed a combination of various leadership approaches given the environment with which local government operates, as well as the circumstances to which the approach is required. The necessary leadership competencies are required to sustain a turnaround intervention that entails a spread combination between thinking capabilities, people effectiveness, social awareness and self-management leadership competency clusters (Sanghi, 2016) for successful performance outcomes as shown in Figure 6.2 below.



**Figure 6.2: Leadership competencies for sustaining a turnaround strategy per Sanghi, 2016 categories.**

Source: Authors own combination from the results codes

The findings suggested employing and executing much of the people effectiveness leadership competencies, followed by the thinking capabilities and self-management leadership competencies. The findings indicated the minimal expose of social awareness leadership competencies required in sustaining a successful turnaround intervention. The leadership competencies are clustered into the three groupings of cognitive acumen, emotional acumen and social acumen clusters (Boyatzis, 1982). The leadership competencies for strategic and operational leaders are needed to sustain a successful turnaround intervention in local government.

### **6.3.4 Conclusion**

The findings suggested a combination of the leadership approaches in sustaining a turnaround intervention. The findings also highlighted the key leadership competencies that are necessary for sustaining a turnaround intervention for local government.

## **6.4 Discussion of Research Question 3**

*How can operational managers contribute to a sustainable turnaround intervention in local government?*

The research question three identified and exposed how operational leaders contributed to a sustainable turnaround intervention in local government.

### **6.4.1 Actual implementers of turnaround**

Operational leaders are responsible for the actual implementation of the turnaround strategy as the vision and turnaround objectives are set at the strategic level. The study confirms that operational leaders are the cornerstone of an organisation as their role is not only to implement corporate strategies, but they are also responsible for the implementation of policies in order to achieve organisational performance outcomes and operational effectiveness (Braun, 2015). According to van der Voet, (2016), operational leaders who are immediate managers are fundamental change agents who convey the organisational turnaround process to employees, particularly in legislated public organisations.

### **6.4.2 Management visibility**

Operational managers have a responsibility to be visible to employees and understand the operations in an organisation. Strategic leaders develop corporate plans which are implemented by operational managers through the employees in various operations level (Braun, 2015). Operational leaders coordinate work responsibilities from employees in various sections of the organisation, and they give guidance and direction to achieve the organisational goals (Braun, 2015).

Operational leaders are closer to the actual execution of the change, which is implemented by the lower-level employees by amending their daily work procedures and patterns (Braun, 2015; Wee & Taylor, 2018). The operational leaders become the implementers of the actual change management process as instructed by strategic leaders (Braun, 2015).

### **6.4.3 Summary of the discussion of Research Question 3**

The research questions probed an understanding of the role played by operational leaders in sustaining a turnaround intervention in the local government. In understanding the operations on the ground, and the objectives and vision of the organisation, the operational leaders, act as change agents that enable organisational efficiently (van der Voet, 2016). The operational leaders are hands on to the turnaround intervention as change is effected at the lower level (Braun, 2015).

The findings suggested that operational leaders are the actual implementors of the strategy, and they demonstrate management visibility during the implementation of the turnaround strategy.

### **6.5 Conclusion**

The findings revealed an important role played by operational leaders in sustaining a turnaround intervention in local government. The operational leaders are regarded as the core implementors of the strategy given their role as change agents in public organisations implementing transformation (van der Voet, 2016). Operational leaders being the change agents, drive the execution of the strategy (van der Voet, 2016); thus, they are regarded as the management that is visible to the employees.

## CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

### 7.1 Introduction

This study was primarily aimed at better understanding the leadership competencies of strategic and operational leaders that are indispensable in sustaining a successful turnaround strategy intervention. The study focused on public organisations within the context of the local government understanding that organisations are exclusive and are managed differently (Yulihhasri et al., 2018). Chapter One of the study outlined the critical leadership role that is required in implementing a successful turnaround strategy in public organisations (van der Voet, 2016; Hennessey, 1998; Stewart & Kringas, 2003). The leadership role is a fundamental responsibility at all levels that are tasked with the responsibility of supervising employees and engaging with stakeholders (Yacovelli, 2019).

Chapter Two of the study informed the research objectives, and it directed the research questions in conducting the qualitative study using the methodology that is detailed in Chapter Three. Semi-structured interviews were conducted with questions designed to understand better the perspectives and experiences of the strategic and operational leaders on the leadership competencies that are necessary for sustaining a turnaround intervention. The turnaround experts who lead turnaround interventions were included in the sample in order to enhance the opulence of the outlooks from the operational and strategic leaders in municipalities.

The study primarily investigated the combination of leadership competencies for both the strategic and operational leaders. Strategic leaders determine the vision, mission and strategy of an organisational turnaround strategy (da Silva, Jerónimo & Vieira, 2019) for operational leaders to implement as change agents (van der Voet, 2016) with employees at various operational levels (Braun, 2015). The study investigated the role of operational leaders in sustaining a successful turnaround intervention, and it obtained rich confirmatory perspectives on the critical role that is played by the operational leaders. The successful execution of the turnaround strategy relies on the extent to which employees accept and endorse the vision and the objectives of the turnaround strategy (van der Voet, 2016; Walker, Armenakis, & Berneth, 2007).

## 7.2 Research Findings

This qualitative and exploratory research has addressed the research problem that is outlined in Chapter One, which was primarily to understand the leadership competencies that are necessary for sustaining a turnaround strategy in local government for both the strategic and operational leaders. The crucial findings of this study firstly understood the key fundamental drivers for a sustainable turnaround strategy in local government as a highly legislated environment with rigid structures (Pandey & Garnett 2006; van der Voet, 2016).

The research questions gave an insight and an understanding of the turnaround strategy that is employed in reversing the performance decline in local government. Although the application of asset retrenchment as a turnaround strategy was not sufficiently substantiated in the study, the repositioning and reorganisation strategies (Boyne, 2004) were relatively applied through some of the tactics that were employed. Boyne (2004) attests that these turnaround strategies yield positive, successful outcomes; however, the implementation in public organisations is a challenge. Favero and Rutherford (2016), supported that the three private sector's related turnaround strategies, namely retrenchment, repositioning and reorganisation, are generally ineffectively executed within public administration.

The study indicated a customised turnaround strategy for each public organisation that is informed by the underlying root causes to the organisation's failure (Lohrke, Bedeian & Palmer 2004; Yulihhasri et al., 2018; Hong, 2019). The turnaround strategies for institutions attempting to reverse performance decline and the financial distress positions differ in their nature and theoretical foundation (Schweizer, & Nienhaus, 2017; Ndofor, Vanevenhoven, & Barker, 2013). The research revealed that a turnaround strategy in local government primarily focuses on compliance with legislation measures, thereby improving the service delivery mandate as well as integrated long term planning as core organisational capabilities. The findings supported the theory that public organisations aim at achieving numerous objectives that are not associated with bottom line profits as in the private sector (Favero & Rutherford, 2016).

Secondly, the findings revealed the leadership competencies of strategic and operational leaders that are necessary for sustaining a turnaround strategy in local government given that leadership is the base for change management in organisations (van der Voet, 2016;

Hennessey, 1998; Stewart & Kringas, 2003). The leadership competencies integrated a combination of intellectual aptitudes, people efficacy, self-control, as well as social consciousness clusters (Sanghi, 2016). Lastly, the research findings revealed the contribution role that is played by the operational managers in sustaining a turnaround intervention in local government. The operational leaders coordinate and oversee the actual implementation from the lower-level operational employees in responding to the strategic objectives of corporate strategies (Braun, 2015).

### **7.2.1 Drivers of a sustainable turnaround strategy**

A successful turnaround strategy is driven by understanding the vision, mission, strategy and objectives of the institution. The mandate of local government is outlined in Section 152 of the Constitution of the Republic of South Africa (1996), and it primarily entails providing sustainable services to the communities within the limited available resources (Hong, 2019; Connolly, 2018; Favero & Rutherford, 2016).

The findings exposed critical fundamental drivers that can be used to sustain a successful turnaround strategy, and they include (a) Understanding the vision and the mission of the organisation; (b) Understanding the mandate and goals of the organisation; (c) Understanding the root cause to the problem; (d) Developing a tailor-made turnaround strategy; (e) Planning; (f) Compliance with legislation; (g) Clearly defined roles and responsibilities; (h) Stakeholder engagement; (i) Building coalition; (j) Effective performance management system; (k) Monitoring and evaluation; (l) Consequence management; and (m) Sourcing external capacity support when needed. These fundamental drivers of a sustainable turnaround strategy primarily align to the legislative roles and responsibilities of local government.

The research revealed that a turnaround strategy in local government is primarily driven by compliance with legislation measures, improving the service delivery mandate, enhancing the operational effectiveness through improved internal control systems, human resources management and stakeholder involvement. The research confirmed and further exposed that a turnaround is a complex and multidimensional process with numerous responsibilities which require a proper communication strategy (Battilana et al., 2010).

The research confirms that organisational awareness and understanding the core source of the performance failure drives the formulation of a tailor-made strategy for an effective turnaround (Yulihhasri et al., 2019). The research further confirms that the successful execution of a turnaround strategy relies on the ability of the leaders to communicate the objectives and processes effectively (Hartge, Callahan & King, 2019). The research agrees that the stakeholders' involvement during the implementation of the turnaround strategy is of paramount importance. The objectives, as well as the plans to achieve the strategy, should be communicated together with each stakeholder's role in the turnaround process (Blank, 2016).

The research agrees that there is a need to build a coalition in order to execute a successful turnaround strategy in local government. Turnaround strategy leaders need a coalition in order to develop the vision and the strategy. The strategy can then be communicated, recognised and implemented in an organisation (Neill & Nalbandian, 2018; van der Voet, 2016; Kotter, 1996).

The study further supported sourcing external support in municipalities with limited resources in order to pursue their objectives as a fundamental driver for a sustainable turnaround intervention. According to Hong (2019), the local government has the responsibility to execute the legislative mandate and service delivery responsibilities within the limited available resources (Hong, 2019).

The study exposed various fundamental drivers for sustaining a successful turnaround intervention in local government. These underlying drivers of a sustainable turnaround intervention lay the foundation for organisational success outcomes. The strategic and operational leaders apply leadership competencies in order to execute the turnaround strategies and balance the fundamental drivers so that they can achieve a sustainable turnaround. The study aligns with what Boyatzis (1982) states that achieving successful job performance outcomes requires a combination of the balanced components of the three fundamentals, namely, the competences of an individual; the institutional environment and the work's requirements.

### **7.2.2 Leadership competencies required to sustain a turnaround strategy**

The study determined and exposed the leadership competencies of strategic and operational leaders that are needed in order to sustain a successful turnaround in local government, and it also responded to the research objectives. In realising the research objectives, the study firstly supported the application of a combination of leadership approaches that are subject to the environment and the circumstances (Begun & Malcolm, 2014) in sustaining a turnaround intervention in local government. The four leadership approaches, namely; transformational leadership, transactional leadership, visionary leadership, collective leadership and servant leadership, were crucial in sustaining an effective turnaround intervention in the local government.

The study explored a combination of leadership competencies incorporating task-oriented as well as person-oriented competencies (Battilana et al., 2010), and these were fundamental in sustaining a successful turnaround intervention in the local government. The exposed leadership competencies spread across the four competency clusters, namely; thinking capabilities, people effectiveness, self-management as well as social mindfulness classification (Sanghi, 2016). The leadership competencies are clustered within thinking capabilities (Sanghi, 2016), and they include; (a) Strategic orientation; (b) Being able to make firm decisions; (c) Technical expertise, and (d) Project management skills that are necessary to achieve successful job performance outcomes.

Secondly, there are exposed leadership competencies that are intended to enhance people effectiveness (Sanghi, 2016), these include; (a) Leading by example; (b) Team leadership; (c) Developing employees; (d) Stakeholder buy-in; (e) Customer-oriented approaches; (f) Appraising and motivation; (g) Organising and executing; and (h) Practice 'ubuntu' leadership. The exposed leadership competencies were critical in enhancing the relationships with employees and in empowering employees (Sanghi, 2016).

Thirdly, there are exposed leadership competencies within the self-management cluster (Sanghi (2016) and these are namely; (a) Determination and commitment; (b) Resilience and flexibility; (c) Accountability; and (d) Ethical conduct and integrity to sustain a turnaround intervention. The leadership competencies integrated the abilities, attitude and strengths of the leaders to drive effective job performance (Sanghi, 2016).

Lastly, the study exposed the leadership competencies on social awareness (Sanghi, 2016) which included; (a) Impact and influence; (b) Inspiration; and (c) Effective communication is essential in order to sustain a turnaround strategy in local government. These exposed leadership competencies influence and motivated teams to execute and sustain a turnaround strategy in local government.

Although the leadership competencies could be aligned to the four leadership competency clusters (Sanghi, 2016), practising “ubuntu” leadership as a leadership competency in a greatly legislated local environment that is sustaining a turnaround intervention gave rich insight into the context. Khoza (2012) defined African humanism as an essential leadership philosophy that embraces the recognition of the people around sharing and caring about people. The “ubuntu” principle is associated with building relationships, and it aligns with the people effectiveness competency as well as social awareness competency with its intent to influence and inspire employees in local government (Sanghi, 2016).

The exposed leadership competencies of both strategic and operational leaders are necessary for sustaining a successful turnaround strategy in local government, and they addressed the research objectives and contributed to the existing literature on leadership competencies.

### **7.2.3 Role of operational leaders in sustaining a turnaround strategy**

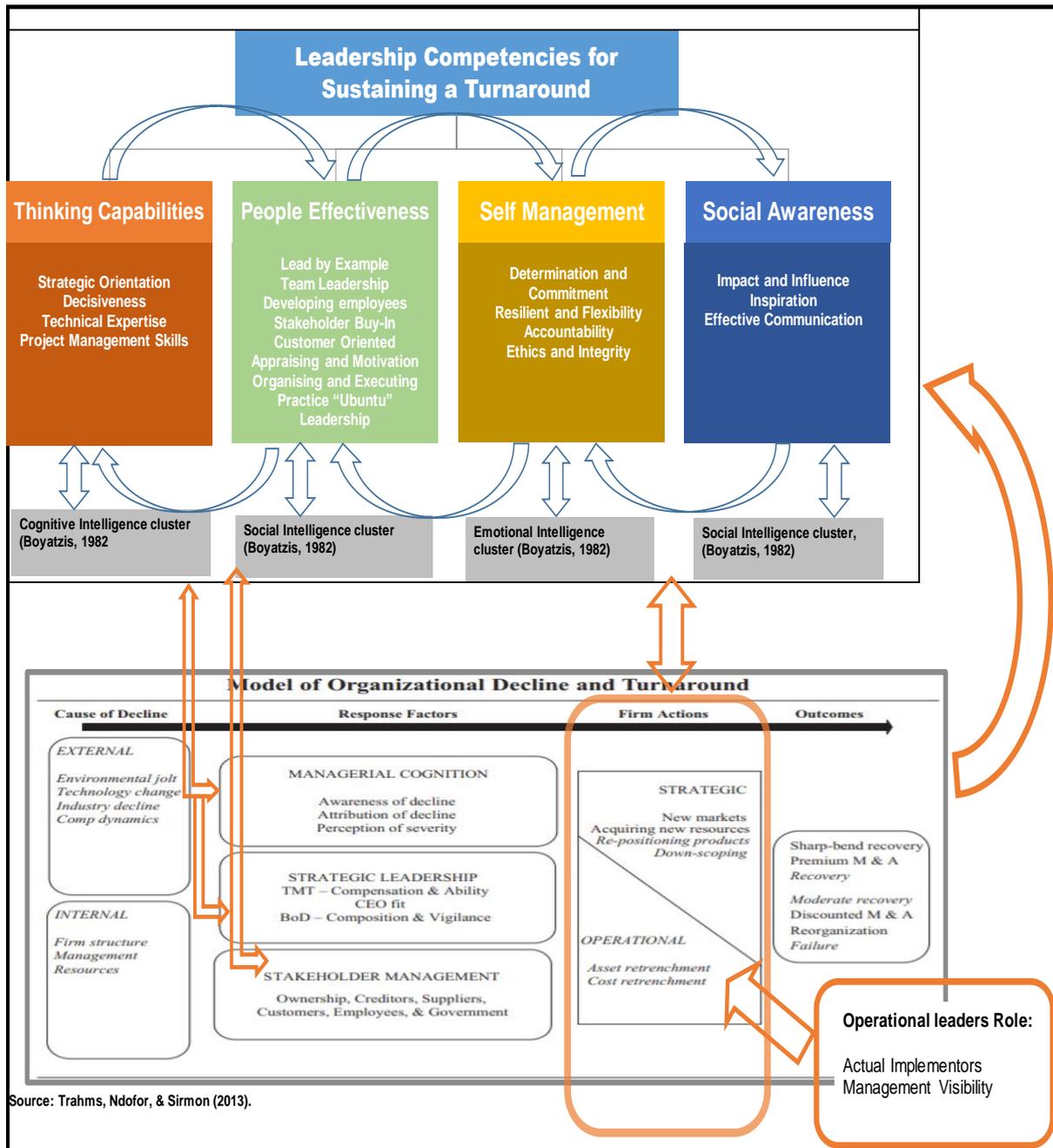
The study exposed the role of operational leaders in sustaining a turnaround intervention, and it responded to the research question. The role of operational leaders was primarily exposed as being the actual implementor of the turnaround strategy. The study supported the theory that operational leaders are change agents in an organisation that is implementing change management (van der Voet, 2016). The operational managers’ role as change implementers, is to enable change management responsibilities and oversee the employees in various units of the organisation, thus giving guidance and direction for the change to achieve organisational outcomes (Braun, 2015).

The study further exposed that operational leaders are hands-on in the turnaround process as change is incorporated at the lower-level of the employees (Braun, 2015). Management is perceived as always being visible to the employees. Management visibility, therefore, enhances the job performance of the employees and improves organisational efficacy.

The study exposed the crucial role of operational leaders in sustaining a turnaround intervention and elaborately responded to the research objective.

### **7.3 Alignment with existing Framework**

The extended model of organisation decline and the turnaround formed the base for the successful execution of a turnaround strategy (Trahms, Ndofo & Sirmon, 2013). The exposed leadership competencies for sustaining the successful turnaround is aligned to the model as an essential element to drive the sustainability of the strategy, as shown in Figure 7.1 below.



**Figure 7.1: Alignment of leadership competencies with the model of organisational decline and turnaround.**

Trahms et al. (2013) posit that internal and external factors primarily cause the organisational performance decline. The study agrees that the identification and the understanding of the real causes of the organisational problem are the initial critical processes in a turnaround process and subsequently conceptualising and developing a turnaround strategy that will resolve such challenges. The study reinforced that strategic

leaders undertake an organisation problem analysis process and determine the direction and objectives of the turnaround strategy that is to be developed.

In responding to the decline causes, the model outlines three response factors, namely; (a) Managerial cognition; (b) Strategic leadership; and (c) Stakeholder management. The study agrees to the turnaround response factors that were exposed, and these are (a) Planning, (b) Compliance with legislation, (c) Building a coalition, (d) Establishing an effective performance management system, (e) Monitoring and evaluation, (f) Consequence management and (g) Sourcing external support capacity as key aspects driving a successful turnaround in local government. These fundamental drivers are advocated by strategic and operational leaders in an organisation and require leadership competencies in order to achieve the intended results.

The study further supported stakeholder engagement as an essential aspect as municipalities are required to understand the community needs and deliver on those needs. Stakeholder buy-in, as a leadership competency, was exposed as crucial in sustaining a successful turnaround intervention. The vision and objectives of the turnaround strategy require buy-in from the numerous stakeholders. Blank (2016) asserts the importance of communicating the objectives, as well as the plans in order to achieve the turnaround strategy.

Stakeholder management through the social intelligence cluster (Boyatzis, 1982) and people effectiveness cluster through stakeholder buy-in (Sanghi, 2016), becomes fundamental for communicating the turnaround strategy objectives and processes as well as establishing alliances to achieve the sustainability of the turnaround (Hartge, Callahan & King, 2019).

Furthermore, the study aligns and supports the strategic and operational organisational actions to reverse the performance decline by further exposing leadership competencies which are fundamental in executing and sustaining the turnaround intervention in local government. The study profoundly enacts the exposed leadership competencies of strategic and operational leaders that are necessary to sustain a turnaround strategy in an organisation into the firm actions of the model. The exposed associated leadership

competencies enable strategic and operational leaders to sustain the organisational performance recovery in future.

Finally, the study linked the contributing role of operational leaders in sustaining a successful turnaround intervention as the actual implementors of the turnaround strategy and exercising management visibility in an organisation. The study confirms the operational implementation of the organisational turnaround that is outlined in the model.

The study is aligned with the model of organisational decline and turnaround by linking namely (a) The fundamental drivers of a sustainable turnaround strategy, (b) The leadership competencies of strategic and operational leaders required to sustain a successful turnaround strategy as well as (c) The contribution role by operational leaders to sustain a successful turnaround strategy.

#### **7.4 Implications for business**

This research has explored the necessary leadership competencies for strategic and operational leaders that can be utilised in sustaining a successful turnaround strategy. Although the study focused on the local government, the findings and the principles can be transferred and applied to all spheres of government, including but not limited to state-owned entities as well as in legislated public organisations.

The study provides valuable insights for business practitioners as follows:

- Given the impact that the coronavirus had on several organisations or any other disruption and other factors, developing a responsive strategy requires a tailor-made turnaround strategy that will attend to the core issues resulting in the performance decline in an organisation (Lohrke, Bedeian & Palmer 2004; Yuliharsi et al., 2018; Hong, 2019).
- For business managers to sustain a successful turnaround strategy, it is imperative to apply a correct combination of leadership approaches that are informed by the circumstances and the environment to which the leadership approach is applicable to (Begun & Malcolm. 2014).
- Business practitioners should appreciate and uphold the significant role of operational leaders as actual implementors of the turnaround strategy in an organisation. Operational leaders represent the business managers through

management visibility towards lower-level employees. The operational leaders are the change agents during the transformation process (van der Voet, 2016), their roles become fundamental in influencing and ensuring the successful recovery outcomes and sustainability thereof.

- The leadership competencies required to sustain a successful turnaround intervention involve the right combination and balance of intellectual proficiencies, people efficacy, self-control and social mindfulness (Sanghi, 2016). Selecting the right balance of the required leadership competencies for a specific environment is vital for business leaders.
  - Intellectual proficiencies incorporate a behaviour aligned to strategic thinking, forward-looking and an intellectual capacity to assess situations and be able to make informed decisions in order to achieve strategic objectives (Sanghi, 2016).
  - People effectiveness leadership competency is associated with improving relationships with employees, as well as empowering and developing teams in an organisation (Sanghi, 2016).
  - Self-management leadership competencies incorporate the abilities and strength of an individual to drive effective job performance (Sanghi (2016).
  - Social awareness relates to a competency cluster that exposes an individual's capability to inspire and influence teams in an organisation. (Sanghi, 2016).

## 7.5 Research Limitations

Regardless of the fact that reasonable care has been exercised to ensure that the research findings represent the perspectives and experience of the participants; there may, however, be biases, given the subject nature and context of the qualitative study between the researcher and the participants. Furthermore, the limitations of the study included the following:

- The findings could be impacted by the inadequate experience of the researcher to conduct a qualitative study and data collection using semi-structured interviews.
- The sample was from low to medium capacity municipalities that have successfully implemented a turnaround strategy and generalisability of the findings to high capacity municipalities such as metropolitan and secondary cities might be limited.

## 7.6 Suggestions for future research

The rich insights and findings of the study propel the following suggestions for future research opportunities :

- The study focused on the fundamental drivers of a successful turnaround intervention across municipalities where a turnaround was necessary due to the performance decline situation; the findings can be verified and contrasted with municipalities that have not been subjected to any turnaround intervention but have been consistently sustaining successful outcomes.
- The study focused across municipalities that have successfully implemented a turnaround strategy intervention; the findings can be also be tested in a case study in order to get an in-depth and contrast analysis in one organisation that has been able to sustain a turnaround strategy successfully.
- The research findings revealed the need for political leadership to take ostracised decisions in driving the successful implementation and sustainability of the turnaround strategy. Future research is recommended in order to establish the impact of political influence on the successful implementation and sustainability of a turnaround strategy intervention in local government.

## 7.7 Conclusion

This study has provided insights and a better understanding of the leadership competencies of strategic and operational leaders that are necessary for sustaining a successful turnaround intervention in local government. In conducting the qualitative study, a total number of 13 semi-structured interviews provided rich insights in responding to the research questions and objectives. The findings revealed the key fundamental drivers of a sustainable turnaround strategy, a combination of leadership competencies of strategic and operational leaders is required in order to sustain an effective turnaround as well as the significant role contributed by operational leaders in sustaining a turnaround intervention. In identifying the leadership competencies, the application of a combination of various leadership approaches was revealed as an underlying aspect enabling the demonstration of leadership competencies in order to sustain a turnaround intervention.

The study contributed to the literature on leadership competencies and the turnaround theory. The study contributes to both business and in practice by outlining the pertinent

practice and employment of the leadership competencies in sustaining a turnaround intervention.

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## APPENDIX 1: LIST OF A SAMPLE OF MUNICIPALITIES

Municipal Demarcation codes	Province	Audit opinions (AGSA, 2020)					Ledger & Rampedi (2019)			National Treasury, (2019)
		2018-19	2017-18	2016-17	2015-16	2014-15	Section 139 Intervention	Period of Intervention	Subsequent Intervention Period	Financial distress Indicator
<b>Unqualified audit outcome without findings</b>										
KZN235	KZN						Section 139 (1) (b)	December 2009 to July 2012		No
<b>Unqualified audit outcomes with findings for 2018/2018 financial year</b>										
DC16	FS						Section 139 (1) (b)	May 2008 to June 2009		No
GT484	GP						Section 139 (1) (b)	August 1999 to December 2000		Yes
KZN263	KZN						Section 139 (1) (c)	Nov 2005 to March 2006	March 2013 to March 2015	Yes
KZN253	KZN						Section 139 (1) (b)	August 2007 to June 2009	January 2017 to March 2019	No

Municipal Demarcation codes	Province	Audit opinions (AGSA, 2020)					Ledger & Rampedi (2019)			National Treasury, (2019)
		2018-19	2017-18	2016-17	2015-16	2014-15	Section 139 Intervention	Period of Intervention	Subsequent Intervention Period	Financial distress Indicator
KZN252	KZN						Section 139 (1) (b)	December 2007 to June 2009		No
KZN242	KZN						Section 139 (1) (b)	October 2016 to February 2017		No
KZN271	KZN						Section 139 (1) (b)	December 2009 to June 2011		No
KZN245	KZN						Section 139 (1) (b)	July 2013 to June 2015		Yes
MP325	MP						Section 139 (1) (b)	April 2013 to December 2014		No

Municipal Demarcation codes	Province	Audit opinions (AGSA, 2020)					Ledger & Rampedi (2019)			National Treasury, (2019)
		2018-19	2017-18	2016-17	2015-16	2014-15	Section 139 Intervention	Period of Intervention	Subsequent Intervention Period	Financial distress Indicator
DC5	WC	Yellow	Yellow	Yellow	Yellow	Yellow	Section 139 (1) (a)	Oct 2007 to February 2008		No
DC3	WC	Yellow	Green	Green	Green	Green	Section 139 (4)	July 2010 to an unknown date		No
WC045	WC	Yellow	Purple	Purple	Purple	Pink	Section 139 (1) (b) & Section 139 (4)	March 2007 to September 2007	July 2013 to Feb 2014	No
WC024	WC	Yellow	Yellow	Green	Green	Green	Section 139 (1) (b) & Section 139 (4)	April 2010 to unknown date		No
WC034	WC	Yellow	Green	Green	Green	Green	Section 139 (1) (b) & Section 139 (4)	October 2012 to October 2012		No

## **APPENDIX 2: INTERVIEW GUIDE**

### **Research questionnaire interview guide**

**Title of study:**        **The leadership competencies of strategic and operational leaders necessary in sustaining a successful turnaround intervention in public organisations.**

Position:

Industry:

Date:

**Research Question 1: What are the key fundamental drivers of a sustainable and successful turnaround in local government?**

Question 1.1 To achieve a turnaround, various practitioners or leaders use different strategies to reverse the performance decline situation and sustain the recovery of the organisation, which strategies did you use to achieve the turnaround?.

Question 1.2 How did these strategies contribute to the sustainability of the turnaround of the municipality?

Question 1.3 What are the key fundamentals for a successful turnaround intervention in municipalities?

Question 1.4 How can a successful turnaround intervention be sustained in municipalities?

**Research Question 2: What are the leadership competencies required in sustaining a successful organisational turnaround of local government?**

Question 2.1 What role do leaders play in sustaining a successful turnaround strategy within local government?

Question 2.2 What leadership style or styles will you recommend in sustaining a successful turnaround?

Question 2.3 What strategic leadership competencies are required to contribute to a sustainable turnaround intervention in local government?

Question 2.4 How can strategic leaders sustain a successful turnaround intervention?

**Research Question 3: How can operational managers contribute to a sustainable turnaround intervention in local government?**

Question 3.1 What role do operational managers play in sustaining an effective turnaround strategy within local government?

Question 3.2 How can operational managers contribute to a successful turnaround strategy execution in local government?

Question 3.3 What leadership competencies are required for operational managers to be able to contribute to a sustainable turnaround intervention in local government constructively?

## APPENDIX 3: APPROVED ETHICAL CLEARANCE

Dear Zanele Malaza,

02 September 2020

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

## APPENDIX 4: INFORMED CONSENT FORM

### Informed consent letter:

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on the **leadership competencies of strategic and operational leaders necessary in sustaining an effective turnaround intervention in public organisations with a specific focus in municipalities**. The interview will focus on getting an in-depth understanding of the leadership competencies of both the strategic and operational leaders required in sustaining a **successful** organisational turnaround in municipalities that have been placed under Section 139 intervention in South Africa.

Our interview is expected to last about one hour thirty minutes at most and will help us get an understanding of the leadership competencies of both the strategic and operational leaders required for sustaining a successful organisational turnaround in local government. Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Zanele Malaza

Research Supervisor: Dr Keith Fairhurst

Email : 19388072@mygibs.co.za

Email: keith@unleashconsult.com

Phone: 084 912 6912

Phone: 083 419 4058

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX 5: ATLAS.TI CODES

Code	Code Group
Actual Implementers	Contribution Role Of Operational Leaders
Visibility Of Management	Contribution Role Of Operational Leaders
Building Coalition	Key Fundamental Drivers For Sustainable Turnaround
Clearly Defined Roles And Responsibilities	Key Fundamental Drivers For Sustainable Turnaround
Compliance With Legislation	Key Fundamental Drivers For Sustainable Turnaround
Consequence Management	Key Fundamental Drivers For Sustainable Turnaround
External Capacity Support	Key Fundamental Drivers For Sustainable Turnaround
Implementation Of Internal Control	Key Fundamental Drivers For Sustainable Turnaround
Instilling Safety Culture	Key Fundamental Drivers For Sustainable Turnaround
Internal Meetings	Key Fundamental Drivers For Sustainable Turnaround
Performance Management System	Key Fundamental Drivers For Sustainable Turnaround
Planning	Key Fundamental Drivers For Sustainable Turnaround
Review Of Internal Controls	Key Fundamental Drivers For Sustainable Turnaround
Stakeholder Engagement	Key Fundamental Drivers For Sustainable Turnaround
Tailor-Made Turnaround Strategy	Key Fundamental Drivers For Sustainable Turnaround
Understand The Root Cause Of The Problem	Key Fundamental Drivers For Sustainable Turnaround
Understanding The Vision, Mission And Objective Of The Organisation	Key Fundamental Drivers For Sustainable Turnaround
Combination Of Leadership Styles	Leadership Approaches
Servanthood Leadership	Leadership Approaches
Transactional Leadership	Leadership Approaches
Transformational Leadership	Leadership Approaches
Visionary Leadership	Leadership Approaches

## APPENDIX 5: ATLAS.TI CODES

Code	Code Group
Accountability	Leadership Competencies Contributing To Sustainable Turnaround
Customer Centricity/Oriented	Leadership Competencies Contributing To Sustainable Turnaround
Decisiveness	Leadership Competencies Contributing To Sustainable Turnaround
Determination And Commitment	Leadership Competencies Contributing To Sustainable Turnaround
Developing Employees	Leadership Competencies Contributing To Sustainable Turnaround
Effective Communication	Leadership Competencies Contributing To Sustainable Turnaround
Ethical Conduct And Integrity	Leadership Competencies Contributing To Sustainable Turnaround
Flexible Leadership	Leadership Competencies Contributing To Sustainable Turnaround
Influence	Leadership Competencies Contributing To Sustainable Turnaround
Lead By Example	Leadership Competencies Contributing To Sustainable Turnaround
Organising And Executing	Leadership Competencies Contributing To Sustainable Turnaround
Performance Appraisals And Motivation	Leadership Competencies Contributing To Sustainable Turnaround
Practice Ubuntu Leadership	Leadership Competencies Contributing To Sustainable Turnaround
Project Management Skills	Leadership Competencies Contributing To Sustainable Turnaround
Resilient And Flexibility	Leadership Competencies Contributing To Sustainable Turnaround
Stakeholder Buy-In	Leadership Competencies Contributing To Sustainable Turnaround
Strategic Orientation	Leadership Competencies Contributing To Sustainable Turnaround
Team Leadership	Leadership Competencies Contributing To Sustainable Turnaround
Technical Expertise	Leadership Competencies Contributing To Sustainable Turnaround