

**Determinants of organisational culture during turnaround: evidence from
a regression model in the South African retail sector**

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Abstract

This research investigated key determinants of organisational culture during corporate turnaround in the South African retail environment. The investigation was focused on three key determinants – employee morale, employee's perceptions about the effectiveness of retrenchments and organisational adaptability (leadership and flexibility) – and they influenced organisational culture during periods of corporate decline. A quantitative approach was taken with the use of validated and structured questionnaires circulated to employees throughout a retail group undergoing turnaround initiatives. Data was then statistically analysed using correlation, exploratory and confirmatory techniques, after which multiple regression modelling was applied to test the relationships between the variables. The results indicated that employee morale had a positive influence on organisational culture if combined with retrenchments and organisational adaptability. Retrenchments and organisational adaptability independently and when combined with the other determinants highlighted a significant negative relationship with organisational culture during turnaround. Employee morale therefore maintained organisational culture whilst retrenchments and organisational adaptability negatively influenced it. The studies contribution to turnaround theory, organisational culture and the three key determinants produced a multiple regression model. The model underscored the need to find a balance between effective communication, transparency, trust, leadership showing empathy and psychological safety.

Keywords: Organisational turnaround, organisational culture, employee morale, retrenchment, organisational adaptability.

Plagiarism 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 Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Chapter 1 – Introduction to the Research

1.1 Introduction

The retail sector in South Africa (SA) is highly competitive, marked by vast market concentration, with a minimum number of medium and large retail groups competing within the local sector (Malgas et al., 2017). The retail sector is vital to the country's economy, with a 12.5% contribution towards SA's GDP (Gross Domestic Product) and 12.5% of the workforce employed within the retail sector (Malgas et al., 2017). Additionally, the retail sector in SA plays an active role in CSR (Corporate Social Responsibility) initiatives, incorporating it into their business operations that benefits society and sheds a positive light on the organisations' reputation (Ajayi & Mmutle, 2020). Finally, SA retailers are critical to the country's food security needs in maintaining a balance between society's demand and supply (Tuomala & Grant, 2021). Factoring the socio-economic obstacles faced by the country, the advantages provided by retail organisations in contributing toward GDP growth, employment, CSR initiatives and food security; one cannot underestimate the importance of the retail sector towards the countries future success and growth.

Notwithstanding its social and economic importance, retail companies are susceptible to experiencing organisational decline, attributable to a number of internal and external causes. This includes companies gaining a competitive advantage, external macro-economic factors or unpredictable anomalies such as a pandemic outbreak or the Great Recession of 2007-2009 (Miklian & Hoelscher, 2022). Some retailers are unable to sustain their operations or remain resilient during tumultuous economic times against these factors. Subsequently, when retail companies suffer from organisational decline, appropriate turnaround strategies must be implemented to aid with recovery. Beyond implementing new operational and financial strategies to aid recovery, the organisational culture is crucial in determining whether turnaround strategies fail or succeed. Literature has conceded that organisational recovery is also dependent on the human element aspects that influence employee morale and adaptability (Boyne & Meier, 2009; Barbero et al., 2020; Bhattacharyya & Malik, 2020).

Organisational culture lives within different levels of an organisation – regarded as values, norms and behaviours – and can greatly influence how employees react to

turnaround strategies (Schein, 2010). Hence, understanding how organisational culture is shaped during periods of change is important to consider for restoration (Haffar et al., 2019; Joseph & Kibera, 2019). Critical determinants of culture, namely employee morale, retrenchments and adaptability (represented by leadership and flexibility), play a critical role in defining the outcome of an organisation's turnaround strategy. High employee morale supports communication, teamwork, psychological safety and collaboration (Weakliem & Frenkel, 2006; Pattnaik & Jena, 2021). Retrenchment on the other hand that is poorly managed by an organisation's leadership, can damage trust, collaboration and psychological safety (Boyne & Meier, 2009; Barbero et al., 2020). Finally, organisational adaptability characterised by leadership and flexibility impacts employee behaviour, influencing a resilient culture that should support recovery (Do et al., 2016; Carvalho et al., 2023; Williams et al., 2017).

This study, therefore, examines the key determinants influencing organisational culture during turnaround in a South African retail organisation. Examining the relationships between employee morale, retrenchments and adaptability with organisational culture offers an understanding of how organisational culture enables or hinders turnaround. Understanding the dynamics of these relationships is important for industry practitioners, that are overseeing turnaround situations, to ensure recovery and sustainable long-term performance improvements (Nguyen et al., 2023; Bhattacharyya & Malik, 2020).

1.2 Background

Companies in the retail sector in South Africa operate within a very challenging environment attributed to competitors, socio-economic problems and rapidly changing customer requirements. The retail sector is a vital component of the country's GDP makeup, food security, employment and supporting social programs (Malgas et al., 2017; Tuomala & Grant, 2021). Despite its national importance, the retail sector is not immune to experiencing performance decline. The decline can be attributed to internal inefficiencies or unforeseen external shocks – pandemics, recessions and innovation (Boyne & Meier, 2009; Barbero et al., 2020). This thereafter compels organisations to implement turnaround strategies. When organisations enter a period of reform, turnaround strategies alone are not enough – important consideration needs to be given to the organisational culture that hugely

dictates the success or failure of the recovery (Boyne & Meier, 2009; Barbero et al., 2020).

Organisational culture is characterised by shared assumptions, beliefs and values within the organisation that influence employees thinking, behaviours and feelings (Schein, 2010). The culture permeating throughout the organisation is a crucial factor as employees will perceive organisational changes related to turnaround activities either as an opportunity or a threat to the recovery. A supportive culture encourages commitment, resilience and alignment whereas the wrong culture that create more resistance and impede recovery (Haffar et al., 2019; Joseph & Kibera, 2019; Carvalho et al., 2023). Therefore, gaining deep insights into culture during organisational turnarounds is crucial for restoration. Amongst the most important determinants of organisational turnaround success or failure are employee morale, retrenchments and adaptability.

Employee morale represents the emotional and psychological state of employees in the organisation and influences productivity, collaboration and commitment (Weakliem & Frenkel, 2006; Pattnaik & Jena, 2021). Employees exhibit greater cohesion and trust when morale is high, supporting the culture and stability during turnarounds. Likewise, employees separate themselves and begin to resist changes that can hamper a successful turnaround (Parent & Lovelace, 2018; Joseph & Kibera, 2019). Retrenchment, usually used as a turnaround strategy to stabilise the organisations finances, has unintended consequences for the culture. When the management of turnaround is inadequately managed, it can lead to anxiety issues, loss of trust and reduce collaboration (Boyne & Meier, 2009; Barbero et al., 2020). However, transparent and unbiased retrenchment processes can improve perceptions and resiliency about the process. Therefore, the perceptions around the effectiveness of retrenchments – even if employees judge them to be a necessity or unfairly implemented – will have a significant influence on organisational culture during turnaround. Organisational adaptability represented by leadership and flexibility, has revealed itself as an important factor that influences culture. Organisations that are adaptable, counter challenges through agility, learning and innovation (Do et al., 2016; Carvalho et al., 2023). Organisational adaptability allows for efficient communication, trust and cohesion, enabling employees to respond confidently to uncertain times. Adaptable leadership assists to sustain employee morale and resiliency during turnaround (Williams et al., 2017).

Together, these three determinants – employee morale, retrenchment and organisational adaptability – define how employees respond to turnaround strategies. A positive culture of high employee morale, well managed retrenchments and adaptive leadership will support organisational turnaround; however, a skewed culture can deepen organisational decline further. The relationships around these three key variables are fundamental in understanding how organisational culture is influenced within a SA retail context during turnaround. Therefore, this research examines the key determinants influencing organisational culture during turnaround, to provide retail industry leaders with the knowledge to create high performing and resilient organisations.

1.3 Research Problem Statement

Organisational decline erodes the performance of companies in the retail sector in SA via politics, competitors, macro-economic challenges and social issues, necessitating turnaround strategies. Despite the use of strategic, tactical and operational initiatives to restore stability and performance, many of these initiatives fall short or even fail because they overlook the human centric cultural aspects of major organisational changes (Boyne, 2004; Barbero et al., 2020). Academics have also conferred that organisational culture – shared values, assumptions and behaviours – during times of crises, play a central role to the success (embracing) or failure (resisting) of turnaround strategy (Schein, 2010; Haffar et al., 2019). When culture is given due consideration during turnaround it tends to support these changes through loyalty, trust, collaboration and effective communication; however, when culture is not given the required attention during turnarounds it can lead to failures in strategies (Joseph & Kibera, 2019; Carvalho et al., 2023). Nonetheless, very limited research has investigated specific factors or determinants that strongly influence organisational culture during turnarounds, specifically in a SA retail sector environment.

Existing literature highlights employee morale, retrenchments and organisational adaptability (leadership and flexibility) as key determinants of organisational culture during turnarounds. Employee morale influences cohesion, trust and collaboration during uncertain periods (Weakliem & Frenkel, 2006; Pattnaik & Jena, 2021). When the morale is high and positive, employees tend to be more agile, align with the organisation's objectives and strategies; whereas, when employee morale is low, they are resistant to changes and become disengaged (Parent & Lovelace, 2018).

Retrenchment may be required at times for financial stability but can erode cultural stability by negatively impacting psychological safety and commitment if conducted unfairly or without much empathy (Boyne & Meier, 2009; Barbero et al., 2020). Organisational adaptability, represented by leadership and flexibility, creates opportunities for learning and agility and to inculcate a positive culture (Do et al., 2016; Carvalho et al., 2023; Williams et al., 2017).

Regardless of this literature, there remains a shortfall of empirical research that investigates how these three determinants collectively intermix to influence organisational culture during turnaround in a South African retail environment. Understanding the relationships between these determinants is vital as they have a significant bearing on turnaround success for the organisation's eventual long-term recovery (Haffar et al., 2019; Joseph & Kibera, 2019). This study thus addresses the gap in having limited empirical research in understanding how employee morale, retrenchment and organisational adaptability influence organisational culture during turnaround in a SA retail context. This study will also provide industry practitioners with some understanding required to seriously consider and manage their organisational culture during periods of turnaround to make the process as seamless and as palatable as possible.

1.4 Purpose of the study

The purpose of this research was to explore the key determinants influencing organisational culture during turnaround in a South African retail company. Particularly, this research aims to investigate how employee morale, retrenchments and organisational adaptability (represented by leadership and flexibility) influence organisational culture during turnaround initiatives and subsequent recovery. Whilst present research has concentrated a lot on financial, tactical, operational and strategic aspects of turnaround (Boyne & Meier, 2009; Barbero et al., 2020), limited research have investigated the cultural and human centric aspects that determine whether turnarounds succeed or fail in the long-term. Within the context of the SA retail environment, marred by numerous challenges, it is especially relevant to understand how culture develops during turnarounds (Joseph & Kibera, 2019). Therefore, this research identifies the three key determinants (employee morale, retrenchment and adaptability), empirically assesses the relationships between them and determines the influence they have on organisational culture during turnaround.

1.4.1 Theoretical Relevance

This research contributes to the area of organisational culture and turnaround strategic concepts within organisations. It takes heed from Schein's (2010) work that organisational culture is a stabilising and modifiable notion within organisations. During periods of turnaround, shared values, beliefs and assumptions of culture are an influential factor as to whether employees resist or embrace changes. This research also delves deeper into theory related to employee morale by investigating the emotional state of employees influence on organisational culture and performance (Weakliem & Frenkel, 2006; Pattnaik & Jena, 2021). Retrenchment has been investigated as a determining factor of cultural strength as well. Retrenchment has been examined for its psychological effects and the resulting implications for organisational culture. When retrenchments are poorly managed it is seen as negative, but when done with fairness it is embraced (Boyne & Meier, 2009; Barbero et al., 2020). Therefore, this research delves deeper into the theoretical understanding by associating employees' perceptions of retrenchment with organisational culture. This research also expands on theory related to organisational adaptability, which is represented by leadership and flexibility, as supporting roles for cultural change (Carvalho et al., 2023). Adaptability creates transparent communication, innovation, learning and trust – critical to create a robust organisational culture (Carvalho et al., 2023; Williams et al., 2017). By integrating these concepts, this research offers a theoretical interrelationship between the three determinants, turnaround and culture. It expands on the academic theory by determining how employee morale, retrenchment and adaptability influence organisation culture during turnaround – in defining a successful long-term recovery.

1.4.2 Business Relevance

From an industry management perspective, this research provides vital information into how South African leaders within retail can properly manage turnaround strategies by carefully considering organisational cultural aspects. In industry, turnaround strategies are primarily focused on financial stability and operational optimisations and mostly disregard the cultural aspects of employees' experiences (Boyne & Meier, 2009; Barbero et al., 2020). Gaining insights into employee morale, retrenchment perceptions and organisational adaptability additionally provides a practical knowledge to align culture with turnaround strategy. Understanding how these constructs intermingle with organisational culture allows retail leaders to

develop turnaround strategies that are more sensitive towards human centricity. South African retailers challenged by uncertainty in the sector will be better geared towards operational and long-term recovery (Joseph & Kibera, 2019).

Chapter 2 – Literature Review

2.1 Introduction

The literature survey investigated the academic theory on organisational decline, turnaround strategies and organisational culture to position this research in line with previously acknowledged academia and upcoming theory. The review did not attempt to provide a comprehensive survey of everything in these academic fields; rather it identified the key theoretical concepts, empirical findings and uncovered gaps to substantiate the need for this study and its variables. Academics have maintained that turnaround strategy and implementation are important for organisations facing performance decline, although most of the literature focused on divestments, cost reductions, strategic realignment and structural realignment (Boyne, 2004; Schoenberg et al., 2013; Trahms et al., 2013). Prior research on organisational turnaround have focused on frameworks such as the 3R's methodology of retrenchment, repositioning and reorganisation (Boyne, 2004). These types of models offered a lot of value in terms of financial and operational recovery, but very little attention was given to human cultural aspects. These foundational strategies were a necessity for organisational turnaround, however, there is an increase in the amount of research that is taking a broader approach in uncovering organisational cultural interest when implementing turnaround strategies (Rutherford & Favero, 2020). Scholars maintain that strategic interventions are not enough for long-term recovery, unless organisational culture is given due consideration (Asatiani et al., 2021; Pattnaik & Jena, 2021). Modern research therefore emphasised that the key determinants of organisational culture – employee morale, perceived effectiveness of retrenchments and organisational adaptability – are critical for a successful turnaround and sustained recovery (Rivera-Prieto et al., 2025; Baliuskas et al., 2023). This change is an indication that cultural resilience and renewal is dependent on leadership, agility, transparency, trust, communication and aligning employees' beliefs with evolving strategies.

In conjunction with this research, organisational culture has been known to be a critical factor in defining employee's attitudes, behaviour and organisational outcomes (Schein, 2010; Joseph & Kibera, 2019). Culture has been shown to play a significant role in how employees respond to leadership, uncertainty and strategic changes. The literature recognises that culture is a critical component to organisational performance, however, studies that indicate how turnaround

strategies influence organisational culture are limited, especially in the context of the SA retail sector (Umar, 2023). This gap has also been identified by recent studies that appeal for more consolidation between turnaround strategy and culture (Trahms et al., 2013; Schoenberg et al., 2013).

The literature review is focused on three distinct yet integrated themes with the purpose of investigating the key determinants of organisational culture in a South African retailer during turnaround. First the phenomena of organisational decline and turnaround focused on the human cultural aspects of organisational turnaround strategy. Next it analyses the foundations of organisational culture models such as Edgar Schein's organisational culture model and the Competing Values Framework. Finally, it integrates employee morale, retrenchments and organisational adaptability with culture, performance and turnaround.

2.2 Organisational Decline

Organisational decline, which is sometimes referred to as organisational crises or organisational failure, has been defined as the constant deterioration of a company's performance resulting from a decline of its internal resources, its inability to compete and a decrease of profits over time (Santana et al., 2017). Although there is no clear generally accepted way to measure organisational decline, the consensus in the literature considers the decline of an organisations ROA (Return on Assets) and ROE (Return on Equity) over a two-to-three-year period (Santana et al., 2017; Trahms et al., 2013). Decline in organisations is therefore not an unexpected occurrence, but a combination of challenges that erode the businesses performance slowly over time. The weaknesses of the organisation get exposed in this manner and if they are not addressed, will lead to decline or failure of the organisation.

Corporate failures can occur because of internal or external conditions related to the firm (Santana et al., 2017). The inside boundary conditions were founded on resourced-based views, knowledge-based views and dynamic capabilities views, affirming that organisations would be susceptible to failure due to the inefficient use of internal organisational resources and capabilities (Bhattacharyya & Malik, 2020; Tao et al., 2020). Internal organisational based factors include financial challenges, inefficient internal structures, fragile governance, lack of leadership, employee attributes and weak HR policies (Santana et al., 2017). Contrastingly, external boundary factors contributing to corporate failures include political, legal, regulations, social, environmental, technological disruptions, strong bargaining power of buyers

and suppliers, customer demands, substitutes, new market entrants and competition (Santana et al., 2017; Balioukas et al., 2023). An alternative perspective on the causes of organisational decline according to Habib et al. (2020) identified macroeconomic challenges, firm specific fundamentals and governance shortfalls. Their study indicated that governance issues also undermine organisational performance and culture. When company's experience declines due to internal factors, it is much easier to apply a successful turnaround strategy because management only needs to correct an internal problem (Balioukas et al., 2023) Whereas, external factors contributing to an organisations decline are even more challenging to manage because the turnaround strategy takes much longer to successfully implement, the challenges posed are highly complex in nature and these external factors are beyond management or the company's control (Balioukas et al., 2023). Another crucial factor is the role that both internal (executives, board members and management) and external stakeholders (creditors, customers and political associations) have on the influence of an organisation's turnaround strategy (Tao et al., 2020). With the above in mind, organisational decline also impacts the relationship amongst stakeholders, further complicating recovery initiatives.

2.3 Corporate Turnaround

Organisational decline is categorised over a period of constant non-performance that could potentially impact an organisations future. When this happens the leadership within the company must implement countermeasures to regain stability, competitiveness and performance. These countermeasures, referred to as turnaround strategies, has the objective of putting the organisation back on track for recovery, growth and competitiveness (Trahms et al., 2013). Turnaround is therefore considered as a series of complicated procedures that involves financial, operational and culture initiatives (Dzingirai & Baporikar, 2022). The end goal of turnaround is recovery, stability, restoring stakeholder confidence and renewing the culture. Leaders in the organisation are vital to the turnaround process for the strategy, culture and performance (Bodolica & Spraggon, 2021).

Historically, turnaround included two main approaches – retrenchment and recovery – with retrenchment focused on cost cutting and asset reductions while recovery focused on restoration, performance and stability (Rico & Puig, 2021). An alternative perspective by Tron et al. (2023) and Kubicek et al. (2019) is to overhaul and make corporate governance reforms to restore stakeholders' confidence and stabilise

culture. While Shela et al. (2023) viewed the concept of organisational turnaround as an opportunity for learning and creating adaptable cultures. Hultman (2020) took the view that to recover, organisations had to achieve strategic revisions, optimisation of resources and renewing culture. More recent frameworks such as Boyne's (2004) 3R's model of retrenchment, repositioning and reorganisation attempted newer alternative ways of dealing with turnaround. Although scholars have proposed numerous turnaround models and frameworks focusing on the financial and operational aspects, successful turnarounds also depend on employee morale, adaptability and leadership (Barbero et al., 2020; Woulfin & Weiner, 2019). This move reaffirms that and acknowledges that turnaround is also about the human centric aspects of the organisation that must be considered.

Retrenchment is often considered as the first go-to response to cut costs to prevent further financial decline. However, researchers have warned that highly aggressive retrenchments can significantly impact culture. Retrenchments have been known to damage trust and morale with the remaining employees after implementation (Barbero et al., 2020). This placed focus on the human aspect – it is critical to consider how employees perceive the fairness and justification for retrenchments, how their morale is impacted and how they respond to retrenchments. When employees perceive retrenchments to be fair and justified it decreases the negativity associated with it; however, when employees perceive it as unjustified or unfair it can result in resistance and withdrawal (Rico & Puig, 2021). With this, employee morale surfaces as a key determinant of organisational culture during turnaround.

Organisations tend to reach a phase of stability and to focus on lessons learned for the long-term, they give attention to adaptability. Aspects such as innovation, gaining a competitive advantage, optimising internal processes and reorganisation are explored that requires leadership and creativity. In fact, organisations that focused on innovation and maintaining stakeholder relationships throughout their turnaround phases experienced recovery and stability faster and more efficiently (Flammer et al., 2020). The ability for organisations to adapt is highly dependent on the leadership to steer the organisation in the right direction through learning, cohesion and transparent communication (Bodolica & Spraggon, 2021). Employees in turn will have the confidence in their leadership to strengthen organisational culture. Hence, organisational adaptability, represented by leadership and flexibility, becomes a key determinant of organisational culture during turnaround. Proactive and

transformational leadership during uncertainty, assists to promote psychological safety and alleviate fears.

Recently, academics have indicated that for turnaround success organisational culture is essential for long-term success. Kaul (2019) explicitly highlighted that strategy and organisational culture go hand in hand for success. Considering the influence that employee morale, retrenchments and organisational adaptability have on culture during transitions, determines whether turnarounds are successful or a failure. In a South African retail context that carry unique challenges such as unions, socio-economic constrains, political and competitors, employees' sensitivity to organisational decline and turnaround initiatives become even more exacerbated. Subsequently, understanding the human centric aspects of how employees respond and interpret turnaround from an organisational cultural perspective is beneficial.

2.4 Employee Morale

Employee morale plays a central role within the academic literature – highlighting the emotional and psychological state of employees. It has been unanimously described as the attitudes, sense of belonging and satisfaction that employees experience within their organisations (Schein, 2010). This in turn tends to influence job satisfaction, employee engagements and alignment with the organisation's objectives and strategies. Numerous studies indicated that morale is a shared state defined by efficient communications, leadership and support structures (Rivera-Prieto et al., 2025; Nguyen et al., 2023; Alateeg & Alhammadi, 2024). Morale was touted as a component of organisational culture that supported motivation at an individual level and organisational level. Employee morale emerged because of trust, inclusivity, especially with important decisions, whereby employees in turn displayed commitment and improved productivity when the organisation was supportive (Lasrado & Kassem, 2021; Haffar et al., 2019). During turnaround situations employees interrelationships were more apparent as higher levels of employee morale led to sustained performance and an eagerness to collaborate during uncertainty (Rico & Puig, 2021; Lim et al., 2020).

2.4.1 Employee Morale as a Determinant of Culture

From the literature, morale is persistently declared as a key determinant of organisational culture. Positive morale reinforced shared values, beliefs, adaptability and trust – fundamental components of resilient cultures (Nguyen et al., 2023; Obeng et al., 2021). Similarly, low morale had a negative impact on culture, creating resistance to change and a disconnect. Rivera-Prieto et al. (2025) and Cohee (2019) highlighted morale was directly related to employees' sense of belonging, thereby influencing organisational values during uncertainty or crises. Employee morale supports organisational culture through ongoing feedback – empowered employees adopted organisational norms, while robust cultures fostered morale through appreciation and inclusivity (Haffar et al., 2019). Likewise, Alateeg and Alhammedi (2024), indicated that empathetic leadership increased morale that improved cohesion and in turn the overall culture. This interrelationship was particularly noticeable in organisations where the culture was enhanced through transparency and teamwork. Morale driven organisational cultures were thought of as having effective communications, inclusive problem-solving that improved adaptability (Lasrado & Kassem, 2021). This perception was reaffirmed by Obeng et al. (2021), emphasising that morale influenced how employees viewed organisational changes. Therefore, morale served a dual purpose – it acted as a cornerstone and as an indicator of the organisation's culture.

2.4.2 Morale, Culture and Organisational Performance

The literature constantly supported the view that employee morale and organisational culture influenced performance. Haffar et al. (2019) highlighted that morale increased engagement and decreased resistance, thus improving organisational performance. Nguyen et al. (2023) tied morale to productivity and showed that when culture supported the organisation's goals, employees displayed a willingness to learn that improved performance. In the context of turnaround, Rico and Puig (2021) indicated that morale played a stabilising role, avoiding any performance decline by preserving trust and having a clear view of the organisation's objectives. Morale also supported enterprise resource planning and adaptability, important factors for recovery (Lim et al., 2020). Cultures that nurture morale, encouraged continuous improvement, knowledge sharing and transferring of skillsets to ensure long-term competitiveness (Lasrado & Kassem, 2021). The summarisation of these empirical findings affirmed that employee morale and organisational culture

have a codependent relationship where culture provides direction to the company with employee morale as the catalyst. Organisations with high levels of employee morale accomplish financial stability and immeasurable benefits such as resiliency, reputation and learning capabilities (Balioukas et al., 2023; Rivera-Prieto et al., 2025). Considering this, employee morale acted as a factor entrenched within the cultural foundations of high performing organisations.

2.4.3 Employee Morale and Turnaround

The significance of morale was emphasised in the context of organisational turnarounds. During recovery, it was observed that employee morale was a critical factor to restore trust and employee engagements after retrenchment activities (Rivera-Prieto et al., 2025). Employees that possessed high morale levels, showed better resiliency and dedication to the organisation's new strategy. Levels of morale also defined how employees perceived the validity and fairness of the retrenchment processes, which had a bearing on loyalty, collaboration and cohesion thereafter (Rico & Puig, 2021). Additionally, Cohee (2019) and Balioukas et al. (2023) highlighted that employee morale played a significant role in the perceptions of whether turnaround strategies had the potential to bring about recovery or if it was an unnecessary countermeasure. Organisations that efficiently communicated the strategy and showed empathy preserved employee morale and culture, thereby supporting the recovery. Likewise, when employee morale was disregarded, it led to poor performance even after stability and restoration was achieved. Research by Lim et al. (2020) and Nguyen et al. (2023) emphasised the role that employee morale played in supporting organisational adaptability – high morale meant employees embraced changes and cohesion during turnaround. The evidence strengthened the case that employee morale plays a fundamental role in the success of turnaround, operating as a support lever that preserved culture and organisational performance throughout periods of instability.

2.4.4 Employee Morale Integrative Discussion

An integrative analysis of the literature on employee morale revealed three key concepts. First, employee morale was positioned as an influencing factor and a reflection of organisational culture. Second, employee morale and culture together define how organisational performance pans out. Third, during turnaround employee morale served as foundational construct that determined whether turnaround is hindered or successful in the long term. Several research gaps were identified

despite these three key concepts. Minimal studies focused on employee morale as a determinant of organisational culture for organisations undergoing turnaround in a South Africa retail environment. Majority of the studies focused on international markets and other industries, example Rico & Puig (2021) and Rivera-Prieto et al. (2025). Furthermore, very little literature focused on the interplay between employee morale, retrenchment and organisational adaptability – all these determinants have been identified as important drivers of organisational culture. These gaps led to the justification for this study. Examining employee morale alongside retrenchments and organisational adaptability, this study is an extension of existing theories where culture is intertwined with turnaround strategy and all three determinants in a South African retail context.

2.5 Retrenchment – Organisational Culture and Performance

Retrenchment has been defined as the deliberate elimination of assets or cost reductions with the purpose of increasing the organisations efficiency (Barbero et al., 2020). The relevant factors of volume aggressiveness and time aggressiveness are two dimensions considered in the retrenchment strategy process (Barbero et al., 2020). Volume aggressiveness of declining firms signifies to what level in the organisation the retrenchment activities are implemented, in other words, how deep or shallow within the organisation's hierarchy (Barbero et al., 2020). Time aggressiveness of declining firms refers to how rapid the turnaround strategy response is, in other words how fast or slow (Barbero et al., 2020). Several empirical studies have concentrated on the volume aggressiveness of retrenchment dimensions to understand its value as a turnaround strategy. The evidence highlighted that the results are inadequate to confirm if retrenchment volume aggressive is indeed helpful for sustained performance improvements or a hinderance to the organisation's capacity and performance (Barbero et al., 2020).

Retrenchment is a broader type of operational turnaround strategy that is classified into cost retrenchment and asset retrenchment (Tao et al., 2020). Cost retrenchment refers to minimising unwarranted day-to-day expenses example advertising, travel and labour. Asset retrenchment refers to cutting business or fixed assets for the long term such and buildings, land and equipment. With a retrenchment strategy the objectives are to improve net cash flow, access capital markets, use resources efficiently, focus on the core business and inspire the confidence of stakeholders to signal that a turnaround strategy is in motion (Tao et al., 2020). These short-term

benefits are necessary to stabilise ailing firms, although their long-term repercussions for organisational culture and performance remain challenged.

Evidence indicates that retrenchment has implications for organisational culture. The work done by Williams et al. (2017) concluded that employees play a central role to the resiliency of an organisation during periods of crisis. Practices such as psychological safety, open communication, inclusion and emotional support are methods that can be adopted to protect and support employees. Cost cutting of employees can negatively impact well-being, trust, morale and organisational performance. Williams et al. (2017) placed a lot of emphasis on the negative impact that retrenchment of employees have on organisational culture in that it damages trust, impacts employee's psychological safety, decreases morale and undermines long term resilience. Contrarily, cultures that are resilient, adaptive and employee centric, assists organisations to overcome crises (Williams et al., 2017). Cost cutting, especially in the form of employee retrenchments tend to provide short term liquidity, however, it damages long term performance. Employee retrenchments negatively impacts trust, engagement, drains organisational knowledge, skills and experience (Williams et al., 2017). As a result, retrenchment hinders the organisations' ability to predict market threats and opportunities. To remain resilient and sustain performance during and after organisational decline, Williams et al. (2017) stressed the importance of supporting employees, have inclusive leadership, adaptive learning and cultural cohesion, instead of an adopting an undesirable, reactive fear-based approach. Tying retrenchment to organisational culture risks creating a culture of fear while organisations that adopt inclusivity and learnings remain in a more positive position to turnaround the firm.

Alternate research regarding the effectiveness of retrenchment as a turnaround strategy is inconclusive with some studies focusing on the most effective manner to implement retrenchment strategies (Rico & Puig, 2021). Some academics argue that the use of retrenchment is highly effective when organisations face severe decline, creating liquidity and stability (Rico & Puig, 2021). Other academics suggest that retrenchment can create short-term stability and survival, however, its long-term implications outweigh its advantages, specifically when retrenchment activities create a detrimental effect on human capital and organisational culture (Williams et al., 2017; Rico & Puig, 2021). Strategic contingency theory provides a rationale for this deviation, advising that the efficiency and effectiveness of retrenchment depends

on several factors ranging from root cause of the decline – is it internal or external, and the severeness of the organisational performance deterioration (Rico & Puig, 2021).

Retrenchment is significant for the purpose of this research because it serves a dual function. Retrenchment is normally the first turnaround strategy that is considered and implemented; however, it also has an influence over organisational culture during its activities (Tao et al., 2020). In the context of the SA retail sector, with vast socio-economic, historical and employment challenges, retrenchment may produce consequences that cover more than just bringing organisations back to stability and better performance.

2.6 Organisational Adaptability (Leadership and Flexibility)

Organisational adaptability was broadly explained across the literature as the organisation's capabilities to detect market shifts, learning from them and initiating cultural and strategic responses. It represented the dynamic capabilities of organisations to find a balance between flexibility and stability (Zhou et al., 2023). Adaptability was grounded in leadership theory, which suggested that resilient organisations continuously optimize internal dynamics to meet external demands (Tsai et al., 2019; Schulze & Pinkow, 2020). Leadership was central to adaptability especially during highly complex times of business uncertainty. Leadership promoted adaptability through teamwork, learning and experimentation, integrating flexibility into the organisations culture (Schulze & Pinkow, 2020). A culture that inculcates flexibility gave employees the freedom to adapt their behaviours during major organisational changes (Zighan et al., 2023). During turnarounds, adaptability became a critical cultural component for resiliency, for sustained organisational recovery and to regain a competitive advantage (Zhou et al., 2023).

2.6.1 Organisational Adaptability as a Determinant of Culture

Adaptability was a constant factor across numerous studies, positioned as a key determinant of culture. Zhou et al. (2023) determined that adaptative organisations were forward thinking, resilient through high performing teams and had active leadership, allowing learning and redefining existing norms. Adaptable organisations encouraged a culture of flexibility that allowed employees to respond positively to challenges (Brunner et al., 2023). Adaptability was also seen as an a constantly evolving outcome of leadership, where leaders encouraged cohesion between

teams, thereby creating a learning culture (Tsai et al., 2019). Their findings revealed that adaptive organisations perceive change as an opportunity to innovate and redefine their culture, rather than a disruption. This was further supported by Zighan et al. (2023) indicating that adaptability supported organisational agility, inspiring creativity and inventive solutions as the organisation's core cultural attributes. Adaptability also influenced the organisations relationships and core culture (Schulze & Pinkow, 2020). Cultures that encouraged flexibility, delegated decision-making efficiently, to optimise internal processes during uncertainty. On the other hand, rigidity greatly restricted adaptability, communications and innovation. Hence, adaptability served as a key determinant of culture that reinforced collaboration during turnarounds.

2.6.2 Adaptability (Leadership, Flexibility) and Organisational Performance

Leadership emerged as the central theme transforming adaptability into performance and cultural outcomes. Kiziloglu (2022) indicated that transformational leadership improved cultural adaptability by fostering loyalty, effective communications and mutual trust. Leaders who demonstrated flexibility generated psychological safety, motivating teams to take the ascendency to innovate with worrying about failure and the repercussions thereof. Zhou et al. (2023) and Tsai et al. (2019) confirmed that adaptability, leadership and flexibility were complimentary to each other – adaptive leaders fostered a culture of integrity and experimentation, while flexible cultures enabled leadership to be bold and decisive during crisis situations. Effective leadership was reliant on cultural alignment; integrating adaptability with the organisations vision, mission, strategies and shared beliefs (Seidu et al., 2022). Empirical studies across industries established that adaptability driven by leadership and flexibility is directly related with improved organisational performance, loyalty, innovation and resiliency (Zighan et al., 2023; Jahan et al., 2022). Adaptability represented by leadership and flexibility plays a critical role in maintaining strategy to ensure continuous performance during organisational instability.

2.6.3 Adaptability and Turnaround

Turnarounds needed adaptability not only from a systems and processes perspective but also from an employee mindset perspective. Organisations undergoing decline needed adaptive cultures to withstand external and internal shocks, learn from periods of uncertainty and to restore normal operations (Zighan et al., 2023). Organisations where adaptability was one of the fundamental constructs, allowed

companies to delegate decision making authority and encouraged out of the box problem solving during turnaround and recovery (Schulze & Pinkow, 2020). Leadership and flexibility were vital to maintain adaptability during organisational change (Eilstrup-Sangiovanni, 2021). Leaders that motivated employees and inspired learning and development achieved a resilient culture and increased employee morale that stabilised performance. Additionally, Seidu et al. (2022) indicated that adaptable cultures encouraged constant learning and assisted with a seamless transition during retrenchments and restructures. In the retail sector adaptability ensured that operations and customers' requirements were aligned during turnarounds. Mutebi et al. (2020) indicated that adaptive organisations renew their culture and values, centred around resiliency, innovation, collaboration, trust, communication and transparency to redefine their strategies. Therefore, adaptability functioned as both a defensive and transformational construct – maintaining the organisations present identity while facilitating renewal.

2.6.4 Adaptability Integrative Discussion

An integrated analysis of the literature indicated that organisational adaptability, represented by flexibility and leadership, was a vital determinant of culture and performance. adaptive cultures allowed firms to transform, learn and maintain a competitive advantage despite uncertainty (Zhou et al., 2023; Tsai et al., 2019). Leadership, transparency, communication and agility acted like stimuli that integrate adaptability into cultural values (Jahan et al., 2022). Nevertheless, gaps remain in the literature. Majority of studies investigated adaptability in other industries, with minimal research conducted with the SA retail sector under turnaround conditions. Additionally, very few studies investigated the interplay between adaptability, employee morale and retrenchments influence on organisational culture during decline and turnarounds. Likewise, existing research has also focused on developed markets, overlooking emerging markets like South Africa. This research therefore focussed on this gap by investigating adaptability, represented by leadership and flexibility, as a key determinant of organisational culture in a South African retailing context undergoing turnaround. This study was therefore an extension into how adaptability reinforced long-term recovery, performance and organisational culture renewal.

2.7 Organisational Culture

The term organisational culture itself is broad, multifaceted and allows for multiple perspectives and approaches to the paradigm (Zeb et al., 2021). Academics have generally recognized that there is no single accurate definition of organisational culture, however, there is agreement on three aspects of it (Dunger, 2023). Organisational culture is a social construct; it changes over time and in trying to define it terms such as shared beliefs, norms, values and assumptions are used (Dunger, 2023).

2.7.1 Culture and Performance

The factor of most interest associated with organisational culture is that it assists in better organisational performance (Alkhadra et al., 2023). A multitude of studies have consistently shown that organisational culture has a substantial influence on organisational performance (Ahmed & Shafiq, 2014; Mousavi et al., Alkhadra et al., 2023). A strong united culture gives employees purpose and identity which increases collaboration, commitment and loyalty, thereby positively influencing organisational performance.

Organisations with a strong foundational culture utilise social responsibility methods, as it keeps employees inspired, allow for better management of staff and reduces risk (Rozsa et al., 2021). Furthermore, Joseph and Kibera (2019) acknowledged that organisational culture should be one of teamwork and collaboration amongst employees to collectively enhance the performance of the organisation. Hence, individual employees of an organisation are critical to the overall culture as it is a collection of individual efforts that enhances the performance of the organisation (Joseph & Kibera, 2019). Therefore, it is critical for this research – employees individually contribute towards the organisational culture and influences organisational performance in turn.

Previous academic studies further substantiate the relationship between organisation culture and organisational performance. Kim and Chang (2019) conducted research across 400 Korean firms, from various sectors, that illustrated a strong and positive correlation between organisational culture and organisational performance. Likewise, Kraśnicka et al. (2018) showed how a pro-innovative organisational culture has a positive impact on organisational performance across 301 Polish firms surveyed: when playing a mediating role between management

innovation and organisational performance. Alkhadra et al. (2023) conducted a study across 371 companies in Jordan and found that organisational culture acted as a direct driver and mediating role in having a positive influence on organisational performance. Earlier studies conducted during the period of 1990 and 2007, spanning 60 studies that included 7619 companies from 26 countries revealed a positive correlation between market culture and organisational performance. (Younis Abu-Jarad et al., 2010). These studies included around 35 performance metrics that included ROI, revenue generation, customer retention, market share, new products and services and employee services.

Considering the research for organisations undergoing turnaround, it is worth noting that the empirical evidence suggests that a sound organisational culture has a positive correlation and influence on organisational performance, although it is also important to understand which aspects of organisational performance is positively influenced (Odor & Odiakaose, 2018). For organisations undergoing turnaround understanding these specific aspects is especially relevant. During retrenchments, for example, a change in culture determines whether improved performance is achieved or not. With organisational culture entrenched at various levels of an organisation turnaround strategies must factor in the influence that organisational culture has on organisational performance. For example, retrenchment may provide short-term liquidity but could erode trust or morale (Williams et al., 2017). To align with the aim of this research, turnaround will be studied by investigating the influence that the three determinants – employee morale, retrenchments and organisational adaptability – have on organisational culture within the SA retail sector.

2.7.2 Culture and decline

There lies a strong link between culture and crisis, therefore organisations become vulnerable if they don't fully understand their own culture when there are forces of change in effect (Mokhtarifar et al., 2024). It is for this reason that advocates of organisational culture maintain that it plays a pivotal role in shaping resiliency during times of crises, shocks and jolts (Argyres et al., 2019). During moments of crises organisations find that they are not fully prepared to circumvent these risks and anomalies, hence it becomes a threat to the organisations core values and culture (Koronis & Ponis, 2018). There are two schools of thought that explain how an organisations culture is created (Fesharaki, 2022). Classical management scholars argued that organisational culture adopts a top-down approach historically created

by the environment, industry and founders that get instilled into the organisation. Complexity theory on the other hand takes a bottom-up approach and explores deeper into the day-to-day interactions of the company's employees (Fesharaki, 2022). Despite numerous models and frameworks that attempt to study organisational culture, it must be understood that organisational culture is not a constant eternal phenomenon that exists over a lengthy period (Fesharaki, 2022). Nevertheless, different academic schools of thought agreed that culture evolves over time; it is not static and is susceptible to interference during turnaround strategy implementation. Hence, to avoid organisational culture "present bias" this research will investigate organisational culture metrics before and during the chosen SA retailer's turnaround strategy implementation.

2.7.3 Organisational Culture Frameworks

Edgar Schein, one of the most prominent scholars in organisation culture, defines the concept as "the deeper level of basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously, and that define a basic 'taken-for-granted' fashion of an organisation's view of itself and the environment" (Duerr German et al., 2018). Organisational culture therefore creates a sense of identity for employees and how to get along with each other in the organisation (Duerr German et al., 2018). According to Schein's Theory of Organisational Culture the theory consists of three domains or levels at which they can be understood and distinguished: artifacts (visible structures, technology, practices and behaviours), espoused beliefs and values (strategy, philosophy and objectives) and underlying assumptions (deep rooted beliefs) (Victoria O et al., 2021).

Artifacts are at the surface level of organisational culture, are tangible, easily seen and felt (Victoria O et al., 2021). Artifacts are the visible products of the organisation for example the physical environment, language, technology and products, artistic creations, clothing, mannerisms, emotional display, charters, how the organisation works and charts (Duerr German et al., 2018). The cultural artefacts are what characterize the organisation and often strategies are introduced to effect organisational change, even to the culture itself, without consideration of making changes to the artifacts that help to define the culture (Higgins & Mcallaster, 2004).

The second level of Edgar Schein's Theory of Organisational Culture (2010) is espoused beliefs and values defined as goals, norms, ideas, moral principles, standards, strategy, shared perceptions, assumptions, beliefs, norms and values inculcated by the leaders and founders (Victoria O et al., 2021). The third level of Edgar Schein's model are the basic underlying assumptions that reside at the base level of organisational culture, and it manifests as unconscious and taken for granted assumptions shared amongst employees (Victoria O et al., 2021). Turnaround strategies like retrenchments unsurprisingly influence each level. Retrenchment alters organisational culture at the artefact level, example employee resourcing and hierarchical structures. This highlights the reason why culture is critical and must be factored for the successful execution of turnaround strategies.

The Competing Values Framework (CVF) is another commonly used model for organisational culture. According to the Quinn's CVF (Competing Values Framework) of 1998, there exists a horizontal and vertical dimension continuum involving contrasting values (Oh & Han, 2020). The vertical dimension approach to organisational culture involves flexibility versus control, whilst the horizontal approach to organisational culture involves internal versus external focus. The flexibility value encompasses volunteerism, dynamism, empowerment and decentralised decision making whilst the control value encompasses, the stability order and predictability (Oh & Han, 2020). The internal focus value encompasses unity, cooperation and integration to maintain the existing organisational culture. The external focus value deals with competitiveness and adaption interactions with the external environment to deal with changes from the outside. Amalgamating these factors and dimensions therefore categorises organisational culture into clan culture (collaborative and family like), adhocracy culture (dynamic and innovation), market culture (competitive and results driven) and hierarchy culture (structured and driven by rules) (Oh & Han, 2020). None of the culture types can claim to be superior to the others as a balanced approach is most suited. Each culture responds in its own way to turnaround strategies. Retrenchment may support market and hierarchy alignment but may be conflicting with clan values (cohesion and loyalty). The CVF therefore provides a formalised method to explore how different cultural orientations influence the outcomes of different turnaround strategies.

During turnaround implementation periods organisations undergo transformational and cultural changes, therefore the requirement is for management to prioritize those

issues that can improve the company's performance to move from financial declines to financial stability to at most meet the obligations of stakeholders (Ateng' Nyagiloh & Kilika, 2020). Research has also highlighted the two-fold role that culture plays during crisis. On one hand an adaptive and resilient culture will support trust, transparency, and inclusion to assist organisations avert a total crisis (Rozsa et al., 2021; Williams et al., 2017). Likewise, a defiant or rigid culture can worsen the decline experienced by creating cultural inertia (Menon & Yao, 2017). The work done by Stoiber et al. (2024), discusses the concept of adopting a balance between an open culture and control during restructuring under financial distress. The argument is that culture plays a crucial role during turnaround, hence rather than the traditional top-down approach, an open strategy would involve better trust, participation, collaboration, transparency and inclusivity (Menon & Yao, 2017). Stakeholder participation, openness, effective communication, leadership role and institutional settings are multidimensional that have cultural implications. This highlights the important role that leadership plays in the development of psychological safety, trust, openness and inclusion to align turnaround strategies and culture.

For this research organisational culture offers the dependent variable by which the influence of the three key determinants (employee morale, retrenchment and organisational adaptability) will be investigated. Within the context of the SA retail sector where organisational culture remains a delicate concept, understanding how turnaround strategies influence cultural norms is critical.

2.8 Conceptual Model

The conceptual model demonstrates the theorised relationships between the three key determinants – employee morale, employees perceived effectiveness of retrenchments and organisational adaptability – and organisational culture (as the dependent construct) during turnaround. Each determinant represents a crucial interrelationship by which turnaround influences organisational culture when companies face performance decline.

Employee morale is represented by psychological safety, motivation levels, positive mindset, collaboration, cohesion for example. The literature suggested that employee morale served as a construct that aided with preserving organisational culture, by means of building trust, values and aligning to the turnaround strategy

(Pattnaik & Jena, 2021; Balioukas et al., 2023). Heightened levels of employee morale improved the culture through psychological safety and resiliency during disruptive times. Perceived effectiveness of retrenchments indicates how employees interpret and respond to the justification, fairness, communications and transparency of retrenchments. When conducted with morality, retrenchments can aid recovery by aligning to the strategy, however weakly managed retrenchment processes erode integrity, collaboration and values (Cohee, 2019; Kassem et al., 2019). Hence, perceptions of retrenchment were considered as another key determinant of culture during turnaround. Organisational adaptability, represented by leadership and flexibility, defines how workers experience, adopt and respond to organisational changes. Adaptive leaders nurture psychological safety, collaboration and learning and development (Hald et al., 2021; Rivera-Prieto et al., 2025).

Together, these key determinants are theorised to have significant relationships with organisational culture during turnarounds. The model emphasises that organisational culture is both a consequence of strategy as well as a supporting construct that is one of the major deciding factors whether turnaround around strategies is successful, especially in a South African retail environment.

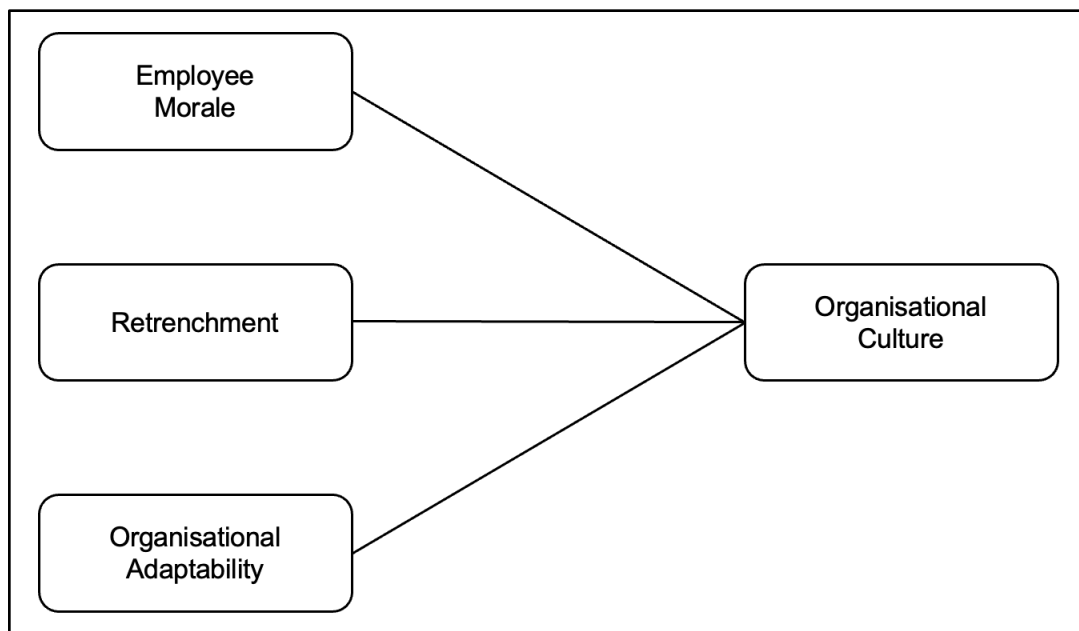


Figure 1: Determinants of Organisational Culture Conceptual Model

Source: Own

2.9 Conclusion to the Literature Review

The literature review illustrated the complicated relationships between organisational decline, turnaround strategy and organisational culture, emphasising how culture defined the outcome of turnaround initiatives. Organisational decline originates from both internal and external factors that impact collaboration and employee morale (Santana et al., 2017; Balioukas et al., 2023). Traditional models and frameworks example Boyne's (2004) 3R model for retrenchment, repositioning and reorganisation provided direction to restore performance, recent studies and beginning to acknowledge the determinants of organisational culture that have a bearing on the success of turnaround strategies.

Recent research indicated that employee morale, employees' perceptions of retrenchments and organisational adaptability greatly influence organisational culture during turnarounds that in turn have a significant bearing on the outcome of the turnaround (Rivera-Prieto et al., 2025; Pattnaik & Jena, 2021). Employee morale promotes psychological safety and cohesion, perceptions of retrenchment define trust and collaboration, while organisational adaptability defines how well organisational change is received and sustained. These determinants collectively dictate whether turnaround produces preservation or renewal of organisational culture or culture disintegration.

The literature review also recognised that organisational culture served as a both a driving force and outcome for turnaround strategies. Standardised models such as Edgar Schein's (2010) Three-Level Model and the Competing Values Framework of Joseph and Kibera (2019) illustrated how values, leadership, beliefs and employee attitudes affect trust, adaptability and performance during recovery. Although, within a South African retailing context, empirical research remains scarce on the relationship between these determinants and organisational culture during turnaround, regardless of the criticality of the sector to the economy and the continual pressure it faces (Malgas et al., 2017; Hald et al., 2021).

To complete this literature review, an explicit gap between the academic theory and industry was identified – while turnaround strategies and organisational culture have been researched in silos, very limited research have investigated how employee morale, retrenchment and organisational adaptability influence organisational culture during turnaround. Bridging this gap provided a more holistic understanding of the

human centric, emotional and leadership aspects reinforcing efficient organisational change in a South African retailing context.

Chapter 3 – Research Questions and Hypotheses

3.1 Introduction

This research aims to investigate the key determinants influencing organisational culture within an SA retailer undergoing turnaround. During turnarounds, changes are often strategic or structural, ultimately affecting employees and the organisational culture. Based on the academic learnings about turnaround (Boyne, 2004; Trahms et al., 2013) this research focuses on three important variables, namely, employee morale, perceived effectiveness of retrenchment, and organisational adaptability as determinants of organisational culture. The following research questions and hypotheses guide the quantitative nature of this study, which, in turn, paves the way for the regression model developed.

3.2 Main Research Question

This research sought to answer the following main research question:

What are the key determinants of organisational culture during turnaround in a South African retail organisation?

This question is further dissected into research sub-questions and related sub-hypotheses.

3.2.1 Research Sub-question and Hypothesis One

- **Research Sub-Question 1:** What is the relationship between employee morale and organisational culture during turnaround?
- **Hypothesis 1:** Employee morale has a positive relationship with organisational culture during turnaround.

Justification: Employee morale is related to organisational culture and performance during turnarounds. High morale is positive for productivity and collaboration when the culture is positive (Weakliem & Frenkel, 2006). A positive organisational environment sustains morale throughout periods of change (Parent & Lovelace, 2018). Therefore, morale and organisational culture are critical factors.

3.2.2 Research Sub-question and Hypothesis Two

- **Research Sub-question 2:** What is the relationship between the perceived effectiveness of retrenchment on organisational culture during turnaround?
- **Hypothesis 2:** Perceived effectiveness of retrenchment has a negative relationship with organisational culture during turnaround.

Justification: Retrenchment shifts the organisational culture onto a different trajectory for employees. Boyne and Meier (2009) discovered that retrenchment changes the dynamics of the internal environment and requires a resilient culture to maintain performance during organisational decline. Cost-cutting that is poorly managed erodes cohesion, while properly managed retrenchment enhances resiliency (Barbero et al., 2020).

3.2.3 Research Sub-question and Hypothesis One

- **Research Sub-question 3:** What is the relationship between organisational adaptability – represented by leadership and flexibility – and organisational culture during turnaround?
- **Hypothesis 3:** Organisational adaptability represented by leadership and flexibility has a negative relationship with organisational culture during turnaround.

Justification: Organisational adaptability relies on a responsive and flexible culture (Do et al., 2016). Strong cultures assist in enhancing adaptability for improved performance (Carvalho et al., 2023). Efficient leadership determines whether retrenchment activates renewal or further worsens the decline (Bhattacharyya & Malik, 2020). Leaders guide resilient cultures to improve performance and recovery in organisations (Williams et al., 2017).

3.3 Conclusion

This chapter presented the research questions and hypotheses that guided the quantitative analysis. According to the academic literature, employee morale, retrenchment, and adaptability were proposed as key determinants of organisational culture during a turnaround. The subsequent chapter operationalises these variables by providing the research design tools, techniques and measurements considered. These variables are also tested using a regression model to identify the link between theory and the statistical data evidence gathered.

Chapter 4 – Research Methodology

4.1 Introduction

In the preceding chapter, the main research question, sub-questions and related hypotheses were outlined. This chapter discusses the research approach, research design, and data collection. Finally, the chapter also describes the challenges encountered throughout the process, including the research's validity, reliability, and limitations.

4.2 Purpose of Research

To explain the relationships among employee morale, perceived effectiveness of retrenchments, and adaptability (leadership and flexibility), as well as how these factors influence organisational culture, the study employs a quantitative, explanatory research design. Explanatory research designs provide clarification behind these occurrences by discovering causal relationships between the key variables (Saunders & Lewis, 2018). An explanatory quantitative approach was decided as most suitable because it allowed for testing of the hypotheses derived from the literature, as well as the measurement and analysis of the variables derived from literature – employee morale, retrenchment, organisational adaptability and organisational culture (Trahms et al., 2013; Tangpong et al., 2015; Brandts et al., 2015). This allowed for statistical testing and analysis and to independently compare across a bigger sample to improve reliability and generalisability (Saunders & Lewis, 2018). Comparatively, qualitative approaches would not provide the required statistical accuracy required to investigate the relationship between variables. Therefore, a quantitative approach was most suitable for this study. The key concepts in explanatory research are, first, the theory that guided the selection of the variables measured and, second, the expectations for what was discovered from the gathered data. Notably, the conceptual framework developed for this study highlights the relationship between the academic theory, variables, quantitative testing and the methods used to find answers to the research questions and hypotheses (York, 2020). Ultimately, this choice of research design aimed to provide evidence-based insights for both academia and industry – specifically on how employee morale, retrenchments, and adaptability influence organisational culture during turnarounds in the SA retail environment.

4.3 Research Philosophy

Due to the study's quantitative and explanatory nature, it supported the positivism research philosophy. Positivism is a belief system that assumes objective universal truths can be obtained through observation and experience of generalisable phenomena (Rodgers-Farmer & Farmer, 2021). The use of a positivism philosophy allows researchers to develop and test hypotheses using academic theories, emphasise empirical verification, and produce measurable results (Saunders & Lewis, 2018). Therefore, this approach was deemed suitable, as this research aims to test hypotheses and measure the interrelationships among variables through statistical analysis. Since quantitative approaches use highly structured methods, such as surveys, and present results in a quantifiable form using statistics and numbers, positivism provides assurance that the data are unambiguous, accurate, unbiased, and not influenced by human interpretation (Saunders & Lewis, 2018). A positivist approach is also meticulous as the researcher remains independent from the study, thereby avoiding bias (Easterby-Smith et al., 2021). Furthermore, this approach supports frameworks and hypotheses from existing literature that focus on the key determinants (employee morale, retrenchments and adaptability) influencing organisational culture during turnaround. Using this philosophy, the research was able to quantify how these determinants relate to one another to redefine the culture. Finally, this research assumed a positivist philosophical position, which aligned the quantitative methods used with statistical testing and analysis to validate the relationships between organisational culture and turnaround strategies impartially (Trahms et al., 2013; Tangpong et al., 2015; Brandts et al., 2015). This approach offered a clear framework for testing relationships impartially, ensuring reliable conclusions about organisational culture during a turnaround.

4.4 Research Approach

To align with the positivist paradigm, this study adopted a deductive research approach. A deductive approach is a research strategy that uses existing and established theory and thereafter tests this analytically through empirical data analysis (Saunders & Lewis, 2018). This approach is apt for this research because it uses existing theories and their relationships — between turnaround, the key determinants (employee morale, retrenchments, and adaptability), and organisational culture — to test these paradigms in a SA retailer undergoing performance decline. Other approaches, for example inductive and mixed methods,

were considered for this research, nonetheless a deductive design approach was used to validate the hypotheses independently. The existing literature on organisational decline and turnaround strategies (Trahms et al., 2013; Schoenberg et al., 2013; Schmitt & Raisch, 2013) provided the groundwork for the hypotheses, which were derived and tested. The deductive method used a top-down approach and involves testing a theoretical proposition, utilising a research strategy specifically designed to collect data for testing (Saunders & Lewis, 2018).

The five identified stages of deductive research include: (1) defining the research questions from existing theory, (2) operationalising these questions, (3) data collection, (4) data analysis, and (5) confirming the existing theory or modifying it according to the findings (Saunders & Lewis, 2018). In line with these five stages, research questions and hypotheses were formulated based on existing literature on turnaround, culture, employee morale, retrenchments, and adaptability. Furthermore, data will be gathered using structured surveys that are statistically and academically validated. Hence, a deductive approach is best suited for this research to statistically test and validate the relationships between the three key determinants and organisational culture.

4.5 Methodological Choice

In this study, a mono-method quantitative approach, in line with its positivist philosophy and deductive approach, is employed. This is deemed the most appropriate methodological choice since mono-method approach uses a single data collection technique to collect quantitative data to test the devised hypotheses (Saunders & Lewis, 2018). The mono-method aligned with the deductive approach of this research, allows for the testing of the hypotheses derived from existing literature. This method aligns with the inferential nature of the study, which permits the empirical testing of relationships among key determinants – employee morale, perceived effectiveness of retrenchments, and adaptability (represented by leadership and flexibility) – and their relationships with organisational culture. The mono-method approach also underscores generalisability, reliability and independence. Inferences based on tangible statistical evidence can also be derived. The study is not only academic in nature; industry leaders can understand how human factors were measured in the real world and how they influence organisational culture during a turnaround.

4.6 Strategies

This study uses surveys as its primary strategy, aligning with the positivist philosophy and a deductive approach. Surveys enable data collection from many participants, even when they are geographically dispersed. This allowed respondents to maintain anonymity and be truthful in the survey by ensuring confidentiality, given the sensitive nature of the research variables (Leedy & Ormrod, 2020). Surveys are a highly efficient method for capturing and measuring organisational culture, employee morale, retrenchment, and adaptability to answer the research questions and test the research hypotheses (Saunders & Lewis, 2018). The use of surveys enabled data collection from different respondents and hierarchical levels within the chosen organisation, thereby ensuring consistency and reliability in measurement (Creswell & Creswell, 2017).

Furthermore, the surveys combine demographic information and Likert-scale questions to cover all aspects of the research purpose and framework. The survey was distributed electronically to executives, management, non-management personnel, and employees at the retail store level to ensure a valid, well-represented sample. A combination of self-administered surveys (for store employees without internet access) and links to Google Forms was also available. Since both electronic distribution and a self-administration method were employed, the survey was highly accessible, thereby increasing the response rate. Additionally, to align with the research's compliance requirements, ethical clearance was requested and subsequently approved to conduct the surveys within the respective retail organisation. The survey design included consent forms ensuring that participants were fully aware that their responses were voluntary, anonymous, and confidential. Utilising a survey-based strategy ensured precision, effectiveness, vigour, and generalisable findings that contributed academically and practically to the implementation of turnaround strategies.

4.7 Time Horizon

This research utilises a cross-sectional time horizon as the data collected was for a specific point in time within the context of an SA retailer undergoing decline and turnaround initiatives (Saunders & Lewis, 2018). This approach is aligned and consistent with a positivist, deductive and mono-method quantitative strategy. A cross-sectional study provides the “snapshot” of how employee morale, retrenchment and adaptability were observed to have influenced the organisational

culture (Cohen et al., 2018). A cross-sectional time-horizon approach is used with quantitative methods, specifically surveys, because it assesses organisational culture using standardised survey instruments across different levels of the organisation and tests the hypothesised relationship between the three key determinants (Saunders & Lewis, 2018). The cross-sectional approach was practical, and the timing was opportune for investigating the culture and the influence of the three determinants on it during turnaround initiatives.

4.8 Population

The population refers to the entire group from which a subset or sample is selected (Hammond & Wellington, 2021). The targeted population for this research is employees of an SA retailer that has recently experienced a performance decline and has executed on one or more turnaround strategies.

Strategic changes within the SA retail sector occur regularly due to competitors, the state of the local economy or internal inefficiencies (Umar, 2023). Hence, the choice of sector and company aligns with the research aim, questions, and hypotheses, ensuring that the target population provides data relevant to the research. The study population included executives, various levels of management, store-level employees and non-management employees, as gaining a diverse perspective on the research topic provides a comprehensive understanding (O'Kane & Cunningham, 2014). The target population also comprised employees directly exposed to the organisation's turnaround strategies. Additionally, these employees have sufficient years of experience overall to have experienced the culture before and after a performance decline. Selecting participants with this level of knowledge, experience, and exposure ensured that the quality of responses regarding employee morale, retrenchment, adaptability, and organisational culture is dependable.

4.9 Unit of analysis

The unit of analysis referred to the primary individual or level where data is gathered and thereafter analysed for this research (Hammond & Wellington, 2021). For this research, the unit of analysis referred to specific employees at a South African retail firm that was exposed to the implementation of turnaround strategies. Focusing on specific employees allowed for the study to investigate their beliefs, responses, attitudes and perceptions to major organisational changes during turnaround and how culture was influenced. This was appropriate for the context of this study, as it

allowed the collection of organisational culture data and of how the three key determinants (employee morale, retrenchment, and adaptability) influenced it, as experienced firsthand by individual employees. The study used standard survey instruments to collect data on culture and turnaround strategies (Schmitt & Raisch, 2013; O’Kane & Cunningham, 2014). It was also essential to link organisational-level turnaround strategies with individual-level feedback to gain an in-depth understanding of organisational culture transitions during their implementation (Schoenberg et al., 2013). Although the study was based on the entire population within the chosen SA retail company, individual-level participants are critical for interpreting the organisation’s cultural changes resulting from turnaround strategies.

4.10 Sampling Method and Size

Sampling is the process of selecting a given number of individuals from an accessible population group (Rodgers-Farmer & Farmer, 2021). For this study, the sample comprised employees involved in implementing turnaround strategies at a specific SA retailer. Considering the identified unit of analysis, a list was devised from the accessible population – the sampling frame (Rodgers-Farmer & Farmer, 2021). A sampling frame was used to select the sample. The sampling frame was drawn from the accessible population of employees at a specific SA retailer, within certain departments, who had experienced turnaround interventions. Within the retail group, a large distribution centre and a sample of retail stores were used.

This research adopted a non-probability sampling method. With non-probability sampling, the chances of an individual being chosen is unknown (Saunders & Lewis, 2018). The type of non-probability sampling employed was convenience sampling. Convenience sampling entailed selecting individuals from the sample population who were accessible and available (Saunders & Lewis, 2018). Given the researcher’s accessibility to a variety of employees during the data collection phase, convenience sampling was most appropriate. According to Rodgers-Farmer and Farmer (2021), four steps are needed to create a convenience sample. Firstly, the target population will consist of employees at different hierarchical levels within a particular SA retailer who have been affected by turnaround strategies. Secondly, identifying ways to recruit individuals from the target population was achieved by contacting store managers and organisational leaders. This was coordinated with permission, ethical clearance, online and self-administered surveys, and participants’ accessible times to ensure no disruption to business operations. Thirdly, determining the sample size

was one of the most common questions asked (Israel, 1992). The Taherdoost formula used in social research work is used to calculate the sample size (Taherdoost, 2017):

$$n = \frac{p(100 - p)Z^2}{E^2}$$

were,

- n = required sample size: 743
- p = the percentage occurrence of a condition: 50%
- E = the percentage maximum error: 5%
- Z = value corresponding to the level of confidence required: 95%

Table 1: Population and Sample Size Breakdown

Titles	Population	Sample Size
Junior Level Staff	389	136
Middle Management	231	81
Senior Managers	111	39
Executives	12	4
Total	743	260

Based on a population size of 743 and the above variables entered Taherdoost's formula, a sample population of 260 is required.

4.11 Measurement Instrument

According to Leedy and Ormrod (2020), surveys can be distributed to many participants, and responses can remain anonymous. In fact, respondents can be even more truthful in surveys than in personal interviews, especially when the research is sensitive. Leedy and Ormrod (2020) further state that to quantify research, surveys can use checklists (when searching for specific behaviours or characteristics), rating scales (sometimes referred to as Likert Scales, used when

evaluating behaviours, attitudes or other phenomena on a scale) or rubrics (when two or more rating scales are used to assess performance).

The measurement instrument (survey) begins with the collection of demographic information on gender, age, tenure, and job level within the organisation. This information is required to gain employees' views on organisational culture, employee morale, retrenchment, and adaptability during a turnaround across diverse employee group categories. Collecting this information ensured the researcher obtained demographic data representative of the organisation and the retail industry. This also guided aspects of the statistical analysis, tying employees' perspectives with various demographic data.

This research used a combination of validated survey instruments to measure the key determinants influencing organisational culture during turnaround in a SA retailer context. All survey instruments were chosen based on their reliability, academic foundations, and associations with organisational decline, organisational culture, employee morale, retrenchment and adaptability. Each construct was measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) for appropriate statistical analysis.

The Organisational Performance Decline Instrument, developed by Jackson and Dutton in 1988 and applied by Musteen et al. (2011) was adopted to measure organisational decline. This survey instrument measures employees' perceptions of organisational decline, including decreased turnover, operational inefficiencies, and reduced market competitiveness. Additionally, the Strategic Locus of Control Scale, developed by Hodgkinson in 1992, and utilised by Musteen et al. (2011) was incorporated to measure perceptions of control and accountability of the overall outcomes during periods of decline. These two scales provided the groundwork for determining how performance decline influences culture, employee morale, retrenchment, and adaptability.

Organisational culture was measured using the Competing Values Framework (CVF), the Organisational Culture Assessment Instrument (OCAI) and the Organisational Culture Assessment Questionnaire (OCAQ), which complemented each other. The CVF, developed by Cameron and Quinn in 1983, was used by Zeb et al. (2021) to measure how organisations balance values, operations, and leadership across their clan, adhocracy, market, and hierarchy cultures. The OCAI

survey was developed by Cameron and Quinn in 1999. It was used by Tyler (2018) to measure employees' perceptions of the current culture and the preferred future culture in the organisation. Finally, the Organisational Culture Assessment Questionnaire (OCAQ) was based on the work of Dr Talcott Parsons and was devised and utilised by Sashkin and Rosenbach (1996). The OCAQ measured cultural values, adaptability, consistency, goals and culture integration. Collectively, these three survey instruments provide holistic insights into how culture changes during decline and turnaround.

Furthermore, this study makes use of the Organisational Commitment Questionnaire (OCQ) created by Porter et al. in 1979 and later implemented by Bozeman and Perrewe' (2001) to evaluate employee morale and retrenchments. The OCQ measured emotional attachment, the cost of leaving the organisation and commitment to the organisation. The OCQ serves a dual purpose: measuring employee morale and assessing retrenchments. It reflects employees' motivational levels, loyalty, engagement and responses to retrenchments. Hence, the OCQ provides an in-depth understanding of how morale and retrenchment influence organisational culture.

Finally, to assess adaptability (represented by leadership and flexibility), the Readiness for Organisational Change (ROC) survey instrument was utilised. The ROC scale, which measures leadership, communication, motivation, competencies, and adaptability to organisational change, was developed by Jo and Hong in 2023 . This instrument is used in line with the adaptability determinant, as identified in the statistical analysis, represented by leadership and flexibility. This highlighted how adaptability influences organisational culture during turnaround.

Table 2 presents a summary of the survey instruments used in this study.

Table 2: Survey Instruments

Determinant	Survey Instrument
Organisational decline	Organisational decline survey instrument and Strategic locus of control scale
Organisational culture	CVF, OCAI and OCAQ
Employee morale	OCQ
Retrenchment	OCQ
Adaptability	ROC

These survey instruments that have been validated, provide a thorough quantitative analysis of how employee morale, perceptions of retrenchment and adaptability are key determinants in influencing organisational culture during turnaround in a SA retail sector.

4.12 Pilot Testing

Following ethical clearance, the data collection process began with a pilot test. The pilot test was conducted to make sure that the survey link to Google Forms worked, there were no technical anomalies, the questions flowed logically, and to validate the contents of the survey (Saunders & Lewis, 2018). The pilot survey was sent to 25 respondents, and all respondents in the sampled population completed the survey. The pilot surveys were then extracted in their raw format and uploaded to the R Design program for initial testing. R Design is a statistical modelling software that provided all the data analysis for the eventual regression results. This was done to verify that the appropriate statistical analysis tools and techniques could be utilised on the data and its format. Additionally, to confirm that the survey instruments met the objectives of this study.

4.13 Data Collection Process

Data collection through surveys must be meticulous, as this step is essential for the success of the research project, given the intention to make inferences from the collected data (Thomas, 2021). Primary data was collected using validated survey

instruments aligned to the research purpose. Surveys are commonly used in social science and management research, especially in non-experimental research (Thomas, 2021).

This research used surveys sent out via email and WhatsApp messaging for data collection. The survey link, sent to respondents chosen via convenience sampling, included employees from the top executive level down to staff at the retail store level. Respondents did not receive any assistance while completing the survey (Rodgers-Farmer & Farmer, 2021). The self-administered surveys were conducted online via Google Forms. The advantage of this data collection method is that the survey can target a larger sample population, and that administering it is not time-consuming. This method was cost-effective and ensured that anonymity could be upheld; respondents could be truthful in answering sensitive questions, and finally, bias was eliminated largely without the researcher's presence during the data gathering process (Rodgers-Farmer & Farmer, 2021). The questionnaire was opened and sent to participants on 09 September 2025 and closed on 18 September 2025, allowing participants two weeks to respond. After the survey was closed, a total of 261 responses were successfully extracted for analysis.

4.14 Data Preparation

Data was downloaded from Google Forms and exported into a raw MS Excel format. The data was then coded and edited according to the variables and survey instruments and then uploaded to R Design for statistical analysis.

4.15 Data Coding

To effectively analyse the data gathered, it was coded into the correct format.

Table 3: Survey Constructs

Data type	Measurement	Type
Demographic	Age	Open ended
Demographic	Gender	Closed ended
Demographic	Tenure	Closed ended
Demographic	Job Level	Closed ended

Organisational Decline	Organisational decline survey instrument and Strategic locus of control scale	Likert
Organisational Culture	CVF, OCAI and OCAQ	Likert
Employee Morale	OCQ	Likert
Retrenchment	OCQ	Likert
Adaptability	ROC	Likert

The Likert scale items from the survey that measured organisational decline, organisational culture, employee morale, retrenchment and adaptability used the Likert scale from 1 – 5 as shown:

Table 4: Likert Scale per Construct

Organisational Decline	Likert 1 – 5	1 – Strongly Agree 2 – Agree 3 – Neutral 4 – Disagree 5 – Strongly Disagree
Organisational Culture	Likert 1 – 5	1 – Strongly Agree 2 – Agree 3 – Neutral 4 – Disagree 5 – Strongly Disagree
Employee Morale	Likert 1 – 5	1 – Strongly Agree 2 – Agree 3 – Neutral 4 – Disagree

		5 – Strongly Disagree
Retrenchment	Likert 1 – 5	1 – Strongly Agree 2 – Agree 3 – Neutral 4 – Disagree 5 – Strongly Disagree
Adaptability	Likert 1 – 5	1 – Strongly Agree 2 – Agree 3 – Neutral 4 – Disagree 5 – Strongly Disagree

4.16 Data Analysis approach

Saunders and Lewis (2018) succinctly informs us that there are several factors to consider when conducting a proper data analysis. The researcher needs to know how to get the data ready for analysis, when to use different analysis techniques, which analysis technique needs to be applied, which is dependent on the type of data gathered and finally, how to interpret the results. For this research, quantitative data that were numerical in nature was collected through validated surveys. A quantitative analysis approach was used to investigate the relationship between employee morale, retrenchment and adaptability (represented by leadership and flexibility) – and their beliefs about organisational culture within a SA retail company. Furthermore, descriptive statistics were used to review the characteristics of respondents and their attitudes. Exploratory Factor Analysis (EFA) was performed to identify the factor structures among the key variables from the survey, confirming that the measured constructs were valid and reliable. The EFA provided a four-factor model that captured organisational culture, employee morale, perceptions around the effectiveness of retrenchment, and human relations. This model also provided the basis needed for a Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM). These two statistical methods were employed to validate the

measurement of structure and test the relationships between the constructs as hypothesised. When used together, these methods can provide a thorough, data-driven understanding of how turnaround strategies influence organisational culture at a SA retailer. Cronbach's alpha was used for reliability and consistency. Correlation and regression analysis was used to assess the relationship between organisational culture, employee morale, retrenchment and adaptability.

4.17 Descriptive Analysis

Descriptive statistics condense data in a logical manner by describing the relationships between variables (Kaur et al., 2018). Descriptive statistics are used in the demographic section of the survey to explain participant dynamics and ensure that the sample is representative of the overall population. Using R Design, percentage and frequency calculations can be applied to demographic data such as age, gender, job level, and tenure to profile the respondents across different categories. This analysis confirmed a representative sample across groups, providing a foundation for the analysis.

4.18 Testing for Reliability

For consistency, a reliability analysis test is conducted using Cronbach's Alpha, an academically accepted method. Cronbach's Alpha measures the internal consistency and reliability between variables in a questionnaire and indicates how well they measure the same dimensions (Bujang et al., 2018). Cronbach's Alpha estimates range from 0 to 1. Scores above 0.7 are considered acceptable, 0.80 – 0.90 indicate a good reliability and measurements above 0.90 are considered excellent for internal consistency and reliability (Bujang et al., 2018). The following equation is used to calculate the Cronbach Alpha score overall and for each variable as well.

$$\alpha = \frac{k}{k - 1} \left(1 - \frac{\sum s_i^2}{s_T^2} \right)$$

4.19 Testing for Validity

To accurately measure the constructs and their validity, the use of the Kaiser-Meyer-Olkin (KMO) Measurement of Sampling Accuracy and Bartlett's Test of Sphericity, followed by Factor Analysis, was employed. The KMO is a statistical measurement

tool that assesses whether the sample is suitable for factor analysis, whilst also considering the correlation strength between variables (Mohd Matore et al., 2019). KMO values above 0.50 are acceptable, above 0.70 are good and above 0.90 are exceptional for factor analysis (Mohd Matore et al., 2019). Additionally, the Bartlett's Test of Sphericity, which is a measurement to determine if the correlation matrix differs drastically from the identity matrix, was also used (Mohd Matore et al., 2019). The significant p-value obtained should ideally be less than 0.05 (i.e., $p < 0.05$), which would reaffirm that adequate correlations occur between variables for the factor analysis (Mohd Matore et al., 2019). Based on the KMO and Bartlett's Tests, Exploratory Factor Analysis (EFA) was conducted using Principal Axis Factoring with Oblimin rotation to discover the factor structure. The analysis provided a four-factor model – Organisational Culture, Employee Morale, Retrenchment, and Adaptability – aligning with the research aim, research questions, and hypotheses, as well as the academic literature. These results validated the strong constructs for this research.

4.20 EFA – Exploratory Factor Analysis

According to Watkins (2018), EFA is a statistical analysis method that categorises correlated variables into factors to illustrate shared variances and to investigate hidden dimensions. Following the successful outcomes of the KMO and Bartlett's analysis, EFA can be performed to discover the relationships between the variables and confirm that the survey items measure their proposed constructs. Additionally, the Principal Axis Factoring (PAF) was also considered to factor in non-normal Likert scale data, in line with recommendations in Mohd Matore et al. (2019). Oblimin rotation was used because correlations between the constructs were expected. Oblimin rotation allowed the factors – employee morale, retrenchment and organisational adaptability – to correlate with one another to provide a concise factor pattern (Akhtar-Danesh, 2023). Factor extraction was guided by their eigenvalues, which needed to be greater than one (eigenvalue > 1) to ensure that the included factors were both statistically and theoretically acceptable. The analysis confirmed a four-factor structure – Organisational Culture, Employee Morale, Retrenchment and Adaptability.

4.21 CFA – Confirmatory Factor Analysis

Following the EFA, a CFA was performed to validate the measurement model and confirm whether the factors represented the constructs. CFA can be used to test whether the variables represent the constructs extracted from the theory (Watkins,

2018). The CFA used R Design, along with numerous statistical tests to validate the model calibration: Chi-square, Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardised Root Mean Square Residual (SRMR). The statistical analysis confirmed that all model fit indices met or exceeded the required standards, supporting the validity of the four-factor model.

4.22 Construct Descriptive Statistics

Descriptive statistical analysis logically synthesises data to explain the relationships between variables (Kaur et al., 2018). Descriptive statistics, including the mean, median, and standard deviation, were used to indicate the participants' responses across each construct – organisational culture, employee morale, retrenchment, and adaptability. As a result, an assessment can be made about how the respondents perceived the organisational culture during turnaround.

4.23 Correlation Analysis

Correlation analysis was conducted using factor scores from the CFA. Correlation analysis investigates the strength between the constructs, i.e., organisational culture, employee morale, retrenchment and adaptability (represented by leadership and flexibility). The Shapiro-Wilk test was performed before correlation testing. The results indicated that the data were not normally distributed, indicating that there were deviations from normality, paving the way for the use of Spearman's rank-order correlation test. The Spearman's test was appropriate for the use of Likert scale responses (de Winter et al., 2016) Since Spearman's analysis produced ranges between -1 and +1, with positive values indicating direct relationships and negative values indicating inverse relationships. The correlation results demonstrated statistically significant relationships between the constructs.

4.24 Regression Analysis

Following the correlation analysis, multiple regression analysis was used to investigate the relationships between the key variables – organisational culture (the dependent variable), employee morale, retrenchment, and adaptability. Regression analysis enables the testing of hypothesised independent relationships and the variance in the dependent construct (Field, 2024). Before performing the regression analysis, diagnostic testing was conducted, including the Shapiro-Wilk test, Variance Inflation Factor, and linearity tests, to ensure that the data met the required criteria

and standards for the regression analysis. A hierarchical regression analysis approach was adopted, allowing for the testing of each determinant against organisational culture. Significant relationships were observed between the dependent and independent variables. Model summaries and statistical outputs exceeded the thresholds for this research, validating the conceptual framework.

4.25 Research Ethics

Research ethics refers to the conduct of the researcher's behaviour associated to the rights of people who becomes a participant of the study itself or who is affected by it (Saunders & Lewis, 2018). The behaviour of the researcher should be ethical, meaning that the researcher followed the correct processes, the spirit with which the research was handled, respect for others, the purpose of the study, who benefits from the study and how it is reported on (Hammond & Wellington, 2021).

The researcher gained consent and clearance from the retail company to conduct this study and to use participants from the organisation for this research (data gathering, analysis and reporting). The measurement instrument used for this research was a survey, which outlined the reason and aim of this research undertaking, explained how the gathered data would be used and reported, and finally addressed issues of confidentiality, anonymity, and consent. Participants had the option to consent or withdraw from the survey at any time.

The quantitative variables of decline, employee morale, retrenchment, adaptability and organisational culture were analysed and reported on in terms of aggregated values (mean, median, mode, etc), and no single participant was identified. All the data collected was treated highly confidentially in line with the Protection of Personal Information Act (POPIA) and the Electronic Communications and Transactions Act (ECTA). Due to the sensitive nature of the research topic and competitive behaviour in the SA retail sector, this research did not reveal or mention the retailer being investigated during any stage of the research.

4.26 Quality Control

Exhaustive quality control measures were implemented to ensure reliability, integrity, and validity. Rigorous processes were followed during the instrument development, data gathering and analysis phases to ensure quality. Academically validated and frequently used instrument surveys were chosen to measure the key constructs. Organisational culture was assessed using the CVF, OCAI, and OCAQ instruments.

Employee morale and retrenchment were evaluated using the OCQ instrument, and adaptability was assessed using the ROC instrument.

A pilot test was conducted with twenty respondents before the primary data collection occurred, and that was deemed successful. The pilot was conducted to determine if there were any technical anomalies with the test, and to assess the quality, clarity and flow of the questionnaire. The pilot was also analysed using R Design to strengthen the overall data gathering process further.

After the data gathering process, responses were inspected for missing data, consistency and quality. Reliability was confirmed through the Cronbach's Alpha test, with all constructs meeting or exceeding the required standard of 0.70. Validity was confirmed through the KMO and Bartlett tests, followed by EFA and CFA techniques to finalise the four-factor model. The CFA process utilised R Design, along with numerous model fit indices, to validate the model: Chi-square, Comparative Fit Index (CFI), Tucker Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardised Root Mean Square Residual (SRMR).

An independent statistician conducted all statistical analyses to ensure accuracy, impartiality, and quality. Ethical standards were adhered to by obtaining ethical clearance and consent from respondents. The data gathering process, through surveys, ensured the confidentiality of data, the anonymity of respondents, and the secure storage of the raw survey data. Collectively, all these procedures and statistical quality tests ensured data integrity, high ethical standards and academic rigour.

4.27 Limitations

The sample population was selected using convenience sampling, which has some limitations. The participants in the survey will, however, include a sample population that is representative of employees across all levels of the organisation, thereby circumventing some of these limitations. However, the population will not include all employees at the retail company and will focus on a specific distribution warehouse and certain retail stores in the Johannesburg area. The survey was devised based on academic theory; however, there may be other factors that contribute to the research questions and hypotheses, which have an influence and impact on organisational culture, and were not considered in the survey. This research focused

on employees at all levels within a specific SA retail context. It, therefore, may not be fully generalisable to other industries or organisations within the SA retail sector.

Chapter 5 – Research Findings and Results

5.1 Introduction

This chapter presents the statistical analysis of empirical findings of the research that was quantitative in nature. The analysis examined how three key determinants – employee morale, retrenchment and adaptability – influence organisational culture during turnaround in a SA retail context. The results were derived from quantitative analysis methods using R Design (version 4.5.1) with a significance level of 5%. The data results are presented logically, starting with the data assumptions and decisions made regarding missing values. Thereafter, descriptive statistics of the sample obtained are explained. The chapter then provides an analysis of the Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) to validate the underlying factor structure of the surveys. Finally, the statistical results obtained through correlation and regression analysis, are presented to report on the main research question and hypotheses.

5.2 Demographic Analysis

5.2.1 Age Analysis

An age analysis was conducted to determine the age profile of the respondents. A total of 257 valid responses were captured within the age category, 260 participants in total: excluding three minor missing values.

Table 5: Demographic Age Analysis

Age Category (Years)	Frequency (n)	Percentage (%)
18 – 25	26	10.00
26 – 35	96	36.92
36 – 45	101	38.85
46 – 55	27	10.38
56 – 65	7	2.69
Not applicable	3	1.15
Total	260	100.00

Majority of respondents fell within the 36 – 45 years (38,86%) category, followed by 26 – 35 years (36,92%). A small portion fell within the 46 – 55 (10,38%) and 18 – 25 years (10%) ranges. Only seven (2,69%) respondents fell within the 56 – 65 years range, with three respondents showing an invalid age. The demographic age distribution statistics are presented below.

Table 6: Demographic age distribution

Statistic	Value
Valid Responses (n)	257
Missing	3
Minimum	20 years
Maximum	63 years
Median (IQR)	36.00 (30.00 – 42.00)
Mean (SD)	36.65 ± 8.61
Mean (95% CI)	36.65 (95% CI: 35.59 – 37.71)

The age distribution and analysis revealed that respondents ranged between 20 and 63 years, with an average age of 36,65 years (with a standard deviation of 8,61). The median age was 36 years, with most respondents being in their early to mid-careers, as indicated by an interquartile range of 30 – 42. This is reflective of the age categories within the SA retail sector where employees who are younger hold roles with operations and mid-level management. The 95% confidence interval (35,59 – 37,71) indicates that the true mean age is highly likely to be within this range, further confirming the appropriateness and representativeness of the sample for this study.

5.2.2 Gender Distribution

From the survey results gathered there were 260 valid responses categorised between male and female employees. The demographic gender distribution is indicated in the table below.

Table 7: Demographic gender distribution

Gender	Frequency (n)	Percentage (%)
Female	162	62.31
Male	96	36.92
Prefer not to say	2	0.77
Total	260	100.00

An analysis of the results revealed that 62.31% of respondents were female, while 36.92% were male. A tiny percentage (2 or 0.77%) chose not to disclose their gender status. This reflects the gender distribution of SA retailers and the sector in general, where females represent a larger proportion of employees, particularly in junior, administrative and retail store level roles. The gender representation from the survey results ensured that the perceptions of organisational culture and turnaround are correctly reflective of employees' experiences.

5.2.3 Years of Service Analysis

Respondents were requested to indicate the number of years in service at the retailer group to garner an understanding of the tenure composition. There were 259 valid responses with one missing value.

Table 8: Tenure distribution

Years of Service	Frequency (n)	Percentage (%)
0 – 5 Years	115	44.23
5 – 10 Years	85	32.69
10 – 15 Years	59	22.69
Missing	1	—
Grand Total	260	100.00

The retailer had a relatively new employee base, with the most significant portion of respondents, 44.23%, having five years or less of service. Employees with 5–10 years of service accounted for 32.69%, while those within the 10-15 years of service category amounted to 22.69%. According to the tenure analysis, the retailer has a workforce comprising employees in their early to mid-careers, with a small number of employees considered long-serving.

5.2.4 Research Sample Job Levels

The survey distributed received a participation rate of 260 valid responses. Four hierarchy levels (Junior, Middle, Senior and Executive) were sampled within the retailer. This ensured an adequate sample population, ranging from junior store level employees to senior and executive-level employees who are responsible for strategic decision-making.

Table 9: Job level distribution

Job Level	Frequency (n)	Percentage (%)
Junior Level	136	52.31
Middle Management	81	31.15
Senior Management	39	15.00
Executive Management	4	1.54
Total	260	100.00

A large percentage of respondents, 52.31%, were junior-level employees at a retail store and at the administrative level. This represented the frontline operational type staff who were directly affected by organisational cultural shifts. Middle management comprised 31.15% of respondents who were also directly affected by organisational

culture shifts. Senior management, at 15%, and executive level, at 1.54%, are considered key strategic decision-makers, particularly in relation to turnaround initiatives. Although junior to middle management made up most participants, the representation of leadership (senior and executive levels) was sufficient to provide an understanding of how leadership's strategic turnaround decisions influence organisational culture across hierarchies.

5.3 Descriptive Statistics

In this section, the overall statistics for the groups and variables involved are summarised. A total of 261 participants were included in this study, encompassing 68 variables. Not all participants achieved a 100% completion rate for the questionnaire; therefore, some values were missing. However, the aim was to retain as many people as possible for data richness. A summary of the missing values is presented in the Appendix. Exploration of the data resulted in one participant being removed, since more than half of their survey response were missing. The result was that 260 final participants were included for data analysis. One question was duplicated – *“The members of our organisation have collectively developed the confidence that our organisation is capable of such changes.”* For simplicity, the duplication was removed.

The following metrics were calculated across all categorical variables within the data set:

- **Frequency:** The count frequencies for each category/response were calculated.
- **Proportions:** The proportions were obtained from the frequencies of each category/response.

When the variable consisted of numerical values, the following metrics were calculated:

- **Number of Missing Values:** The number of values that were missing in the variables.
- **Minimum:** The smallest value of the variable.
- **Maximum:** The largest value of the variable.
- **Mean (SD):** The mean is provided first and followed by the standard deviation.

- **Median (IQR):** The median is given first and followed by the interquartile range of the variable.
- **Mean (CI):** The mean is given first and followed by the 95% confidence interval of the variable.
- **Data Coding:** The only data coding performed was for the Likert Scale items, where “Strongly Disagree” was coded as 1 and “Strongly Agree” was coded as 5.

5.3.1 Exploratory Factor Analysis

EFA is described as a logical simplification of related measures. EFA, has historically been utilised to investigate the possibility of an underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome (Watkins, 2018). EFA was conducted to identify the underlying factor structure. For this research, all survey items were used to determine the groupings. The survey instrument was obtained from known and validated questionnaires from existing studies; however, the behaviour of the questions in our context was unknown, hence EFA was utilised. All questions were used, rather than splitting them into the different constructs, since these did not behave as anticipated, likely due to a smaller sample size. Factor analysis typically requires a ratio of 3:1 of participants to questions or higher, which condition is certainly met.

Factor analysis begins with the objective of uncovering hidden patterns (or “factors”) by identifying groups of variables that tend to vary together. These factors represent underlying dimensions in the data but are not directly measured. Next is the process of analysing the correlations among variables. Highly correlated variables are likely to be influenced by a common factor. For example, in a psychological study, variables such as stress levels, job satisfaction, and motivation may be grouped under a single factor of “mental well-being.” Finally, interpretation entails factors that can be interpreted as a latent (hidden) variable explaining variance in the observed variables. Factor loadings indicate the strength of association between each variable and each factor, facilitating the interpretation of the factor's meaning. For this study, a test will be conducted to determine whether the questions in each theme belong together and validate their grouping.

EFA is used when there are no preconceived theories about the factors, allowing it to explore data for potential structures. CFA is generally used when the hypotheses

are formulated, showing how the variables relate to factors, and one wants to confirm it. Once the factors are finalised, CFA is the next step.

Firstly, to affirm that factor analysis is a suitable method for this data and that the internal reliability is high, some preliminary testing was conducted. A correlation matrix of the data was used to determine whether this analysis was appropriate. The Spearman correlation was preferred in this instance, as Likert scale data were used in the surveys as opposed to continuous data. Additionally, the normality assumption is verified before performing factor analysis. In this case, since factor analysis was used with Likert scale data, it was unlikely to adhere to the normality assumption, resulting in a violation of the underlying assumption of normality, which was required. However, alternative methods of factor extraction could be considered. However, there are alternative methods of factor extraction which can be used.

5.3.1.1 Kaiser-Olkin Measurement

To assess the factorability of the data, the Kaiser-Meyer-Olkin technique was used, which measures sampling adequacy. Usually, the standard for this value needs to be above 0.7. This test essentially indicates whether it is worthwhile analysing a correlation matrix or not.

Table 10: KMO measurement

KMO Measure	
	KMO_mat
KMO	0.9673

The Kaiser-Olkin measure was calculated to be 0.9673 which indicated that factor analysis could be executed.

5.3.1.2 Bartlett Test

Bartlett's test was also performed to test whether it was suitable to perform factor analysis on this data. It checks if the correlation structure adheres to the underlying structure required. A p-value less than 0.05 indicates that there were worthwhile correlations in the data.

Table 11: Bartlett's test

Bartlett's Test	
Chi-Square Test Statistic	16422.12
P-Value	<0.0001
Df	1830

5.3.1.4 Parallel Analysis

Parallel analysis was performed thereafter. This indicated the number of constructs which was suitable for this data. Parallel analysis indicated that four constructs were appropriate, with the components option set to not applicable.

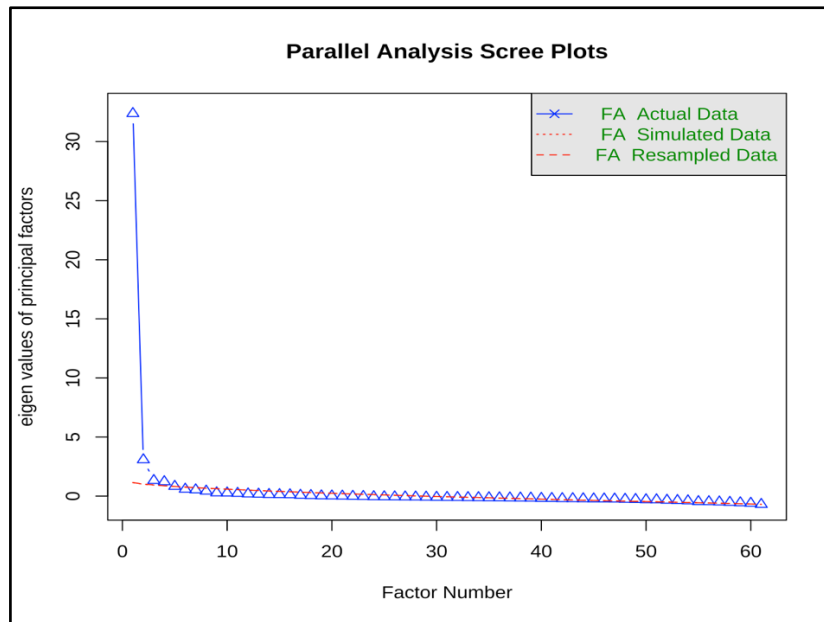


Figure 2: Parallel Analysis

5.3.1.5 Principal Axis Factoring

After the validation of the factor analysis assumptions, a factor analysis including principal axis factoring and oblimin (oblique) was also conducted. Academic literature indicates that in comparison to orthogonal rotations (the norm) is less accurate than oblique rotations. Principal axis factoring was the preferred technique used to avoid the use of principal components, as principal components negates the underlying structure of the constructs. The values for the principal axes have been presented in the table below.

Table 13: Factor information and variance

Factor Information and Variance Explained: Final Solution				
	PA1	PA3	PA2	PA4
SS loadings	27.17	5.70	4.13	1.67
Proportion Var	0.45	0.09	0.07	0.03
Cumulative Var	0.45	0.54	0.61	0.63
Proportion Explained	0.70	0.15	0.11	0.04
Cumulative Proportion	0.70	0.85	0.96	1.00

- SS loadings: Total variance each factor captures: Factor 1 dominates (27.17 units), while Factors 2-4 contribute smaller amounts (1.67-5.70).
- Proportion Var: Share of total variance explained by each factor. Factor 1 accounts for 45%, Factor 3 for 9%, Factor 2 for 7%, and Factor 4 for 3%.
- Cumulative Var: Running total of total variance explained: Factor 1 alone explains 45%, the first two factors 54%, three factors 61%, and all four 63%.
- Proportion Explained: Percentage of the common variance represented by each factor. Factor 1 explains 70%, Factor 3 explains 15%, Factor 2 explains 11%, and Factor 4 explains 4%.
- Cumulative Proportion: Running total of common variance explained; adds to 100%. The four factors together explain 63% of the total variance, which is a satisfactory level. Factor 1 is extremely dominant, capturing 45 % of variance (70% of the common variance).

The stronger loadings are closer to one while weaker loadings are closer to zero. Factor loadings indicate how strongly each item is associated with a specific factor. There were strong factor loadings, indicating robust constructs. A factor loading of 0.4 is adequate for Likert scale data (Asún et al., 2016). Therefore, in theory, constructs with factor loadings greater than 0.4 would have been retained. However, in summary, no items were removed, as all factor loadings were above 0.4, which led to our final solution.

The communality values were also presented. These values represented the unique variance of the variance which was finally explained after that variable had become part of a factor. Specifically, these were the proportion of the variance explained by the retained constructs derived by a linear combination of the variables. Based on the communality values, communalities with values less than the square root should be removed (Asún et al., 2016). In this instance a threshold value greater than 0.3 is deemed appropriate. The factor descriptions have been presented in the table below followed by factor loadings and communalities.

Table 14: Factor descriptions

Factor	Description
Factor 1 (PA1)	Organisational Culture
Factor 2 (PA2)	Employee Morale
Factor 3 (PA3)	Retrenchment
Factor 4 (PA4)	Organisational Adaptability

Table 15: Factor loadings and communalities

Factor_ID	Variables	Factor Loading	Communality
PA1	Around here, people are allowed to try to solve the same problems in different ways.	0.6603	0.6889
PA1	Assistance in developing new ideas is readily available.	0.7245	0.7530
PA1	Creativity is encouraged here.	0.8074	0.7999
PA1	For me, this is the best of all possible organisations for which to work.	0.5753	0.6278
PA1	Funding is available to investigate creative ideas in this organisation.	0.6472	0.6513
PA1	I don't feel scared or alarmed by new organisational change.	0.6049	0.6693
PA1	I have a positive feeling about new organizational changes being implemented.	0.6574	0.6696
PA1	I have the specific technology required for this organisational change.	0.61	0.7314
PA1	I have the typical set of skills needed to implement this organisational change.	0.646	0.6746
PA1	I know what is needed to prepare for the relevant organisational change.	0.6361	0.6436
PA1	I really care about the fate of this organisation.	0.6234	0.5691
PA1	In my organisation, financial resources are used more effectively.	0.7617	0.6590
PA1	In my organisation, the board is more supportive.	0.7571	0.6523
PA1	In my organisation, the productivity of per employee/volunteer is improved.	0.7701	0.6669
PA1	My organisation is a very personal place. It is like an extended family. People seem to share a lot of themselves.	0.6749	0.6337

PA1	Our ability to function creatively is respected by the leadership.	0.6702	0.7507
PA1	Our organisation explains, in detail, the contents related to organisational change.	0.9639	0.7966
PA1	People are flexible and adaptable when changes are necessary.	0.5871	0.5475
PA1	People believe that their concerns and anxieties during periods of change are heard and taken into considerations. Individuals and teams have clearly defined goals that relate to the goals or mission of the organisation.	0.6185	0.5159
PA1	People have access to timely and accurate information about what's really happening in the organisation and why.	0.5782	0.5266
PA1	Personnel shortage does not inhibit innovation in this organisation.	0.4427	0.5463
PA1	The company is unqualified to meet the challenges presented by its environment.	-0.5528	0.3052
PA1	The executives and managers lead by example to promote organisational change.	0.8397	0.7755
PA1	The glue that holds my organisation together is loyalty and for a tradition. Commitment to this firm runs high.	0.7329	0.7266
PA1	The individual and departments' roles and tasks for organisational change have been distributed evenly.	0.9138	0.7485
PA1	The leadership in the organisation is generally considered to exemplify coordinating, organizing, or smooth running efficiency.	0.6584	0.6127
PA1	The leadership in the organisation is generally considered to exemplify entrepreneurship, innovation, or risk taking.	0.6865	0.6517
PA1	The leadership in the organisation is generally considered to exemplify mentoring, facilitating, or nurturing.	0.6598	0.6092
PA1	The management style in the organisation is characterized by security of employment, conformity,	0.6684	0.6308

	predictability, and stability in relationships.		
PA1	The management style in the organisation is characterized by teamwork, consensus, and participation.	0.7453	0.7125
PA1	The members of our organisation believe that the new organisational change is optimal for improving the current situation.	0.9198	0.7943
PA1	The members of our organisation believe that the organisation will benefit from this change.	0.9144	0.8182
PA1	The members of our organisation do not fear the planned organisational change.	0.9538	0.8076
PA1	The members of our organisation have collectively developed the confidence that our organisation is capable of such changes...59	0.927	0.7804
PA1	The members of our organisation share and interpret the organisational change in a positive manner.	0.9315	0.7920
PA1	The objective of the organisational change is clear.	0.9594	0.8105
PA1	The organisation defines success on the basis of development of human resources, teamwork, employee commitment, and concern for people.	0.6419	0.6901
PA1	The organisational change in our organization leads to an increase in my individual job performance	0.8521	0.7287
PA1	The reward system here encourages innovation.	0.6766	0.7332
PA1	The structure of the organisation is compatible with the successful acceptance and implementation of this organisational change.	0.9986	0.8123
PA1	There are adequate resources devoted to innovation in this organisation.	0.7406	0.6823
PA1	There is adequate time available to pursue creative ideas here.	0.7223	0.7324
PA1	This organisation gives me free time to pursue creative ideas during the workday.	0.6626	0.6563

PA1	This organisation is open and responsive to change.	0.8182	0.6859
PA2	I believe that this organisational change is needed for our organisation.	0.5979	0.5140
PA2	I will probably look for a new job in the near future.	0.4108	0.2063
PA2	My organisation emphasizes point human resources. High cohesion and morale in the firm are important.	0.4296	0.5429
PA2	Often, I find it difficult to agree with these organisations policies on important matters relating to its employees (RS).	0.7405	0.5116
PA2	Organisational downsizing is an inevitable fact of corporate life.	0.6826	0.5063
PA2	People and teams are often expected to reach goals which they believe are unattainable.	0.5794	0.4142
PA2	People feel that most change is the result of pressures imposed from higher up in the organisation.	0.5983	0.4102
PA2	The leadership in the organisation is generally considered to exemplify a no nonsense, aggressive, results oriented focus.	0.5175	0.3963
PA2	The organisation is very results oriented. A major concern is getting the job done. People are very competitive and achievement oriented.	0.5195	0.4423
PA2	There is not much to be gained by sticking with this organisation indefinitely (RS).	0.7023	0.4657
PA3	Organisational downsizing enhances a company's profitability.	0.7593	0.6971
PA3	Organisational downsizing helps the organisations balance sheet.	0.4792	0.4990
PA3	Organisational downsizing improves company's financial performance.	0.6095	0.6080
PA3	Organisational downsizing is good for the corporation's bottom line.	0.7778	0.6719
PA3	Organisational downsizing is something that organisations have to do.	0.6252	0.5739
PA3	Organisational downsizing restores companies to financial health.	0.5882	0.5947

PA4	My organisation emphasizes point human resources. High cohesion and morale in the firm are important.	0.4747	0.5429
PA4	This organisation can be described as flexible and continually adapting to change.	0.4226	0.5494

Questions from:

Organisational Performance – Musteen et al., (2011)

Organisational Culture – OCAI, OCAQ, (Zeb et al., 2021), (Sashkin & Rosenbach, 1996)

Retrenchment and Morale – Bozeman & Perrewe' 2001)

Adaptability - Jo & Hong (2023)

5.3.1.6 Cronbach Alpha value per factor

Cronbach's Alpha value per factor was used to investigate the final factor results further.

Table 16: Cronbach's Alpha per factor

Cronbach's alpha per factor: Final Solution	
	Cronbach's Alpha
Factor 1	0.9878
Factor 2	0.8452
Factor 3	0.9066
Factor 4	0.6557

5.3.2 Summary of EFA Results

This section presents a summary of the EFA results.

5.3.2.1 Sample and Data

The study comprised 260 participants and included 68 questionnaire items. After handling missing data (removal of one respondent with more than 50% missing), the final sample size was 260. Of the 68 questionnaire items, 63 of those were the ordinal/Likert Scale items of interest for the EFA.

5.3.2.2 Preliminary Tests

- Kaiser-Meyer-Olkin (KMO): Very high (0.966-0.967), indicating excellent sampling adequacy .

- Bartlett's Test of Sphericity: Highly significant (Chi-squared Test Statistic = 16,422-16,796, $p < 0.0001$), confirming suitability for factor analysis .
- Determinant of correlation matrix: Very small but positive, indicating no multicollinearity problems.
- Overall reliability: Cronbach's alpha = 0.983, showing excellent internal consistency across items .

5.3.2.3 Factor Extraction and Iterations

- Method: Principal axis factoring with oblimin (oblique) rotation (chosen due to Likert scale data and non-normality).
- Parallel analysis: Suggested four factors as the optimal solution.
- Iteration 1: Started with 63 items, dropping two items with low loadings (<0.4). Four factors explained 62% of variance .
- Iteration 2 (final solution): 61 items retained, loading strongly (>0.4) on four interpretable factors. In the final solution, there was a single negatively loaded factor. This meant that the statement is worded negatively in comparison to the other statements in that factor.

5.3.2.4 Factor Structure and Reliability

The following final factors were extracted:

- Factor 1: A Dominant factor (explains ~45% variance; 70% of common variance). Very high reliability (Cronbach's Alpha = 0.988).
- Factor 2: Strong Reliability with Cronbach's Alpha = 0.845.
- Factor 3: Strong Reliability with Cronbach's Alpha = 0.907.
- Factor 4: Moderate Reliability with Cronbach's Alpha = 0.656 (acceptable, but weaker than others).

5.3.2.5 Variance Explained

- Factor 1: 27.17 variance units (45%).
- Factor 2: 4.13 units (7%).
- Factor 3: 5.70 units (9%).

- Factor 4: 1.67 units (3%).

Total variance explained: 63%, a level considered acceptable in the social sciences.

5.3.3 EFA Overall Summary

The EFA confirmed a four-factor solution capturing organisational culture, employee morale, the perceived effectiveness of retrenchment, organisational adaptability (leadership and flexibility). The dataset showed excellent adequacy ($KMO > 0.96$), strong reliability (Cronbach's Alpha = 0.983 overall), and a clear latent structure. Factor 1 was highly dominant, but the four factors collectively explained a meaningful proportion of variance (63%). This structure provided a sound basis for subsequent confirmatory factor analysis (CFA) and regression modelling.

5.4 Confirmatory Factor Analysis (CFA)

CFA is a hypothesis-driven technique used to test whether the relationships between observed variables and their underlying latent factors match a prespecified model. Unlike EFA, which searches for an unknown factor structure (a process already conducted to strengthen the analysis), this approach focuses on identifying specific factors. CFA begins with a theory-based structure (four latent factors for this research) while the analysis evaluated how well the data fitted this proposed model.

From the EFA, we have four factors:

- Factor 1: Organisational Culture
- Factor 2: Employee Morale
- Factor 3: Retrenchment
- Factor 4: Organisational Adaptability

Table 17: CFA performance metrics per variable

CFA Performance metrics for each variable.						
Factor	Variable	Estimate	SE	z	p-value	Factor Loading
F1	The company is unqualified to meet the challenges presented by its environment	1.0000	0.0000	NA	<0.0001	-0.5050
F1	In my organisation financial resources are used more effectively	-1.6494	0.0295	-55.8747	<0.0001	0.8329
F1	In my organisation the productivity of per employee volunteer is improved	-1.6642	0.0297	-55.9671	<0.0001	0.8404
F1	In my organisation the board is more supportive	-1.6776	0.0299	-56.0212	<0.0001	0.8471
F1	My organisation is a very personal place It is like an extended family People seem to share a lot of themselves	-1.6298	0.0294	-55.3479	<0.0001	0.8230
F1	The glue that holds my organisation together is loyalty and for a tradition Commitment to this firm runs high	-1.7214	0.0304	-56.5344	<0.0001	0.8692
F1	The leadership in the organisation is generally considered to exemplify mentoring facilitating or nurturing	-1.6709	0.0297	-56.1826	<0.0001	0.8437
F1	The leadership in the organisation is generally considered to exemplify entrepreneurship innovation or risk taking	-1.6169	0.0292	-55.3667	<0.0001	0.8164
F1	The leadership in the organisation is generally considered to exemplify coordinating organizing or smooth-running efficiency	-1.6399	0.0294	-55.8097	<0.0001	0.8281
F1	The management style in the organisation is characterized by teamwork consensus and participation	-1.7263	0.0304	-56.7675	<0.0001	0.8717
F1	The management style in the organisation is characterized by security of employment conformity predictability and stability in relationships	-1.6286	0.0293	-55.6535	<0.0001	0.8224
F1	The organisation defines success based on development of human resources teamwork employee commitment and concern for people	-1.6998	0.0301	-56.4346	<0.0001	0.8583
F1	People are flexible and adaptable when changes are necessary	-1.5159	0.0282	-53.7791	<0.0001	0.7655
F1	People believe that their concerns and anxieties during periods of change are heard and taken into considerations Individuals and teams have clearly defined goals that relate to the goals or mission of the organisation	-1.5197	0.0282	-53.8350	<0.0001	0.7674
F1	People have access to timely and accurate information about what s really happening in the organisation and why	-1.4414	0.0275	-52.3385	<0.0001	0.7279
F1	I really care about the fate of this organisation	-1.5511	0.0286	-54.1797	<0.0001	0.7832
F1	For me this is the best of all possible organisations for which to work	-1.6670	0.0298	-56.0307	<0.0001	0.8418
F1	I know what is needed to prepare for the relevant organisational change	-1.6275	0.0291	-55.9588	<0.0001	0.8218
F1	I have the specific technology required for this organisational change	-1.6848	0.0300	-56.1871	<0.0001	0.8507
F1	I have the typical set of skills needed to implement this organisational change	-1.6781	0.0298	-56.2678	<0.0001	0.8474
F1	Creativity is encouraged here	-1.8023	0.0313	-57.5456	<0.0001	0.9101
F1	Our ability to function creatively is respected by the leadership	-1.7662	0.0308	-57.2895	<0.0001	0.8919
F1	Around here people are allowed to try to solve the same problems in different ways	-1.6868	0.0300	-56.2905	<0.0001	0.8517
F1	This organisation is open and responsive to change	-1.6511	0.0294	-56.2379	<0.0001	0.8337
F1	Assistance in developing new ideas is readily available	-1.8198	0.0315	-57.7789	<0.0001	0.9189
F1	There are adequate resources devoted to innovation in this organisation	-1.7086	0.0302	-56.5076	<0.0001	0.8628

F1	There is adequate time available to pursue creative ideas here	-1.7760	0.0310	-57.3100	<0.0001	0.8968
F1	Funding is available to investigate creative ideas in this organisation	-1.6600	0.0298	-55.6838	<0.0001	0.8382
F1	Personnel shortage does not inhibit innovation in this organisation	-1.4616	0.0277	-52.8511	<0.0001	0.7380
F1	This organisation gives me free time to pursue creative ideas during the workday	-1.6353	0.0297	-55.1355	<0.0001	0.8257
F1	The reward system here encourages innovation	-1.7347	0.0306	-56.7605	<0.0001	0.8759
F1	I have a positive feeling about new organizational changes being implemented	-1.6741	0.0296	-56.5290	<0.0001	0.8453
F1	I don't feel scared or alarmed by new organisational change	-1.6765	0.0299	-56.1330	<0.0001	0.8466
F1	The organisational change in our organization leads to an increase in my individual job performance	-1.7125	0.0301	-56.8735	<0.0001	0.8647
F1	The members of our organisation have collectively developed the confidence that our organisation is capable of such changes	-1.8094	0.0312	-57.9237	<0.0001	0.9137
F1	The members of our organisation share and interpret the organisational change in a positive manner	-1.7840	0.0309	-57.6452	<0.0001	0.9009
F1	The members of our organisation do not fear the planned organisational change	-1.8040	0.0312	-57.8519	<0.0001	0.9110
F1	The members of our organisation believe that the new organisational change is optimal for improving the current situation	-1.7802	0.0310	-57.5063	<0.0001	0.8989
F1	The members of our organisation believe that the organisation will benefit from this change	-1.8141	0.0314	-57.7637	<0.0001	0.9160
F1	The individual and departments roles and tasks for organisational change have been distributed evenly	-1.7525	0.0307	-57.1063	<0.0001	0.8849
F1	The structure of the organisation is compatible with the successful acceptance and implementation of this organisational change	-1.7812	0.0309	-57.6126	<0.0001	0.8994
F1	The objective of the organisational change is clear	-1.8110	0.0313	-57.8701	<0.0001	0.9145
F1	Our organisation explains in detail the contents related to organisational change	-1.8036	0.0312	-57.7201	<0.0001	0.9107
F1	The executives and managers lead by example to promote organisational change	-1.8078	0.0313	-57.7466	<0.0001	0.9128
F2	My organisation emphasizes point human resources High cohesion and morale in the firm are important	1.0000	0.0000	NA	<0.0001	0.4187
F2	The organisation is very results-oriented A major concern is getting the job done People are very competitive and achievement oriented	1.7574	0.2991	5.8753	<0.0001	0.7358
F2	The leadership in the organisation is generally considered to exemplify a no-nonsense aggressive results-oriented focus	1.6229	0.2739	5.9251	<0.0001	0.6795
F2	People feel that most change is the result of pressures imposed from higher up in the organisation	1.7010	0.2860	5.9469	<0.0001	0.7122
F2	People and teams are often expected to reach goals which they believe are unattainable	1.6857	0.2832	5.9524	<0.0001	0.7058
F2	Organisational downsizing is an inevitable fact of corporate life	1.7453	0.2927	5.9619	<0.0001	0.7307
F2	There is not much to be gained by sticking with this organisation indefinitely	1.1712	0.1986	5.8980	<0.0001	0.4904
F2	Often, I find it difficult to agree with these organisations policies on important matters relating to its employees	1.1533	0.1957	5.8923	<0.0001	0.4829
F2	I believe that this organisational change is needed for our organisation	2.1811	0.3653	5.9712	<0.0001	0.9132
8	Organisational downsizing improves company's financial performance	1.0000	0.0000	NA	<0.0001	0.8724

F3	Organisational downsizing enhances a company s profitability	0.9735	0.0131	74.5060	<0.0001	0.8493
F3	Organisational downsizing helps the organisations balance sheet	0.9527	0.0127	75.2648	<0.0001	0.8312
F3	Organisational downsizing is something that organisations have to do	0.8996	0.0133	67.6625	<0.0001	0.7848
F3	Organisational downsizing is good for the corporation's bottom line	0.9499	0.0129	73.5472	<0.0001	0.8287
F3	Organisational downsizing restores companies to financial health	0.9591	0.0127	75.6611	<0.0001	0.8367
F4	My organisation emphasizes point human resources High cohesion and morale in the firm are important	1.0000	0.0000	NA	<0.0001	0.3639
F4	This organisation can be described as flexible and continually adapting to change	2.1105	0.3295	6.4061	<0.0001	0.7680

Table 18: Performance metric for CFA model

Performance metrics for CFA Model	
	x
chisq	3810.0411
pvalue	0.0000
df	1703.0000
srmr	0.0577
rmsea	0.0764
rmsea.ci.lower	0.0732
rmsea.ci.upper	0.0796
cfi	0.9967
tli	0.9966

Table 19: Reliability metric per factor

Reliability Metrics Per Factor				
	F1	F2	F3	F4
alpha	0.9863	0.8703	0.9065	0.6686
alpha.ord	0.9887	0.8847	0.9254	0.7017
omega	0.9878	0.8245	0.9116	0.4377
omega2	0.9878	0.7860	0.9116	0.3915
omega3	1.0053	0.7957	0.9340	0.3915

5.4.1 Model Discussion and Results of CFA

This section presents the results of the CFA.

5.4.1.1 Overall Fit

The overall model fit indices indicated an excellent fit between the hypothesised model and the observed data. The chi-square value (Chi Squared Test Statistic = 4100.54, df = 1762, $p < .001$) was significant, which is expected for large samples. The RMSEA = 0.079 (90% CI: 0.076-0.082) and SRMR = 0.062 were both below the commonly accepted threshold of 0.08, indicating an acceptable model fit. The comparative fit indices were very high (CFI = 0.996 and TLI = 0.996), suggesting the model reproduces the observed covariance structure extremely well. Together, these values confirm that the proposed four-factor structure provides a strong and credible representation of the data.

5.4.1.2 Factor Loadings

All standardised factor loadings were statistically significant ($p < 0.001$) and generally above 0.40, demonstrating that the items reliably measure their intended constructs. Factor 1 had strong loadings (0.73-0.92) reflecting organisational culture, adaptability, innovation, and commitment to change. Factor 2 had moderate to strong loadings (0.42-0.91) representing control, performance orientation, and pressure for results. Factor 3 had strong loadings (0.78-0.87) capturing positive attitudes toward organisational downsizing and financial improvement. Factor 4 had loadings ranging from 0.36 to 0.77, indicating organisational flexibility and adaptability. Overall, the

CFA supports a well-fitting, reliable four-factor model with strong item-factor relationships.

5.4.1.3 Reliability

The Cronbach's Alpha measures internal consistency, and all were above 0.8, indicating strong internal reliability. The Omega measures are called McDonald's Omega, a reliability coefficient that estimated the proportion of variance in the observed scores that was attributable to the common factors (Hayes & Coutts, 2020). An indicator of good reliability is greater than 0.7, which was achieved for this study. All factors show strong internal consistency (omega > 0.80) and adequate to strong convergent validity. This supports the use of factor scores in subsequent analyses such as regression, which was conducted for this study.

5.4.2 CFA Conclusion

The CFA provided strong empirical support for the proposed four-factor model comprising Organisational Culture, Employee Morale, Retrenchment, and Adaptability. Model fit indices met or exceeded accepted thresholds, and most standardised loadings were both significant. Reliability analyses revealed that three of the four constructs are internally consistent, while the fourth remains interpretable but may benefit from the inclusions of additional items. Overall, these findings confirm that the measurement model is robust, theoretically sound, and suitable for subsequent analyses such as regression using the derived factor scores. A four-factor CFA using robust maximum likelihood showed good fit – CFI = 0.996 and TLI = 0.996). All standardised loadings exceeded 0.4 and were significant ($p < .001$). Reliability was acceptable to excellent (Cronbach's Alpha > 0.80). These results support the hypothesised measurement model.

5.5 Correlation Analysis

Correlation analysis was performed thereafter using the factor scores from the CFA. The factor scores from the CFA were associated with a numerical value representing how much a person (or case) scored on an underlying factor that the CFA had identified. A factor score refers to the estimated value of a person's position on a latent (unobserved) factor, based on their observed responses. In a CFA (or any latent-variable model): - Latent Factor refers to the underlying construct that gets modelled, e.g. Organisational Culture. Observed variables referred to the questionnaire items (Likert questions) that indicated each factor. Because the latent

factor was not directly measured, the model used the pattern of a participant's item responses and the factor loadings to predict where that participant resided on each factor. These predicted values were the factor scores. Higher scores indicated that a respondent exhibited more of that latent trait relative to the sample.

5.5.1 Spearman's Correlation

Spearman's correlation was conducted, since the test of normality (Shapiro Wilk's Test of Normality) indicated that the resultant factor scores are not normally distributed.

Table 20: Shapiro Wilk Test

Shapiro Wilk Test of Normality Test Results	Score
Factor 1: Organisational Culture	<0.0001
Factor 2: Employee Morale	<0.0001
Factor 3: Retrenchment	0.038
Factor 4: Adaptability	0.0377

All the p-values were less than 0.05, hence, the null hypothesis of normality was rejected, and it was concluded that the factor scores do not fit a normal distribution. This supported the research in aligning with the use of Spearman's correlation, which is the appropriate correlation method when the normality assumption is violated.

Table 21: Factor correlation

Correlations Between the Factors (latent variables)				
rowname	F1	F2	F3	F4
F1	1.00	-0.43	-0.84	-0.69
F2	-0.43	1.00	0.36	0.86
F3	-0.84	0.36	1.00	0.57
F4	-0.69	0.86	0.57	1.00

Table 22: Factor correlation p-values

Correlations Between the Factors (latent variables) p-values				
rowname	F1	F2	F3	F4
F1	<0.0001	<0.0001	<0.0001	<0.0001
F2	<0.0001	<0.0001	<0.0001	<0.0001
F3	<0.0001	<0.0001	<0.0001	<0.0001
F4	<0.0001	<0.0001	<0.0001	<0.0001

5.5.2 Interpretation of results

The diagonals of both tables simply show the correlation with each factor and itself. The p-values which are less than 0.05 are statistically significant. All p-values indicate significant p-values as well. The correlations between the four latent factors showed clear relationships.

Organisational Culture (F1) was strongly negatively correlated with Retrenchment (F3) (-0.84) and Adaptability (F4) (-0.69), and moderately negative with Employee Morale (F2) (-0.43). This suggested that a stronger positive organisational culture was linked to lower perceptions of retrenchment effectiveness, lower resistance-related morale, and less emphasis on flexible leadership. Employee Morale (F2) showed a strong positive relationship with Adaptability (F4) ($r = 0.87$) and a moderate one with Retrenchment (F3) ($r = 0.36$), suggesting that higher morale and reduced resistance are associated with adaptable, flexible leadership and a somewhat more positive view of retrenchment. Retrenchment (F3) was moderately correlated with Adaptability (F4) ($r = 0.57$), indicating that positive perceptions of retrenchment are associated with flexible and adaptive leadership. Overall, Organisational Culture appears to contrast with the other three factors, while Employee Morale, Retrenchment, and Adaptability tend to reinforce one another.

5.6 Regression Analysis

Linear regression analysis was conducted on the factor scores to explore the relationship between the four factors further. Organisational culture was the outcome variable or dependent variable in all cases. This method estimated a straight-line relationship between each predictor and the outcome while holding other predictors constant. The fitted equation takes the general form:

$$\text{Organisational Culture} = \beta_0 + \beta_1 (\text{Predictor}) + \epsilon$$

where:

- β_0 is the intercept (predicted organisational culture when predictors are zero).
- β_1 (and any additional β 's) reflect the predicted change in Organisational Culture for a single unit of increase in the predictor. This reflects the assumption that other predictors are constant.
- ϵ is the random error term.

Because the predictors were factor scores, each β reflects the influence of the underlying construct (e.g., Organisational Culture) rather than a single questionnaire item.

Assumptions for linear regression included linearity, independence, homoscedasticity, normality of residuals, and absence of multicollinearity; all of which were verified using residual plots, variance-inflation factors, and standard Q-Q plots. Meeting these assumptions supported unbiased, efficient estimates of the β coefficients, which quantify both the direction and magnitude of each construct's association with organisational culture. The statistical analysis was performed at a 5% significance level. When the p-value (p) is less than 0.05, or 5%, the result is considered statistically significant.

5.7 Models

1. Organisational Culture = $\beta_0 + \beta_1$ (Adaptability) + ϵ
2. Organisational Culture = $\beta_0 + \beta_1$ (Employee Morale) + ϵ
3. Organisational Culture = $\beta_0 + \beta_1$ (Retrenchment) + ϵ
4. Organisational Culture = $\beta_0 + \beta_1$ (Employee Morale) + β_2 (Retrenchment) + β_3 (Adaptability) + ϵ

All model assumptions were checked for each model. Diagnostic plots indicated that the assumptions of linearity, homoscedasticity, and absence of influential outliers were met across all models. Although the residuals for models 2 and 3 were not perfectly normally distributed, the sample size was adequate, and the ordinary least squares estimates were robust to moderate departures from normality. Robust (HC3) standard errors were therefore reported to ensure valid inference for models 2 and 3 for this reason.

5.7.1 Model Result Tables

Table 23: Model 1

Model 1: Organisational Culture vs Employee Morale (with Robust (HC3) standard errors)				
Term	Estimate	Std.Error	z_value	p_value
(Intercept)	-0.0121	0.0298	-0.4063	0.6849
Employee_Morale	-0.5583	0.0988	-5.6478	<0.001

Table 24: Model 2

Model 2: Organisational Culture vs Retrenchment (with Robust (HC3) standard errors)				
Term	Estimate	Std.Error	z_value	p_value
(Intercept)	-0.0022	0.0173	-0.1291	0.8974
Retrenchment	-0.5027	0.0171	-29.3215	<0.001

Table 25: Model 3

Model 3: Organisational Culture vs Adaptability (with Robust (HC3) standard errors)				
Term	Estimate	Std.Error	z_value	p_value
(Intercept)	-0.0103	0.0236	-0.4370	0.6625
Adaptability	-1.0678	0.0689	-15.4919	<0.001

Table 26: Model 4

Model 4: Organisational Culture vs All other factors (with Robust (HC3) standard errors)				
Term	Estimate	Std.Error	z_value	p_value
(Intercept)	-0.0028	0.0142	-0.1992	0.8423
Employee_Morale	0.6931	0.1434	4.8320	<0.001
Retrenchment	-0.3182	0.0353	-9.0232	<0.001
Adaptability	-1.3389	0.2146	-6.2398	<0.001

The conceptual model was updated with the regression results and can be represented as such:

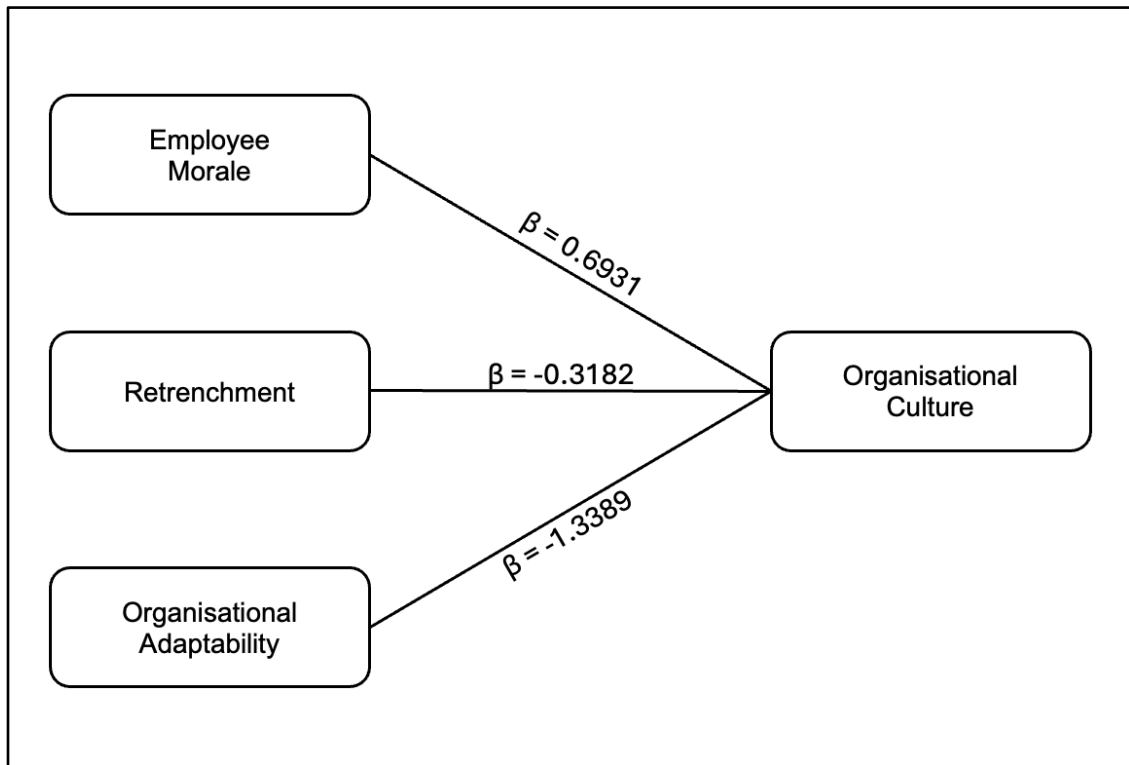


Figure 3: Updated Conceptual Model: Determinants of Organisational Culture

5.7.2 Model Interpretation

This section interpreted the regression findings, examining how Employee Morale, Retrenchment, and Adaptability relate to Organisational Culture. Coefficients (β) indicated the expected change in organisational culture for a one-unit increase in each predictor, holding other variables constant. Negative coefficients suggested that higher values of the predictor corresponded to lower perceived organisational culture, while positive values indicate the opposite. Across all models, the predictors show statistically significant associations with organisational culture, though the direction and strength of these effects differ depending on whether predictors are considered individually or together.

Model 1: Organisational Culture vs Employee Morale

In the simple regression, Employee Morale had a significant negative effect on organisational culture (Estimate = -0.56, $p < 0.001$).

This means that as employees report higher morale and lower resistance to change, perceptions of organisational culture decline. At first glance, this seems counterintuitive. However, it aligns with descriptive patterns showing moderate variability in morale scores and a possible divide between those who embrace change and those who are anchored in tradition. The result may suggest that employees who feel more change-ready or confident in management perceive the existing culture as less stable or less relevant. In other words, stronger morale during change can be accompanied by a sense that the traditional culture is giving way to something new.

Model 2: Organisational Culture vs Perceived Effectiveness of Retrenchment

The relationship between Perceived Effectiveness of Retrenchment and Organisational Culture was also negative and significant (Estimate = -0.50, $p < 0.001$).

For every one-unit increase in how effective employees perceive retrenchment to be, organisational culture scores decrease by approximately half a unit. This indicates that when downsizing or restructuring is viewed favourably, employees may perceive the organisation as prioritising efficiency and cost-cutting over shared values and stability.

Descriptively, respondents who supported retrenchment also tended to rate the organisation's unity and trust lower, suggesting that even well-executed retrenchment processes can weaken collective identity and morale

Model 3: Organisational Culture vs Adaptability

In this model, Adaptability was strongly and negatively associated with organisational culture (Estimate = -1.07, $p < 0.001$).

This significant negative coefficient suggests that a one-unit rise in Adaptability corresponds to a substantial (just over one-unit) decrease in perceived organisational culture. Conceptually, flexible and adaptive leadership may be seen as beneficial in dynamic contexts, however, it can also signal a departure from

established norms or long-standing values. Respondents may perceive leaders as responsive but inconsistent, which could erode the shared identity and stability central to culture.

Model 4: Organisational Culture vs All Other Factors

When all predictors were included simultaneously, the relationships changed meaningfully:

Employee Morale became positive (Estimate = 0.69, $p < 0.001$).

Retrenchment remained negative (Estimate = -0.32, $p < 0.001$).

Adaptability also remained strongly negative (Estimate = -1.34, $p < 0.001$).

These results show that once shared variance among predictors is controlled, higher morale strengthens organisational culture, while retrenchment and adaptability continue to weaken it. The reversal of the morale coefficient indicates a suppression effect, where morale overlaps with perceptions of retrenchments and organisational adaptability. Still when its unique contribution is isolated, morale emerges as a stabilising force. This suggests that morale is vital for maintaining a sense of unity and shared purpose amidst organisational change.

5.8 Overall Interpretation

Across models, the regression results reveal a consistent tension between stability and adaptability. Change-focused constructs such as retrenchment effectiveness and adaptability are linked to reduced cultural cohesion. In contrast, when morale is high, it mitigates these negative effects and supports a more positive cultural climate. Together, the findings imply that while adaptability and restructuring may be necessary, their impact on organisational culture depends heavily on maintaining employee morale and engagement during transitions. Strengthening communication, inclusion, and support mechanisms could therefore help sustain culture through periods of organisational change.

5.9 Conclusion

Chapter 5 provided a four-factor structure that included Organisational Culture, Employee Morale, Retrenchment and Adaptability. Based on the quantitative statistical techniques applied, the measurement model was suitable for this research. An overview of the findings revealed a persistent tension between organisational

adaptability and cohesion existed. Adaptability and restructuring the company may be required; however, it comes at a cost to the firm's organisational culture if morale and engagement are negatively impacted. This necessitates transparent, stable leadership traits, effective communication and employee inclusivity to maintain culture throughout turnaround transitions.

Chapter 6 – Discussion of Results

6.1 Introduction

Chapter One highlighted the background, problem statement and background to justify this research which was to understand what the key determinants of organisational culture in a SA retailing context are during turnaround. The chapter presented three areas of focus – employee morale, perceived effectiveness of retrenchment, and organisational adaptability (leadership and flexibility) – which formed the foundation for this study's research questions and hypotheses.

Chapter Four described the research methodology employed for the quantitative design, data gathering process and the data analytical tools and techniques utilised. EFA (Exploratory Factor Analysis) and CFA (Confirmatory Factor Analysis) were used to confirm and validate these constructs. Correlation and regression analysis were thereafter conducted to assess the hypotheses and to test the strength of the relationships between these variables.

This chapter provides an understanding of the statistical findings included in Chapter five in also linking back to the theory from Chapter two. Chapter Six establishes the connection between the research questions and hypotheses, the data analysis results presented in Chapter five and the academic theory. Chapter six interpreted how each determinant – employee morale, perceptions of retrenchment and adaptability – influenced organisational culture during turnaround initiatives. Chapter six expanded on the meaning of the relationship between the determinants, draws comparisons from existing academic theory and discusses the theoretical and practical implications of this research. Overall, this chapter provides an in-depth analysis of the empirical evidence and academic theory to ascertain how essential human factors influence the organisational culture in a SA retail organisation going through a turnaround.

6.2 Demographic Analysis

The survey reached 260 valid responses after removing one incomplete questionnaire. This sample size was sufficient to conduct a statistical analysis that included EFA and CFA. The number of items measured in the survey was 68, a threshold well above the requirements. This ensured that there was statistical rigour and a good representation for this study's quantitative nature. There was minimal missing data from the survey – three respondents had missing data within the

demographic section of the survey. Given the missing data value of less than 2% the data integrity was not compromised. The final survey sample of $n = 260$ provided comprehensive data across the constructs and demographic variables to ensure that the data analysis was robust and statistically significant. From the 260 respondents, 62.3% were female, 36.9% were male, and 0.8% did not provide their gender. This general distribution is reflective of the SA retail workforce, where females hold most administrative and store-level roles. This suggests that a high female response rate provided critical data on how morale and organisational culture are experienced within roles that are most impacted by organisational changes.

The age range was between 20 and 63 years, with a mean age of 36.6 years and a standard deviation of 8.6. The age range of 36–45 years consisted of 38.9% of respondents, and the age range of 26–35 consisted of 36.9% of respondents. The dominance of these two age groups suggests that the company has a staff complement at the early to mid-career stage. It is highly probable that these employees have been exposed to the company's turnaround initiatives and need to adapt to the cultural changes. The tenure distribution consisted of 44% of respondents having less than 5 years, 33% having 5-10 years, and 23% having 10-15 years.

The tenure analysis suggests a relatively inexperienced to moderately experienced workforce, indicating that these employees may be more adaptable and influence perceptions of organisational culture, as they have not been previously exposed to the historical and cultural norms of the company. Junior and middle management employees accounted for over 80% of respondents, which replicates the general SA retail sector. However, having executives and senior management as respondents ensured that a broader and more meaningful perspective was gained. A summative analysis of the demographic data indicated a young, female, junior to mid-level career workforce. A profile of this nature is ideal for investigating turnaround, culture, employee morale, perceptions of retrenchment and adaptability. Their exposure to and experiences with these factors collectively demonstrated how culture was influenced.

6.3 Discussion : Research Sub-question 1

What is the relationship between employee morale and organisational culture during turnaround?

H1 – Employee morale has a positive relationship with organisational culture during turnaround.

The statistical analysis indicated that employee morale had a significant relationship with organisational culture ($\beta = -0.56$ with $p < 0.001$). When analysed on its own, the coefficient was negative. This suggests that as employees' motivational levels and the ability to adapt increased, their perceptions of their traditional organisational culture decreased. Although when employee morale was paired with other variables in Model 4, the relationship was positive ($\beta = 0.69$ with $p < 0.001$). This movement suggests that increased levels of employee morale enhance the organisational culture when combined with perceptions of retrenchment and adaptability. Increased employee morale can therefore play a balanced mediating role to negate the adverse effects of retrenchments and drastic changes in leadership.

These findings align with the literature, which states that employee morale is a critical determinant of organisational stability during turnaround. Positive employee morale improves trust and shared values that stabilise performance during uncertainty (Weakliem & Frenkel, 2006). Morale stabilises the relationship between organisational changes and a resilient culture, suggesting that these types of employees will remain positively aligned with the organisation's strategies even through retrenchments or restructures (Parent & Lovelace, 2018). This research finding is also aligned with Ateng' NyagilohKilik (2020) which highlighted that employee engagement and positivity support an adaptive culture during organisational turnaround. When employee morale is low, it is met with negativity in the form of a lack of communication and uncertainty. This two-fold nature of employee morale (either strengthening or eroding culture) was observed in the regression analysis as well. This highlights that employee morale is not just about an emotional state to be measured, as it is a determinant of how employees respond to organisational culture during turnaround.

The correlation analysis revealed a moderately negative correlation between employee morale and organisational culture ($r = -0.43$ with $p < 0.001$). However, when included in the multiple regression model, employee morale turned positive.

This statistical analysis suggests that employee morale presented itself as a conditional determinant. When managed positively and proactively – inclusivity, recognition, psychological safety and transparent communication - employee morale can counter organisational culture pressures caused by adaptability or retrenchment.

In summary, the empirical findings stemming from the statistical analysis and the literature suggest that employee morale plays a significant role in influencing organisational culture during a turnaround. However, its influence is contextual in nature. High morale, resulting from concise communication and effective leadership, creates a sense of belonging among employees. Equally, morale without support may lead to disinterest in the broader organisational turnaround strategy. Hence, the findings confirm H1 – employee morale has a positive relationship with organisational culture during turnaround. This indicated that employee morale is a critical determinant for the organisational culture outcome within the SA retail sector.

6.4 Discussion : Research Sub-question 2

What is the relationship between the perceived effectiveness of retrenchment and organisational culture during turnaround?

H2 - Perceived effectiveness of retrenchment has a negative relationship with organisational culture during turnaround.

The statistical analysis associated with Model 2 indicated a strong negative relationship between the perceived effectiveness of retrenchment and organisational culture ($\beta = -0.50$, $p < 0.001$). Likewise, the correlation analysis confirmed a strong negative correlation ($r = -0.84$, $p < 0.001$). This revealed that when employees view retrenchment as being effective for the current state of the organisation, perceptions of psychological safety, a supportive environment, values and cohesion decline significantly. Even when retrenchment was considered alongside other determinants from Model 4, the relationship with organisational culture remained negative ($\beta = -0.32$ with $p < 0.001$). This persistent negative relationship confirmed that retrenchment individually contributed to the erosion of organisational culture even when integrated with the other two determinants (employee morale and adaptability). Hence, retrenchment may lead to stability in financial performance and optimised operations; however, it comes at a significant cost to organisational culture.

This finding was aligned with multiple academic studies, highlighting that retrenchment destabilises the foundations of a firm's organisational culture.

Retrenchment can steer the organisation towards optimised efficiencies, but it has a damaging effect on trust and values (Boyne & Meier, 2009). Aggressive cost-cutting retrenchments can reduce employee morale and loyalty, especially if employees perceive them as unreasonable or not clearly communicated (Barbero et al., 2020). Turnover strategies dominated by staff layoffs tend to undermine the organisation's culture, unless they lead to improved transparency and a better culture (Koronis & Ponis, 2018). Retrenchment can restore financial stability; however, it can concurrently test cultural norms. The negative coefficient detected in the regression models reaffirms that employees perceive retrenchment as a significant threat to organisational culture, especially in a SA retail context. Retrenchment during turnaround requires cultural renewal instead of cultural erosion (Schoenberg et al., 2013). When culture is not considered during retrenchment, the remaining employees may demonstrate trust or commitment issues.

The statistical analysis indicated that retrenchment achieved significantly lower scores across models. The correlation score of -0.84 was highly noticeable, suggesting that retrenchment is the most unsettling factor for organisational culture during turnarounds. This is also aligned with the factor analysis outcome, which indicated that retrenchment was associated with financial stability, profitability, and cost reductions, rather than trust, values, or relationship building. Regression analysis revealed that even after controlling for morale and adaptability (Model 4), retrenchment still yielded a significant negative score ($\beta = -0.32$). This implied that cultural impact related to retrenchment was not fully mitigated even with positive morale or adaptability. Retrenchment, therefore, has a significant and direct impact on employees. Hence, with the significance of these results, retrenchment erodes organisational culture.

In summary, the findings confirm H2 – the perceived effectiveness of retrenchments has a negative relationship with organisational culture during turnaround. Even when retrenchments become necessary, their psychological effects are long-lasting. Nevertheless, in line with Barbero et al. (2020) and Koronis and Ponis (2018), retrenchment does not completely erode the organisational culture, as its impact is highly dependent on how the firm's leadership implements and manages the process. Retrenchment, therefore, requires a balanced approach when necessary –

financial recovery without significant negative impact to organisational culture, especially in a SA retail context.

6.5 Discussion : Research Sub-question 3

What is the relationship between organisational adaptability – represented by leadership and flexibility – and organisational culture during turnaround?

H3 – Organisational adaptability represented by leadership and flexibility has a positive relationship with organisational culture during turnaround.

The statistical analysis associated with Model 3 revealed a strong, negative, and statistically significant relationship between adaptability (leadership and flexibility) and organisational culture ($\beta = -1.07$, $p < 0.001$). This finding was further confirmed by the correlation analysis ($r = -0.69$, $p < 0.001$). This indicated that as adaptability (leadership and flexibility) increased, employees perceived a decrease in stability and the state of organisational culture. Although adaptability is crucial for turnaround, it can significantly impact organisational culture, mainly if conducted in a disruptive manner.

These findings were consistent with academic research on adaptability and culture. Adaptability enhances organisational culture and innovation but may be disruptive to organisational norms (Do et al., 2016). Likewise, organisational agility is dependent on cultural factors that support adaptability; however, disruptions to this can challenge the organisational culture and create uncertainty (Carvalho et al., 2023). Adaptive leadership can reinforce a resilient culture when combined with trust, transparency, efficient communication and psychological safety, else employees perceive this as unpredictable and disruptive changes to organisational culture (Williams et al., 2017). Collectively, these academic literatures, aligned to the empirical findings of this research, reiterate that adaptability is a two-pronged approach – it is critical for progression but can potentially weaken the short-term culture.

The negative relationship between adaptability (leadership and flexibility) and organisational culture, as shown in Model 3 ($\beta = -1.07$, $p < 0.001$), confirms that adaptability influences employee perceptions of organisational culture. Model 4 integrated the other factors and remained significantly negative ($\beta = -1.34$, $p < 0.001$). Hence, adaptability remained negatively correlated, both independently and when

employee morale and perceptions of retrenchment were integrated, reiterating the persistent impact on organisational culture.

These results indicated that adaptability (leadership and flexibility) are essential to turnaround strategies but may create short-term negative perceptions of the organisational culture. During turnaround leadership, make decisions to stabilise performance; however, these decisions can impair the culture, norms and stability of the organisation that employees relate to. Overall, the findings suggest that adaptability through leadership and flexibility has a negative influence on organisational culture during turnaround. Leadership must therefore ensure that adaptability stabilises or renews the organisational culture through inclusivity, integrity, openness and communication.

6.6 Integration of the Findings

Main research question – What are the key determinants of organisational culture during turnaround in a South African retail organisation?

The main research question this study sought to answer was: What are the key determinants of organisational culture during turnaround in a South African retail organisation?

Answering this question required integrating the three sub-questions and hypotheses. Employee morale, perceived effectiveness of retrenchment and organisational adaptability have an influence on organisational culture during turnaround within a SA retailer context. The combination of quantitative and academic literature analysis established that all three variables have statistically significant effects on organisational culture, varying in degree and manner. Employee morale was a positive determinant of organisational culture, while retrenchment and adaptability acted as negative determinants influencing organisational culture.

Morale highlighted a negative relationship in Bivariate Model 1 ($\beta = -0.56$, $p < 0.001$); however, when merged with retrenchment and adaptability in Multivariate Model 4, it inverted to a positive relationship ($\beta = 0.69$, $p < 0.001$). This suggests that employee morale contributes to organisational culture, along with other factors. Contrastingly, the perceived effects of retrenchment maintained its negative relationship with organisational culture in Bivariate Model 2 ($\beta = -0.50$, $p < 0.001$) and in Multivariate Model 4 ($\beta = -0.32$, $p < 0.001$), even when combined with the other factors. This suggests that although retrenchments bring about financial stability, they still have a

negative influence on organisational culture. Adaptability (leadership and flexibility) yielded the most substantive findings, with $\beta = -1.07$ ($p < 0.001$) in Bivariate Model 3 and $\beta = -1.34$ ($p < 0.001$) in Multivariate Model 4. The results collectively revealed that all three determinants significantly influence organisational culture – employee morale in a positive manner and retrenchment and adaptability in a grossly harmful manner – during turnaround periods in a SA retailer context.

The findings are succinctly aligned with the academic literature on organisational culture, employee morale, retrenchment and adaptability. According to Weakliem and Frenkel (2006) and Parent and Lovelace (2018) employee morale promotes engagement and collaboration while upholding cohesion and organisational performance throughout changes. These findings supported the empirical results of this research, reaffirming that employee morale serves as the cultural foundation during catastrophic situations. According to Boyne & Meier (2009) and Barbero et al. (2020), retrenchment redefines the organisation's dynamics and requires a robust organisational culture to nullify the significant adverse effects of retrenchment. This supported the empirical findings that retrenchment is a necessary turnaround strategy for financial revival; however, if the organisational culture is not resilient enough, instability ensues. Finally, adaptability (leadership and flexibility) enhance performance in the short-term but disrupts the traditional norms and foundations of the organisation (Do et al., 2016; Carvalho et al., 2023). This reaffirmed that the study's adaptability is vital for regeneration; however, it can be challenging to the existing organisational culture. These three determinants collectively highlight that as organisational culture evolves, it can be strengthened or weakened during turnaround in a SA retail context.

Statistically, the correlation analysis revealed meaningful relationships among all factors – Organisational Culture was negatively correlated with Retrenchment ($r = -0.84$) and Adaptability ($r = -0.69$) and moderately correlated with Employee Morale ($r = -0.43$). Regression modelling indicated that when all determinants were combined (Model 4) employee morale emerged as a positive factor ($\beta = 0.69$), whereas retrenchment ($\beta = -0.32$) and adaptability ($\beta = -1.34$) continued to have significant negative implications. The four-factor model accounted for 63% of the total variance, indicating that the determinant factors collectively provide a statistically sound explanation of how organisational culture is defined in a SA retailer undergoing turnaround.

The integrated analysis highlighted factors that maintain organisational culture and factors that erode it. High levels of employee morale act as the anchor that maintains organisational culture. Contrarily, retrenchment and adaptability may be operationally required but are considered disruptive factors that can hinder psychological safety and challenge organisational norms. The analysis and results indicated that leadership are necessary to balance organisational change with long-term stability in mind during turnaround. Leadership should be transformational, combining inclusivity, fairness, effective communication, and trust to alleviate the stress triggered by perceptions related to retrenchment. Organisational resilience manifests when leadership plays an active role in preserving culture, with employee morale being used as a foundation (Williams et al., 2017). This study confirmed the research questions and hypotheses – Employee morale, perceptions of retrenchment and adaptability – are significant determinants of organisational culture in a SA retail context.

6.7 Conclusion

This chapter provided a thorough analysis of the evidence on the determinants of organisational culture during turnaround in a SA retail context. The analysis and results were interrelated with the main research question: What are the key determinants of organisational culture during turnaround in a South African retail organisation? The research questions and hypotheses suggested that employee morale, the perceived effectiveness of retrenchment and organisational adaptability (leadership and flexibility) drastically impact organisational culture during turnaround.

The findings included analyses using numerous statistical techniques, along with academic literature, to validate how these three determinants jointly define organisational culture perceptions and resilience. From all the statistical models, the analysis revealed that employee morale acts as the anchor that preserves organisational culture during periods of instability. When employees feel valued, supported and respected, they are highly likely to maintain their shared values and cooperate in supporting recovery efforts, reaffirming the criticality of organisational culture. Conversely, retrenchment and adaptability had a disruptive effect on organisational culture. Retrenchment was perceived as an operational requirement for financial stability, but it eroded trust, signifying that without consideration for organisational culture, retrenchments can have devastating long-term effects (Boyne & Meier, 2009; Barbero et al., 2020). Similarly, adaptability was seen as

imperative for restoration but created cultural instability, unless it was complemented with transparency, efficient communication, and emotional support (Do et al., 2016; Carvalho et al., 2023; Williams et al., 2017).

Generally, the findings confirm that the three determinants significantly influence organisational culture during turnaround in a SA retailer. Employee morale contributes positively to organisational culture. Although retrenchment and adaptability are necessary for financial and operational stability, they can have significant adverse effects on organisational culture if not managed appropriately. The dynamic interactions between these three determinants suggest that successful turnarounds are more than just financial recovery; cultural consideration, psychological safety and transformational leadership become mandatory.

The next chapter builds upon the empirical findings of this research by offering an overarching conclusion to the study. Chapter seven presents academic and practical contributions and thereafter offers recommendations for leadership on how to maintain and reinforce the organisational culture during periods of turnaround in a South African retail context.

Chapter 7 - Conclusion and Recommendations

7.1 Introduction

Research on organisational culture during periods of turnaround remains understudied, especially within developing markets such as South Africa. Present studies on turnaround mainly focus on financial stability and operational interventions, frequently disregarding the culture that support long-term recovery (Balioukas et al., 2023; Rivera-Prieto et al., 2025). This research focussed on that gap by empirically investigating the determinants of organisational culture during turnaround with a multiple regression model. The model examined the influence of employee morale, retrenchment and organisational adaptability (leadership and flexibility) on organisational culture.

Chapter two highlighted the academic literature on decline, turnaround strategy, organisational culture, employee morale and adaptability. The literature survey drew from Schein's organisational culture framework as well as some turnaround and human resource management literature (Boyne & Meier, 2009; Rico & Puig, 2021). The literature indicated that during organisational decline, culture provides the support that can influence employee loyalty, trust, leadership, cohesion and alignment to new strategies (Cohee, 2019; Rivera-Prieto et al., 2025). The literature also highlighted that retrenchment and restructuring decisions impact employee morale and psychological safety, hence influencing how employees perceive leaderships intentions (Santana et al., 2017 Balioukas et al., 2023). Considering this, the research undertaken attempted to expand on the understanding of culture by statistically evaluating the key determinants that influence organisational culture during turnaround in SA retail organisations.

A quantitative explanatory method was used, supported through a positivism, to test the relationships between the determinants. Data were collected by validated survey instruments, circulated to store employees, middle and senior management and executive level staff. The final data was deemed valid after data screening and tests for normality were conducted. Statistical analysis techniques that consisted of Exploratory Factor Analysis, Confirmatory Factor Analysis, Correlation and finally Multiple Regression Analysis tested the relationship between the independent variables (employee morale, retrenchment and organisational adaptability) and the dependent variable (organisational culture). Reliability and validity were upheld through Cronbach's Alpha and factor loadings that met thresholds and standards.

This chapter concludes the research by aligning to the overarching primary research question: “What are the key determinants influencing organisational culture during turnaround in a South African retail organisation?” This concluding chapter synthesises the findings from chapter six, converting them into theory and managerial proposals. Recommendations for industry leaders managing turnaround, limitations of the research and thoughts on future research paths are also provided.

7.2 Findings

The primary purpose of this research was to investigate the key determinants or organisational culture during turnaround in a South African retail organisation. To accomplish this, a multiple regression model was used to test the relationships between employee morale, retrenchments and organisational adaptability as the independent variables and organisational culture as the dependent variable.

Main Research Question: What are the key determinants of organisational culture during turnaround in a South African retail organisation?

The overarching main research question was investigated by testing the three sub research questions and hypotheses through exploratory factor analysis and multiple regression analysis.

Sub Research Question 1: What is the relationship between employee morale and organisational culture during turnaround?

Hypothesis 1 (H1): Employee morale has a positive relationship with organisational culture during turnaround.

Findings: Regression analysis discovered a strong and statistically significant negative between employee morale and organisational culture when tested independently ($\beta = -0.5583$; $p < 0.001$). This result indicated that lower levels of employee morale led to higher resistance and declining levels of organisational culture. However, when employee morale was tested together with the other determinants in Model four, the relationship changed to positive ($\beta = 0.6931$; $p < 0.001$). This meant that employee morale plays a supportive role when retrenchments are managed well and when leadership are supportive. Hypothesis one is supported as part of the full model as the literature that indicated that employee morale may decrease when measured in isolation, however it becomes a key determinant of culture when combined with retrenchment processes that are

considerate and empathetic and with inspirational leadership. Rivera-Prieto et al. (2025) and Balioukas et al. (2023) reaffirmed that employee morale plays a central role with trust and collaboration during turnaround.

Sub Research Question 2: What is the relationship between perceived effectiveness of retrenchment and organisational culture during turnaround?

Hypothesis 2 (H2): Perceived effectiveness of retrenchment has a negative relationship with organisational culture during turnaround.

Findings: The outcome indicated a significantly negative relationship between employees' perceptions of the effectiveness of retrenchments and organisational culture ($\beta = -0.5027$; $p < 0.001$). This relationship also remained significantly negative when combined with other determinants in Model four ($\beta = -0.3182$; $p < 0.001$). Although employees may perceive retrenchments as a necessary strategy, it erodes employees trust and cohesion. Employees may perceive retrenchments as a threat to their jobs retracting from cultural alignment and organisational values. Hypothesis two is supported as Cohee (2019) indicated that retrenchment strategies decrease employee morale and culture even if it brings about financial stability.

Sub Research Question 3: What is the relationship between organisational adaptability – represented by leadership and flexibility – and organisational culture during turnaround?

Hypothesis 3 (H3): Organisational adaptability – represented by leadership and flexibility – has a positive relationship with organisational culture during turnaround.

Findings: Contrarily, organisational adaptability, represented by leadership and flexibility, revealed a strong significantly negative relationship with organisational culture when measured in isolation ($\beta = -1.0678$; $p < 0.001$) and when combined with the other determinants ($\beta = -1.3389$; $p < 0.001$). The statistical analysis results indicate that increased adaptability created instability with the constant changes implemented. Employees may observe these changes as a lack of direction or vision. Hypothesis three is not supported as the findings emphasised that while adaptability leads to strategic responses, it can lead to disruptions in organisational culture if it is excessive in nature (Balioukas et al., 2023).

Summary of Findings and Regression Model:

- H1 was supported. Employee morale reinforces organisational culture when combined with the other determinants.
- H2 was supported. Perceptions about the effectiveness of retrenchments have a negative influence on organisational culture.
- H3 was not supported. Organisational adaptability, represented by leadership and flexibility, negatively influences organisational culture.

The overarching results reveal that during turnaround employee morale preserves culture, whereas retrenchments and excessive adaptability erode organisational culture. Cultural resilience during turnaround can be achieved by balancing adaptability with psychological safety, empathetic leadership, transparency and effective communication.

7.3 Recommendations

This section of the research converts the empirical results and academic literature into practical and actionable recommendations for industry leaders managing turnaround situations in a South African retail environment. The recommendations are intended for industry – employees, executives, human resources, senior to mid management level and policy makers – specifically focusing on culture, employee morale and leadership.

The regression analysis indicated that when organisational adaptability is chaotic organisational culture is negatively impacted. Executives must find a balance between adaptability, strategy and transparency. Adaptive leadership is effective when objectives are clearly articulated and behaviours are predictable and consistent (Rivera-Prieto et al., 2025; Balioukas et al., 2023). The strategy from leadership should always synchronise major organisational changes with the core values of the organisation to protect culture. The literature also draws attention to leadership credibility and trust that is built up over time through psychological safety (Hald et al., 2021). Leaders should conduct formal listening sessions, circulate reports and gain insights from staff input. Transformational leaders tend to uphold organisational culture – integrity, employee morale and staff engagements – together with key performance indicators. Kaufman (2020) as well as Bhattacharyya and Thakre (2021) indicated that strong organisational performance manifests when culture is formally measured through metrics and reinforced throughout the organisation.

Stemming from the regression model, employee morale was the strongest positive determinant of organisational culture during turnaround. Human resources should create an environment for high levels of employee morale through transparency, inclusivity and recognition. Robust cultures and high productivity levels are created by having very trusting environments and continuous staff engagements (Pattnaik & Jena, 2021; Nguyen et al., 2023). The regression analysis also identified that there was a negative relationship between employee perceptions of retrenchments and organisational culture. Badly managed retrenchments create mistrust and disconnections from employees. Human resources must fairness, transparency and empathy during retrenchments (Cohee, 2019). Providing employees with options for redeployment to other areas of the business, severance payouts and counselling can reduce some stress associated with retrenchments. Readiness for organisational changes assists in creating a resilient culture. Human resources should incorporate initiatives that fosters employee self-confidence, resiliency and stability to preserve culture even during times of uncertainty (Kassem et al., 2019). Human resources should create safe environments in the sense of setting up anonymous surveys, reporting hotlines that are confidential in nature and psychological safety initiatives. These types of interventions support a robust transformational culture (Victoria O et al., 2021; Hald et al., 2021).

Policymakers must develop strong compliancy policies that encourage engagements, fairness and open communications during retrenchments. Compliance and regulatory guidelines preserve employee morale and trust (Cohee, 2019; Rico & Puig, 2011). Regulations should encourage culture health assessments to tangibly measure an organisations culture. Auditing an organisations culture - aspects such as bullying in the workplace, effectiveness of communications and leadership styles – promotes a resilient workplace culture (Hald et al., 2021).

Middle and senior managers act as the buffer between executives and front-line employees. Strategic changes should be communicated with clarity, transparency and meaning. Distributed leadership improves accountability and engagements during turnarounds (Asatiani et al., 2021). Managers must nurture transparency, regular engagements and psychological safety. Teams that have strong trust between members exhibit higher levels of employee morale, performance and loyalty (Pattnaik & Jena, 2021a). Employees must be encouraged by management to constantly engage in feedback, brainstorming and problem-solving meetings. When

these types of meetings are constructive in nature, they share responsibilities and improve employee morale (Hald et al., 2021;Rivera-Prieto et al., 2025).

The practical recommendations provided focus on the adage that successful turnaround strategies are as important as the organisational culture. Reinforcing morale, managing retrenchments using a human centric approach and balancing organisational adaptability are major fundamental aspects for sustained long-term performance recovery amongst South African retailers. Psychological safety of employees, considerate restructuring and values driven leadership are a fundamental aspect to a successful turnaround.

7.4 Limitations

This research provided valuable empirical evidence in the key determinants of organisational culture amongst South African retailers during turnaround. Some limitations must be noted when the findings are interpreted. Firstly, the research gathered data through a cross-sectional survey design for a specific period to allow for statistical testing and analysis. Organisational culture and employee morale are constantly evolving constructs, therefore a longitudinal survey design could have been more suitable to capture these construct changes before, during and after turnaround initiatives.

Secondly, the research made use of validated survey instruments in a South African retail context. Although, factor analysis reaffirmed reliability and validity, some survey items may not have captured the full extent of the practical problem that was investigated. Additionally, employee morale, retrenchment and organisational adaptability were measured through employees' perceptions and feelings instead of a proper organisational culture audit, which could limit the precision of the cultural measurement.

Thirdly, generalisability of this research findings could be a challenge. The research focused on the South Africa retail sector for firms undergoing performance decline and, subsequently, initiated turnaround strategies. although, there is richness, substance and depth to these findings, it may not be generalisable to other industry sectors of the economy. Additionally, the sample population was obtained from a single retail group, within certain areas of the retail group and within a specific province. Although the sample was representative of the wider organisation and retail

industry it may not be generalisable to other retail companies in the market that have their own dynamics with performance decline, turnaround and organisational culture.

Fourth, while the regression analysis provided validity and clarity on the three key determinants – employee morale, retrenchments and organisational adaptability – organisational by nature is a multi-dimensional construct. There could be other variables influencing organisational culture such as trust, innovation or communication that were not included in this study.

Although the research findings provided statistically sound evidence associated with employee morale, retrenchment and organisational adaptability influences on organisational culture during turnaround, there are limitations to consider during interpretation especially from a generalisability perspective. These limitations, at the same time, create the potential for future research to determine how organisational culture evolves throughout the turnaround processes and after it is completed.

7.5 Future Research Work

While this study provides an empirical understanding of the key determinants of organisational culture during turnaround in a South African retail environment, there are prospects for future research to delve deeper and broader into these paradigms. Future studies should focus on a longitudinal research design methodology to further investigate how employee morale, perceived effectiveness of retrenchments and organisational adaptability transform through different stages of turnaround strategy implementation. This approach would allow for an investigation between organisational culture and turnover strategy over a longer period that would be more in-depth and rigorous; sometime that the current cross-sectional method could not uncover due to limited time.

The current research concentrated on three key determinants – employee morale, retrenchment and organisational adaptability. Future research should attempt to include other important constructs as highlighted by researchers. Trust and psychological safety (Hald et al., 2021; Pattnaik & Jena, 2021); change readiness and resilience (Kassem et al., 2019); digital transformation and innovation (Asatiani et al., 2021); communication quality and the environment (Cohee, 2019).

Given that this research focused on the retail sector in South Africa, future research could reproduce this study in other sectors of the economy. Comparative studies within other sectors of South Africa could uncover whether the three key

determinants of organisational culture during turnaround – employee morale, perceptions of retrenchment and organisational adaptability – are universally common in other sectors or specific just to the retail sector. Multi-sector comparative research would provide a strong case for generalisability and would also discover industry specific differences in organisational culture during uncertainty (Rico & Puig, 2021). Branching off into other industry sectors also provides the opportunity to vastly increase the sample population across geographies, demographics, and cultural backgrounds.

7.6 Conclusion to the Research

This chapter concludes the research by amalgamating the main findings, industry implications, limitations of the study and future work that can be explored. The research examined how employee morale, retrenchments and organisational adaptability influence organisational culture during turnaround in a South African retail environment. The regression analysis revealed employee morale positively influenced organisational culture, while retrenchment and excessive organisational adaptability significantly eroded organisational culture. Recommendations for industry emphasised the role that leadership needs to play during turnaround initiatives. Executives need to find a balance for organisational adaptability, human resource practitioners must ensure that retrenchments are carried out with empathy, transparency and upholding psychological safety, whilst policymakers should devise governance and regulations that includes fairness, organisational adaptability and culture assessments. Limitations highlighted the cross-sectional nature of the survey methodology, being sector specific and focusing on only the three key determinants. This gave way for future research to make attempts for longitudinal studies based on this research, branching out into other sectors of the economy and including other variables except the three key determinants used in this research. Generally, this study reaffirmed that successful turnaround is not dependent solely on financial recovery, but on how organisational culture is shaped during turnaround.

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Appendices

Appendix 1: Survey Questionnaire

No	Question	Question Type	
Section A – Demographics			
1	What is your current age?	Demographic	
2	What is your gender? Male, Female, Prefer not to specify.	Demographic	
3	How many years of service do you have at the organisation?	Demographic	
3	What is your job level? (eg Junior, Middle, Senior, Executive)	Demographic	
4			
Organisational Performance			
No	Question	Instrument	Scale
1	The company is unqualified to meet the challenges presented by its environment.	Jackson and Dutton (1988)	1= Strongly Disagree to 5 = Strongly Agree
2	The company's top managers likely feel a great amount of pressure.	Jackson and Dutton (1988)	1= Strongly Disagree to 5 = Strongly Agree
3	In my organization, financial resources are used more effectively	CVF Performance	1= Strongly Disagree to 5 = Strongly Agree
4	In my organization, the productivity of per employee/volunteer is improved	CVF Performance	1= Strongly Disagree to 5 = Strongly Agree
5	In my organization, the board is more supportive	CVF Performance	1= Strongly Disagree to 5 = Strongly Agree
Organisational Culture			
1	My organization is a very personal place. It is like an extended family. People seem to share a lot of themselves	CVF Clan Culture	1= Strongly Disagree to 5 = Strongly Agree
2	The glue that holds my organization together is loyalty and for a tradition. Commitment to this firm runs high	CVF Clan Culture	1= Strongly Disagree to 5 = Strongly Agree

3	My organization emphasizes point human resources. High cohesion and morale in the firm are important	CVF Clan Culture	1= Strongly Disagree to 5 = Strongly Agree
4	The organization is very results-oriented. A major concern is getting the job done. People are very competitive and achievement-oriented.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
5	The leadership in the organization is generally considered to exemplify mentoring, facilitating, or nurturing.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
6	The leadership in the organization is generally considered to exemplify entrepreneurship, innovation, or risk taking.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
7	The leadership in the organization is generally considered to exemplify a no-nonsense, aggressive, results-oriented focus.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
8	The leadership in the organization is generally considered to exemplify coordinating, organizing, or smooth-running efficiency.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
9	The management style in the organization is characterized by teamwork, consensus, and participation.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
10	The management style in the organization is characterized by security of employment, conformity, predictability, and stability in relationships.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
11	The organization defines success on the basis of development of human resources, teamwork, employee commitment, and concern for people.	OCAI	1= Strongly Disagree to 5 = Strongly Agree
12	People are flexible and adaptable when changes are necessary.	OCAQ	1= Strongly Disagree to 5 = Strongly Agree
13	People feel that most change is the result of pressures imposed from higher up in the organization.	OCAQ	1= Strongly Disagree to 5 = Strongly Agree
14	People believe that their concerns and anxieties during periods of change are heard and taken into considerations.	OCAQ	1= Strongly Disagree to

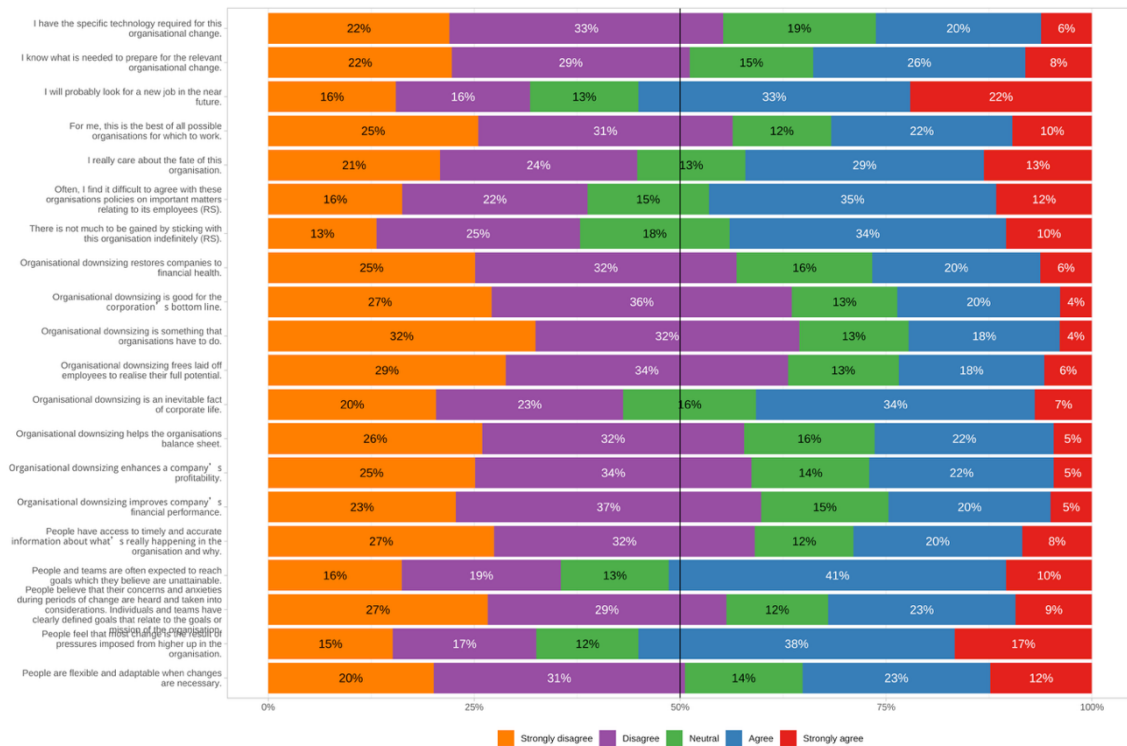
	Individuals and teams have clearly defined goals that relate to the goals or mission of the organization.		5 = Strongly Agree
15	People and teams are often expected to reach goals which they believe are unattainable.	OCAQ	1= Strongly Disagree to 5 = Strongly Agree
16	People have access to timely and accurate information about what's really happening in the organization and why.	OCAQ	1= Strongly Disagree to 5 = Strongly Agree
Retrenchment and Morale			
1	I feel very little loyalty to this organization. (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
2	I would accept almost any type of job assignment in order to keep working for this organization	OCQ	1= Strongly Disagree to 5 = Strongly Agree
3	I find that my values and the organization's values are very similar	OCQ	1= Strongly Disagree to 5 = Strongly Agree
4	I am proud to tell others that I am part of this organization.	OCQ	1= Strongly Disagree to 5 = Strongly Agree
5	I could just as well be working for a different organization as long as the type of work was similar. (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
6	This organisation really inspires the very best in me in the way of job performance	OCQ	1= Strongly Disagree to 5 = Strongly Agree
7	It would take very little change in my present circumstances to cause me to leave this organization. (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
8	I am extremely glad that I chose this organization to work for over others I was considering at the time I joined	OCQ	1= Strongly Disagree to 5 = Strongly Agree
9	There is not much to be gained by sticking with this organisation indefinitely (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree

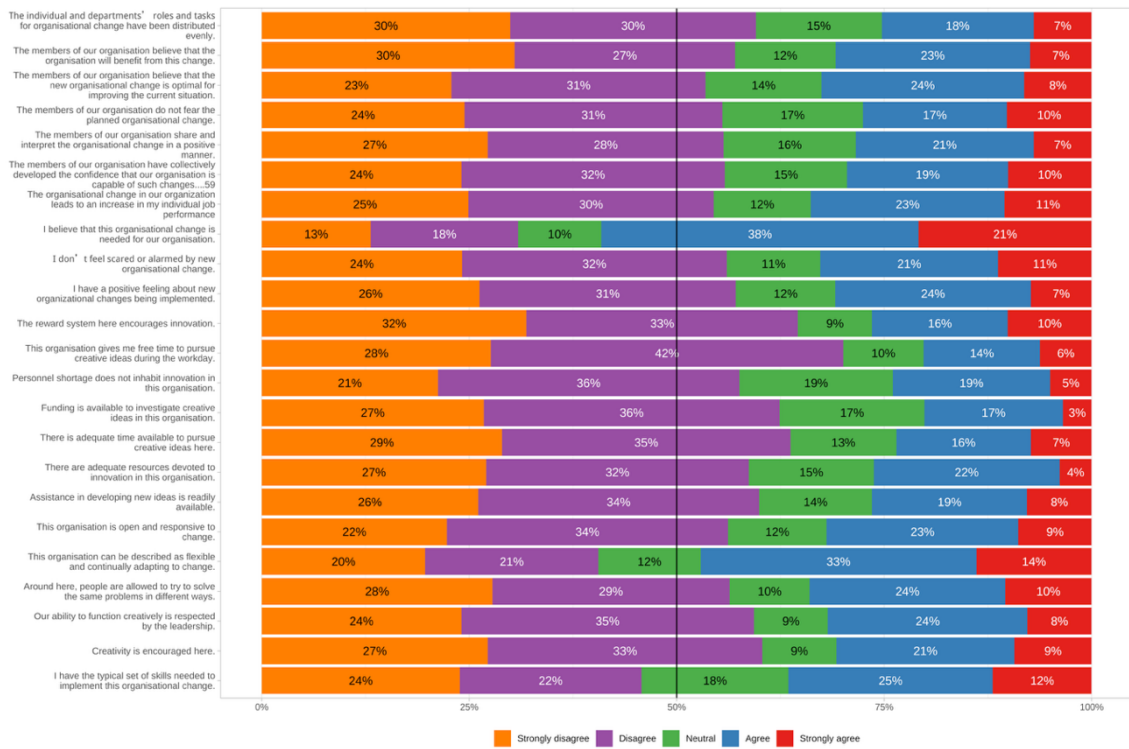
10	Often, I find it difficult to agree with this organisations policies on important matters relating to its employees (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
11	I really care about the fate of this organization.	OCQ	1= Strongly Disagree to 5 = Strongly Agree
12	For me, this is the best of all possible organisations for which to work	OCQ	1= Strongly Disagree to 5 = Strongly Agree
13	I will probably look for a new job in the near future.	OCQ	1= Strongly Disagree to 5 = Strongly Agree
14	I do not intend to quit my job. (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
15	It is unlikely that I will actively look for a different organization to work for in the next year. (RS)	OCQ	1= Strongly Disagree to 5 = Strongly Agree
Culture and Adaptability			
1	I know what is needed to prepare for the relevant organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
2	I have the specific technology required for this organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
3	I have the typical set of skills needed to implement this organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
4	Creativity is encouraged here	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
5	Our ability to function creatively is respected by the leadership	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
6	Around here, people are allowed to try to solve the same problems in different ways	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree

7	This organization can be described as flexible and continually adapting to change	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
8	This organization is open and responsive to change	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
9	Assistance in developing new ideas is readily available	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
10	There are adequate resources devoted to innovation in this organization	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
11	There is adequate time available to pursue creative ideas here	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
12	Funding is available to investigate creative ideas in this organization	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
13	Personnel shortage does not inhibit innovation in this organization	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
14	This organization gives me free time to pursue creative ideas during the workday	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
15	The reward system here encourages innovation	CVF Innovation	1= Strongly Disagree to 5 = Strongly Agree
Adaptability			
1	I have a positive feeling about new organizational changes being implemented.	ROC	1= Strongly Disagree to 5 = Strongly Agree
2	I don't feel scared or alarmed by new organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
3	I believe that this organizational change is needed for our organization.	ROC	1= Strongly Disagree to 5 = Strongly Agree

4	The organizational change in our organization leads to an increase in my individual job performance.	ROC	1= Strongly Disagree to 5 = Strongly Agree
5	The members of our organization have collectively developed the confidence that our organization is capable of such changes.	ROC	1= Strongly Disagree to 5 = Strongly Agree
6	The members of our organization share and interpret the organizational change in a positive manner.	ROC	1= Strongly Disagree to 5 = Strongly Agree
7	The members of our organization do not fear the planned organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
8	The members of our organization believe that the new organizational change is optimal for improving the current situation.	ROC	1= Strongly Disagree to 5 = Strongly Agree
9	The members of our organization believe that the organization will benefit from this change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
10	The individual and departments' roles and tasks for organizational change have been distributed evenly.	ROC	1= Strongly Disagree to 5 = Strongly Agree
11	The structure of the organization is compatible with the successful acceptance and implementation of this organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
12	The objective of the organizational change is clear.	ROC	1= Strongly Disagree to 5 = Strongly Agree
13	Our organization explains, in detail, the contents related to organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree
14	The executives and managers lead by example to promote organizational change.	ROC	1= Strongly Disagree to 5 = Strongly Agree

Appendix 2 – Likert Plots 1





Appendix 3 – Factor Analysis

Factor Analysis

