

**AN EVALUATION OF LEADERSHIP CHARACTERISTICS REQUIRED TO  
MEET THE DEMANDS OF A STRATEGIC CHANGE PROCESS IN THE  
AUTOMOTIVE CLUSTER IN THE EASTERN CAPE REGION.**

**By**

**SANETTE ANGLOHER**

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**By**

**SANETTE ANGLOHER**

Submitted in fulfillment of the requirements for the degree:

**DOCTOR TECHNOLOGIAE: BUSINESS ADMINISTRATION**

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Promoter: Prof. N. D. Kemp

## **DECLARATION BY STUDENT**

**FULL NAME: SANETTE ANGLOHER**

**STUDENT NUMBER: 9323597**

**QUALIFICATION: DOCTOR TECHNOLOGIAE: BUSINESS ADMINISTRATION**

**DECLARATION:**

In accordance with Rule G4.6.3, I hereby declare that the above-mentioned thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

**SIGNATURE:**

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**DATE:**

**8 April 2010**

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## DEDICATION

**I dedicate this work to my mom, who passed away from cancer before I had the opportunity to complete my studies. She was so proud anticipating having a daughter that she could call Doctor. Ma, this one's for you!**

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(BUSINESS ADMINISTRATION)**

**FACULTY: BUSINESS AND ECONOMIC SCIENCES**

**PROMOTOR: PROF. N. D. KEMP**

**ABSTRACT**

Against a backdrop of increasing globalisation, deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, the primary task of management today is the leadership of organisational change (Graetz, 2000:550). In the words of Lussier and Achua

(2001:9): “The companies that will survive in the new global competitiveness environment are those that can attract and maintain leaders”.

The above emphasises the important role of managers during times when change take place in the organisation. Yet employees are often managed inappropriately in a period of change. There are two reasons for this: (1) managers managing change are under pressure which undermines their own performance, (2) organisations often do not possess managers who are skilful at handling change. It is this second reason that will form the focus of this study.

Carnall (1999:105) states that managing change effectively requires an understanding of both what is and seems likely to happen and of how people react to change, and a skilful management performance. Leaders must take on more facilitative roles, as competencies in change management become critical to creating and sustaining effective organisations.

The major technological advances of today rely heavily on leaders to facilitate change. Leaders need to encourage people to “collaborate, take risks, take responsibility and be accountable for the change process the organisation must continually undergo to maintain a leadership position in its industry”, according to Moran and Brightman (2000:3). They furthermore argue that “change leaders recognise that they are always trying to balance stability and change. It is a delicate

balance to accomplish since employees desire order and stability, while organisations must be ready to adapt to changing conditions quickly”.

In this rapidly changing world, organisations must become more flexible, more responsive, and more willing to change and adapt. They must create and assimilate new knowledge at an increasing pace, encourage innovation, and learn to compete in new ways. Dess and Picken (2000:30) argue that the leaders of these organisations must be proactive in facilitating organisational learning and encouraging positive adaptation to external changes.

The above shows what an important role leaders/managers have to play in the strategic change process. They need to possess the requisite skills in leadership, problem solving, continuous improvement, team effectiveness, and customer service in order to ensure the long-term growth and stability in the organisation which change can bring about. This research project will identify the various skills needed to successfully manage a change initiative.

**Key words:** Leadership; Strategic Change; Change Leadership; Change Management.

## **TABLE OF CONTENTS**

DECLARATION	i
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
TABLE OF CONTENTS	vi
LIST OF FIGURES	xii
LIST OF TABLES	xiii
LIST OF CHARTS	xviii
LIST OF ANNEXURES	xix

## **CHAPTER 1**

### **INTRODUCTION, PROBLEM STATEMENT AND OUTLINE OF RESEARCH PROJECT**

1.1	INTRODUCTION	3
1.2	MAIN PROBLEM	5
1.3	SUB-PROBLEMS	7
1.4	DEFINITION OF SELECTED CONCEPTS	8
1.5	DEMARCATON OF THE RESEARCH	15



1.6	ASSUMPTIONS	16
1.7	THE SIGNIFICANCE OF THE RESEARCH	16
1.8	RESEARCH DESIGN	19
1.9	OUTLINE OF THE THESIS	21
1.10	CONCLUSION	22

## **CHAPTER 2**

### **THE NATURE OF STRATEGIC CHANGE**

2.1	INTRODUCTION	25
2.2	THE NATURE AND CHARACTERISTICS OF STRATEGIC CHANGE	26
2.3	TYPES OF ORGANISATIONAL CHANGE	32
2.4	THE CAUSES OF STRATEGIC CHANGE	38
2.5	WHY CHANGE INITIATIVES FAIL	45
2.6	CHANGE STRATEGIES	51
2.7	WHAT DOES A SUCCESSFUL STRATEGIC CHANGE PROCESS ENTAIL?	58
2.8	CHANGE IN THE MANUFACTURING INDUSTRY	63
2.9	CONCLUSION	66

## **CHAPTER 3**

### **LEADERSHIP CHARACTERISTICS AND MANAGEMENT SKILLS**

3.1	INTRODUCTION	69
3.2	DIFFERENCES BETWEEN MANAGERS AND LEADERS	70
3.3	TYPES OF MANAGERS AND THEIR RESPONSIBILITIES	78
3.4	NEW MANAGERIAL ROLES	82
3.5	MANAGERIAL SKILLS	86
3.6	LEADERSHIP DEFINED	93
3.7	LEADERSHIP TRAITS AND COMPETENCIES	97
3.8	A SYNTHESIS OF THE MOST IMPORTANT CHARACTERISTICS OF SUCCESSFUL LEADERS	114
3.9	THE ROLE OF THE LEADER IN SUCCESSFULLY MANAGING CHANGE	116
3.10	EFFECTIVE LEADERSHIP IN THE FUTURE	121
3.11	VARIABLES AFFECTING LEADERSHIP EFFECTIVENESS	128
3.12	LEADERSHIP CHALLENGES IN TIMES OF CHANGE, AND THE EFFECTS ON THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY	130
3.13	CONCLUSION	132

## **CHAPTER 4**

### **THE DEMANDS OF THE STRATEGIC CHANGE PROCESS ON LEADERSHIP, AND THE IDENTIFICATION OF CHARACTERISTICS CONDUCTIVE TO THE CHANGE MANAGEMENT PROCESS**

4.1	INTRODUCTION	135
4.2	THE NECESSITY FOR CHANGE MANAGEMENT	137
4.3	IMPLEMENTING SUCCESSFUL CHANGE	142
4.4	THE ORGANISATION'S RESPONSE TO CHANGE	145
4.5	CHARACTERISTICS OF EFFECTIVE CHANGE LEADERS	150
4.6	ELEMENTS OF A SUCCESSFUL CHANGE MANAGEMENT PROGRAMME	157
4.7	APPROPRIATE MANAGEMENT ACTIVITIES FOR CHANGE	164
4.8	CONCLUSION	170

## **CHAPTER 5**

### **THE METHODOLOGY OF THE EMPIRICAL STUDY**

5.1	INTRODUCTION	173
5.2	METHODOLOGY DEFINED	175
5.3	RESEARCH METHOD	179
5.4	THE SURVEY METHOD	180
5.5	THE MEASURING INSTRUMENT	183
5.6	CONSTRUCTION OF THE QUESTIONNAIRE	187
5.7	BIAS IN RESEARCH DESIGN	199
5.8	THE POPULATION TO BE SURVEYED	201
5.9	ADMINISTERING THE QUESTIONNAIRE	202
5.10	STATISTICAL TREATMENT OF THE DATA	203
5.11	CONCLUSION	204

## **CHAPTER 6**

### **ANALYSIS AND INTERPRETATION OF RESULTS**

6.1	INTRODUCTION	213
6.2	ANALYSIS AND INTERPRETATION OF RESULTS	214
6.3	CONCLUSION	257

## **CHAPTER 7**

### **CONCLUSIONS AND RECOMMENDATIONS**

7.1	INTRODUCTION	259
7.2	PROBLEMS AND LIMITATIONS OF THE STUDY	259
7.3	SUMMARY OF FINDINGS	260
7.4	RECOMMENDATIONS	267
7.5	FINAL CONCLUSION	271

<b>LIST OF SOURCES</b>	<b>272</b>
------------------------	------------

## LIST OF FIGURES

Figure 1.1	Managerial levels in an organisation	12
Figure 2.1	Types of change	34
Figure 2.2	Types of organisational change	36
Figure 2.3	Forces which influence an organisation's readiness to change	44
Figure 2.4	TRY change: organisational and personal change process	46
Figure 2.5	Lewin's Force Field Analysis Model	54
Figure 3.1	Competencies for leadership	111
Figure 3.2	Quality Management Leadership Model	126
Figure 4.1	How leadership changes with organisational change	139
Figure 4.2	Leadership paradox	141
Figure 4.3	Cycle of Change Model	155
Figure 4.4	Change Management Model	159
Figure 4.5	Changing Role of the Manager	165

**LIST OF TABLES**

Table 3.1	Summary of the different actions of managers and leaders	72
Table 3.2	Management and leadership differences	77
Table 3.3	Personal traits of effective leaders	103
Table 3.4	The Five Components of Emotional Intelligence at Work	120
Table 4.1	Kotter & Schlesinger's Methods for Managing Resistance to Change	149
Table 4.2	Comparison of generic and change leadership characteristics	154
Table 4.3	Leadership of change phase by phase, comparing inner and outer leadership requirements	156
Table 4.4	Management activities needed for each step in the change process	169
Table 6.1	Frequency table of results for Question 1	214
Table 6.2	Frequency table of results for Question 2	215
Table 6.3	Frequency table of results for Question 3	216
Table 6.4	Frequency table of results for Question 4	217
Table 6.5	Frequency table of results for Question 5	218
Table 6.6	Frequency table of results for Question 6 (1)	219
Table 6.7	Cross-tabulation of results for Question 6 (1) and Question 5	221
Table 6.8	Frequency table of results for Question 6 (2)	221

Table 6.9	Cross-tabulation of results for Question 6 (2) and Question 5	222
Table 6.10	Frequency table of results for Question 6 (3)	223
Table 6.11	Cross-tabulation of results for Question 6 (3) and Question 5	224
Table 6.12	Frequency table of results for Question 6 (4)	225
Table 6.13	Cross-tabulation of results for Question 6 (4) and Question 5	226
Table 6.14	Frequency table of results for Question 7	226
Table 6.15	Cross-tabulation of results for Question 7 and Question 5	227
Table 6.16	Frequency table of results for Question 8 (1)	228
Table 6.17	Cross-tabulation of results for Question 8 (1) and Question 5	229
Table 6.18	Frequency table of results for Question 8 (2)	229
Table 6.19	Cross-tabulation of results for Question 8 (2) and Question 5	230
Table 6.20	Frequency table of results for Question 8 (3)	231
Table 6.21	Cross-tabulation of results for Question 8 (3) and Question 5	232
Table 6.22	Frequency table of results for Question 9	232



Table 6.23	Cross-tabulation of results for Question 9 and Question 5	233
Table 6.24	Frequency table of results for Question 10	234
Table 6.25	Frequency table of results for Question 11 (1)	235
Table 6.26	Frequency table of results for Question 11 (2)	236
Table 6.27	Frequency table of results for Question 11 (3)	236
Table 6.28	Frequency table of results for Question 11 (4)	237
Table 6.29	Frequency table of results for Question 11 (5)	237
Table 6.30	Frequency table of results for Question 11 (6)	238
Table 6.31	Frequency table of results for Question 11 (7)	239
Table 6.32	Frequency table of results for Question 12	240
Table 6.33	Frequency table of results for Question 13	241
Table 6.34	Frequency table of results for Question 14 (1)	242
Table 6.35	Frequency table of results for Question 14 (2)	243
Table 6.36	Frequency table of results for Question 14 (3)	243
Table 6.37	Frequency table of results for Question 14 (4)	244
Table 6.38	Frequency table of results for Question 15	244
Table 6.39	Cross-tabulation of results for Question 15 and Question 5	246
Table 6.40	Frequency table of results for Question 16	246
Table 6.41	Frequency table of results for Question 17	247

Table 6.42	Cross-tabulation of results for Question 17 and Question 5	248
Table 6.43	Frequency table of results for Question 18 (1)	249
Table 6.44	Cross-tabulation of results for Question 18 (1) and Question 11 (1)	250
Table 6.45	Frequency table of results for Question 18 (2)	250
Table 6.46	Cross-tabulation of results for Question 18 (2) and Question 11 (2)	251
Table 6.47	Frequency table of results for Question 18 (3)	251
Table 6.48	Cross-tabulation of results for Question 18 (3) and Question 11 (3)	252
Table 6.49	Frequency table of results for Question 18 (4)	252
Table 6.50	Cross-tabulation of results for Question 18 (4) and Question 11 (4)	253
Table 6.51	Frequency table of results for Question 18 (5)	253
Table 6.52	Cross-tabulation of results for Question 18 (5) and Question 11 (5)	254
Table 6.53	Frequency table of results for Question 18 (6)	254
Table 6.54	Cross-tabulation of results for Question 18 (6) and Question 11 (6)	255
Table 6.55	Frequency table of results for Question 18 (7)	255

Table 6.56	Cross-tabulation of results for Question 18 (7) and Question 11 (7)	256
Table 6.57	Cross-tabulation of results for Question 18 (7) and Question 5	256
Table 7.1	Summary of results from questionnaire	264

**LIST OF CHARTS**

Chart 6.1	Pie chart of results for Question 1	214
Chart 6.2	Pie chart of results for Question 2	215
Chart 6.3	Pie chart of results for Question 3	216
Chart 6.4	Pie chart of results for Question 4	217
Chart 6.5	Pie chart of results for Question 5	218
Chart 6.6	Bar chart of results for Question 6 (1)	220
Chart 6.7	Bar chart of results for Question 6 (2)	222
Chart 6.8	Bar chart of results for Question 6 (3)	223
Chart 6.9	Bar chart of results for Question 6 (4)	225
Chart 6.10	Bar chart of results for Question 7	227
Chart 6.11	Bar chart of results for Question 8 (1)	228
Chart 6.12	Bar chart of results for Question 8 (2)	230
Chart 6.13	Bar chart of results for Question 8 (3)	231
Chart 6.14	Bar chart of results for Question 9	233
Chart 6.15	Bar chart of results for Question 10	234
Chart 6.16	Bar chart of results for Question 12	240
Chart 6.17	Bar chart of results for Question 13	241
Chart 6.18	Bar chart of results for Question 15	245
Chart 6.19	Bar chart of results for Question 16	247
Chart 6.20	Bar chart of results for Question 17	248

## **LIST OF ANNEXURES**

Annexure A	Questionnaire on leadership and change in the automotive industry	291
Annexure B	Covering letter	294

## **CHAPTER 1**

### **INTRODUCTION, PROBLEM STATEMENT AND OUTLINE OF RESEARCH PROJECT**

1.1	INTRODUCTION	3
1.2	MAIN PROBLEM	5
1.3	SUB-PROBLEMS	7
1.4	DEFINITION OF SELECTED CONCEPTS	8
1.4.1	Automotive Cluster	8
1.4.2	Leadership	9
1.4.3	Leadership characteristics	10
1.4.4	Management levels	11
1.4.5	Strategic change management	14
1.5	DEMARCATIION OF THE RESEARCH	15
1.5.1	Leadership characteristics	15
1.5.2	Geographical demarcation	15
1.5.3	The strategic change process	15
1.5.4	Management levels	16
1.6	ASSUMPTIONS	16
1.7	THE SIGNIFICANCE OF THE RESEARCH	16
1.8	RESEARCH DESIGN	19

1.8.1	Research methodology	19
1.8.1.1	Literature study	19
1.8.1.2	Empirical survey	19
1.9	OUTLINE OF THE THESIS	21
1.10	CONCLUSION	22

## **LIST OF FIGURES**

Figure 1.1	Managerial levels in an organisation	12
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## **CHAPTER 1**

### **INTRODUCTION, PROBLEM STATEMENT AND OUTLINE OF THE RESEARCH PROJECT**

#### **1.1 INTRODUCTION**

On the surface many organisations appear to be stable, unified, and generally efficient in day-to-day operations. Yet just beneath this façade, the effects of continuous change are creating new patterns and structures and changing the way organisations define themselves, how they respond to customers, and how they will do business currently and in the future. Carnall (2004:53) is of the opinion that strategic changes have an impact on the way the firm does business (its business system) and on the way the organisation has been configured (its organisational system). In short, while operational changes are necessary to maintain the business and organisational systems, strategic changes (by means of strategic planning) are directed at renewing them.

Rowe, Mason, Dickel, Mann and Mockler (1994:469) maintain that in order for a strategic plan to be successful, the organisation and many of its stakeholders need to accept the plan. There are, however, individuals whose behaviour is especially crucial to the success of strategic change. Of particular importance are the middle managers



whose expertise is often rooted in the old way of doing things and who are in a position to control the flow of information and activities. Middle managers are often the principal source of resistance to change.

Strategic change can be subtle or dramatic. According to Felkins et al (1993:3), planned changes may involve new products and services, work redesign, technological innovation, response to competitive challenges, customer and stakeholder demands and financial challenges. Some changes are dramatic and focused toward strategic goals, while others are created through routine practices.

There has never been an age in which change did not take place. Today there is an increase in the unpredictability of many of the factors that cause organisations to change, and an increase in the speed with which organisations have to respond in order to stay in the game. Many organisations appear to be in an almost continuous state of change, as in the case of technological manufacturing industries, such as the automotive industry. The management of this change process is one of the key factors that distinguish the successful from the less successful organisations.

The above discussion provides compelling evidence as to why leaders in the automotive industry should possess a set of characteristics that can assist them in managing a strategic change process successfully, and offers the basis for the exploration of the main problem of this study.

## 1.2 MAIN PROBLEM

Technological innovation, whether it is the product, itself, or the process of its production, is the engine which drives economic, social, and organisational change. According to Du Toit (2000:8), technological differences within industries are becoming less important in terms of competitive advantage while the aspects of business that appear to be the greatest contributors to sustained competitive differential are, amongst others:

- Strategic insight
- A bias for action
- Excellent communication with all stakeholders
- An ability to embrace change

It is this last contributor that places strain on the leadership in an organisation. Du Toit (2000:8) states that every organisation and its leadership have their own history, experiences, place in the market and knowledge base of successes and failures. This leadership strives to read the nature and impact of the rapidly changing world on the organisation and sets out to attain dynamic, moving goals.

Du Toit further argues that in order to succeed, leadership must create an environment that is conducive to operating in a state of paradox, dynamic change and true empowerment. Moran and Brightman (2000:1) are of the opinion that mastering

strategies for managing change is more important today since the rate of change is greater than at any time in history. The success of the individual organisation will remain critically dependent on its ability to compete. Increasingly competition is becoming global. The automotive industry is an example of this because foreign manufacturers operating in South Africa are importing their products into the country at prices that are often lower than those that are locally manufactured or assembled.

Planning, implementing and coping with change is one of the main challenges facing modern managers. Ultimately, managing change is about managing people, and this demands knowledge of human motivation, how groups operate and leadership (Moran & Brightman, 2000:1). The leaders of tomorrow will be those who have seized the opportunities that change brings. The aim of this research is, therefore, to identify the leadership characteristics that are conducive to the success of strategic change in an organisation.

This leads to the following problem which will be addressed by this research:

**What are the essential characteristics a leader in the automotive industry should possess in order to contribute optimally to the success of a strategic change process?**

### **1.3 SUB-PROBLEMS**

In order to develop a research strategy to deal with and solve the main problem, the following sub-problems have been identified:

#### **SUB-PROBLEM ONE:**

What does a successful strategic change process entail?

#### **SUB-PROBLEM TWO:**

What are the nature and characteristics of leadership?

#### **SUB-PROBLEM THREE:**

What demands does the strategic change process place on leadership, and what are the ideal leadership characteristics needed to contribute optimally to the strategic change process?

#### **SUB-PROBLEM FOUR:**

What are the perceived characteristics required for successful leadership of strategic change as identified by leaders in the automotive cluster in the Eastern Cape region, in relation to their own identified characteristics?

### **SUB-PROBLEM FIVE:**

How do the results in sub-problem 4 compare with the characteristics identified in sub-problem 3?

## **1.4 DEFINITION OF SELECTED CONCEPTS**

### **1.4.1 Automotive Cluster**

Hill and Brennan (2000:65) maintain that it is necessary to identify the industries in which a region has its greatest competitive advantage. These industries are called driver industries, because they drive the region's economy. The driver industries are linked to supplier and customer industries with information from a region-specific input-output model to form industry clusters. Porter (1998:77) defines clusters as "critical masses in one place of linked industries... that enjoy unusual competitive success in a particular field".

According to Van Huyssteen (1999:12), Delta Motor Corporation's Ed Emmett states that "there are also significant levels of automotive expertise and capability in the Eastern Cape with about 60 percent of all suppliers situated in this province". In the Eastern Cape region the automotive industry

can thus be seen as the driver industry, and therefore, makes the area the natural centre for an automotive cluster.

**For purposes of this research, the field mentioned in the definition of a cluster will be restricted to the automotive industry. The automotive cluster will, therefore, include all industries linked to the manufacturing of automobiles.**

### **1.4.2 Leadership**

In order to define the term, “leadership”, it is important to first differentiate between the terms, “leader”, and “manager”. The answer to this is provided by Cronje, du Toit, Mol and Van Reenen (1997:92), who define the concepts of the management functions as: planning (what has to be done), organizing (how it should be done), leading (ordering that it shall be done), and controlling (check that orders have been carried out). Leading is a major part of a manager’s job, yet a manager must also plan, organise, and control.

Leadership deals with the interpersonal aspects of a manager’s job, whereas planning, organising, and controlling deal with the administrative aspects. Leadership is described by Amos (2006:354) as the ability of one person to influence another to move in a direction they ought to, thus it is about influencing the behaviour of other people. Current thinking reflects the idea that leadership deals with change, inspiration, motivation, and influence. In

contrast, management deals more with maintaining equilibrium and the status quo. Therefore, it seems that managers get people to do things more efficiently, whereas leaders get people to agree about what things should be done.

Leadership is of paramount importance in the changing organisation, but so too is management. Employees need to be inspired and persuaded, but they also need assistance in developing a smoothly functioning workplace. DuBain (1996:116) maintains that today “managers and leaders are making better use of their talent and interpersonal skills than of formal authority to help teams accomplish their goals”.

**For purposes of this research, the terms “leader” and “manager” will be used interchangeably, but will relate to the characteristics of leadership as set out above.**

### **1.4.3 Leadership characteristics**

“When followers look to their leaders for direction and inspiration, they expect to find certain characteristics. Personal characteristics are important; however, they are merely a pre-condition for leadership. The leader’s behaviour and cognitive skills are also important” (Hunsaker, 2001:368). Competencies can be defined as the knowledge, skills and abilities of leaders (Rausch &

Washbush, 1998:6). A trait is described by the Oxford Dictionary (1989:1361) as an “element in somebody’s personality; distinguishing characteristic”.

Bergmann, Hurson and Russ-Eft (1999:14) go on to say that the distinction between a behaviour and a trait is important to anyone who wants to become a better leader, because a behaviour can be learnt, but acquiring a trait is a far more daunting task. They further suggest that the best way to acquire a trait is to learn the behaviours that express it.

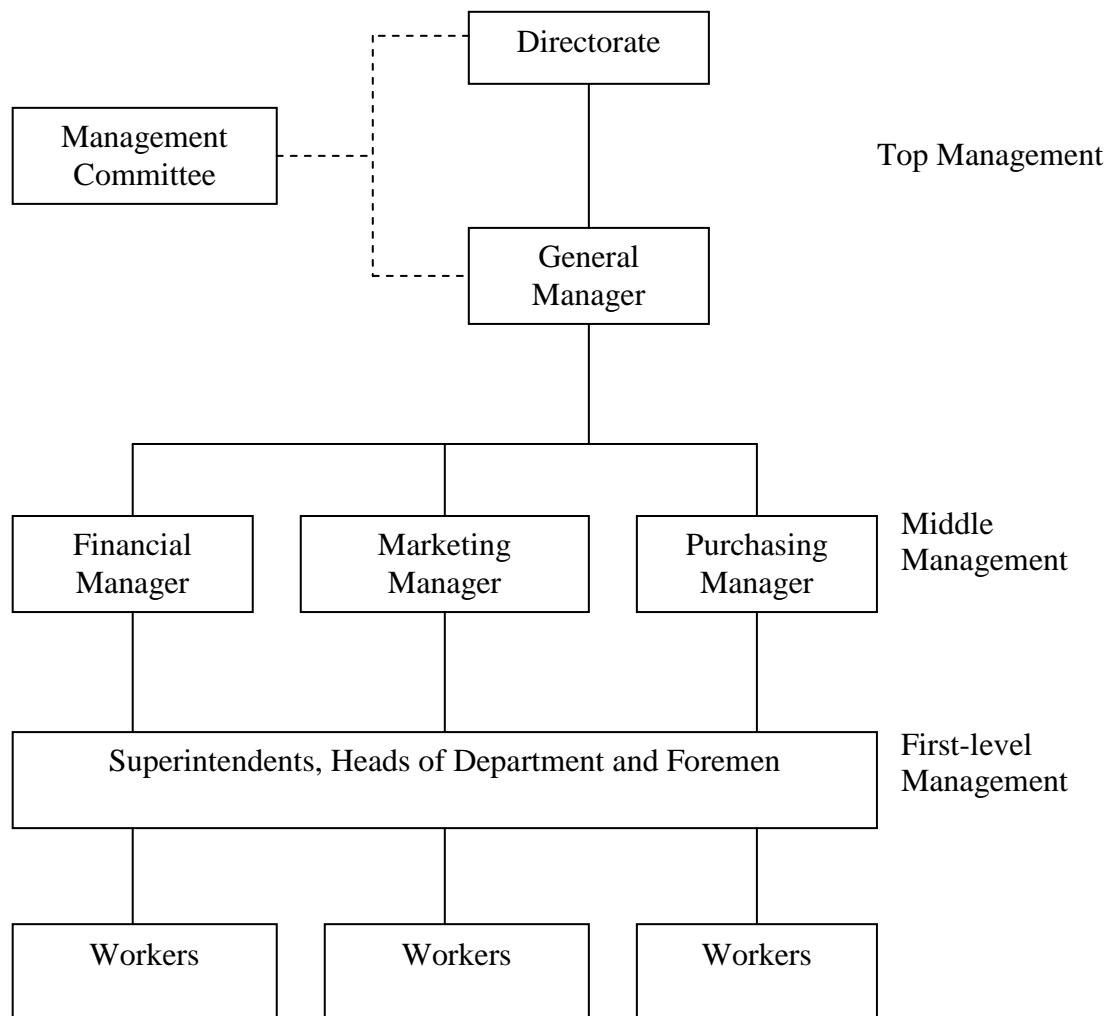
**For purposes of this study, therefore, the term “characteristic” will include both personal traits and competencies.**

#### **1.4.4 Management levels**

When structuring an organisation the various management levels are identified and the authority, responsibility, duties and tasks for each management level and each specific manager are made clear (Oosthuizen, 2008:46). In general, the three prominent levels of management are top management, middle management and first-level management. These three levels are shown diagrammatically in Figure 1.1 below (Kroon, 1992:291).



**Figure 1.1:** Managerial levels in an organisation



**Source:** Kroon, 1992:291

Top management normally consists of the managing director and the board of directors, as well as the general managers. They are responsible for the management of the entire organisation.

Middle management is responsible for the functional departments and must have a good understanding of the overall organisational strategy. According to Oosthuizen (2008:46), they receive broad, general strategies and policies from top managers, and then translate them into specific goals and action plans to be implemented by first-level managers.

First-level management implements the objectives of middle management with the assistance of feasible detailed plans and programmes. Kroon (1992:293) states that they must supervise the workers who are responsible to them and, therefore, they need both technical knowledge and managerial skills. They also serve as the liaison between the workers and higher management levels and play an important role in the daily work performance, productivity and ultimate success of the organisation.

**For purposes of this study, the emphasis will fall on middle and first-level management, as those are the levels that have to implement and manage the strategic change objectives in an organisation.**

#### **1.4.5 Strategic change management**

Carnall (1999:9) is of the opinion that the process of developing, implementing and managing strategic change in an organisation has become a key management challenge in the modern world. This process can also be called the strategic management of change, as the results of a strategic planning process will be the input to the strategic change process, or simply change management.

An organisation usually identifies change objectives in the output of their strategic planning, which then eliminates the need for the first step in the strategic change process, namely formulation of change objectives. The emphasis of this study therefore falls on the second and third steps in the process, namely implementation and management of the change objectives, respectively.

According to Moran and Brightman (2000:1), change management is the process of continually renewing an organisation's direction, structure and capabilities to serve the ever-changing needs of external and internal customers. It is, therefore, a continuous process, and should be managed as such.

## **1.5 DEMARCATION OF THE RESEARCH**

Demarcating the research serves the purpose of making the research topic manageable from a research point of view. The omission of certain topics does not imply that there is no need to research them.

### **1.5.1 Leadership characteristics**

The literature will reveal many models of leadership, but, for purposes of this research, a unique set of characteristics will be developed that can be applied to the empirical study. The focus will be on leadership characteristics.

### **1.5.2 Geographical demarcation**

The empirical component of this study will be limited to the automotive cluster in the Eastern Cape region. The reason for this is, firstly, that it makes the research more manageable for the researcher; and secondly, because the automotive cluster forms the key economic activity in an otherwise stagnant region. The danger lies in the possibility that the automotive cluster is not changing at the rate it needs to in order to be globally competitive.

### **1.5.3 The strategic change process**

This study will concentrate on strategic change as opposed to change in general.

#### **1.5.4 Management levels**

The empirical component of this study will investigate leadership characteristics of managers in the automotive industry. The management levels that will be investigated will be limited to middle and first-level managers. The reason for this is that the implementation and management of the strategic change process is performed by these levels of management.

### **1.6 ASSUMPTIONS**

It is assumed that the leadership characteristics of middle and first-level managers in the automotive industry can be identified and grouped to produce a predominant set of characteristics. It is further assumed that all industries in the automotive cluster in the Eastern Cape region do strategic planning and identify strategic change objectives.

### **1.7 THE SIGNIFICANCE OF THE RESEARCH**

In a changing world, the only constant is change. Today change is one of the most critical aspects of effective management. Never before in the history of business has so much change been introduced so quickly. Leading and managing businesses today is increasingly more difficult because of the speed and complexity of change

(Neuland, 2006:467). The turbulent business environment in which most organisations operate means that, not only is change taking place at a more rapid rate, but also that the nature of change may be increasingly complex and the impact of change is often more extensive. Badly handled change situations can lead to serious consequences, such as the unsuccessful implementation of planned strategies.

According to Moran and Brightman (2000: 3 – 4), change leaders today are struggling to align their organisation with the current environment, ensuring stability to give employees a feeling of security and, at the same time, promoting change to prepare for tomorrow's environment. Change leaders have the difficult task of promoting change when employees are seeking a sense of stability.

The job of a change leader in an organisation is to challenge people to align their purpose, identity and mastery with the necessary organisation change (Moran & Brightman (2000:4). Change leaders must create an environment where people involved in the change process can open themselves to new ideas and concepts, challenge old assumptions, adopt new assumptions, and overcome their hostility and resistance to change.

The above highlights the importance of successful change leadership in an organisation. This research will set out to determine the demands of the strategic change process on leadership, and will identify the characteristics most conducive to the successful management of change in an organisation.

The automotive industry will be used as a sample to establish the above, as it has to cope with change at a rapid rate. The reason for this is twofold: Firstly, over the past two decades, the introduction of new technology has been one of the most common and important forms of organisational change. Secondly, managers operate increasingly in product markets that are global in nature and that are characterised by shifting competitive and technological advantages. Because of stiff global competition, the need for company-transforming decisions in the automotive industry is spreading. Thus strategic change is crucial and forms an integral part of managers' duties.

According to the Nexus Database, no research in this regard has been carried out on the previously named East Cape Motor Industry Cluster. The researcher feels that in the light of this and the fact that the automotive cluster has been established and offers an established infrastructure, research such as this could lead to significant gains in global competitiveness. The reason for this is that at a meeting of the cluster's Human Resource Development project team (1999:1-2), two of the needs identified were "Leadership" and "Change Management". It was further suggested that a Strategic Leadership Development Programme be planned. The researcher is of the opinion that this research could make a substantial contribution to such a programme.

## **1.8 RESEARCH DESIGN**

In this section the broad methodology that was followed in the study is described.

### **1.8.1 Research methodology**

The following procedure was adopted to solve the main and sub-problems:

#### *1.8.1.1 Literature study*

The most important leadership characteristics, as well as the characteristics of the strategic change process and the demands it makes on leadership were identified from the literature, using secondary data sources.

#### *1.8.1.2 Empirical survey*

The empirical survey consisted of the following:

##### *(a) Measuring instrument*

A questionnaire was designed to determine the following:

Firstly, the leadership characteristics of middle and first-level managers in the automotive cluster in the Eastern Cape region; and secondly the managers' perceptions of competencies required to manage the strategic change process.



A questionnaire is the most appropriate measuring instrument, as a generic survey design was used.

(b) *Survey administration*

Use was made of self-administered questionnaires (with clear explanations of terminology), which were delivered to and again collected from the organisations concerned. The reason for this was to maximize the number of questionnaires completed and returned.

(c) *Size and shape of the research population*

A combination of methods was used to obtain the names and addresses of all the organisations that fall within the automotive cluster in the Eastern Cape region.

The following organisations were contacted to supply the information:

- Port Elizabeth Regional Chamber of Commerce and Industry (PERCCI)
- The East Cape Motor Industry Cluster Development
- The Nelson Mandela Metropolitan University initiative in collaboration with other institutions that will be looking at the mapping of the automotive cluster as one of their first objectives.

A statistically significant random sample of all the middle and first-level managers in the identified organisations was used for the research survey.

(d) Statistical analysis of data

All data was subjected to statistical analysis – see Chapter 6.

## **1.9 OUTLINE OF THE THESIS**

The thesis includes the following chapters:

- Chapter 1: Introduction, problem statement and outline of research project
- Chapter 2: The nature of strategic change
- Chapter 3: Leadership characteristics and management skills
- Chapter 4: The demands of the strategic change process on leadership, and the identification of characteristics conducive to the change management process
- Chapter 5: The methodology of the empirical survey
- Chapter 6: Analysis and interpretation of results
- Chapter 7: Conclusions and recommendations

## **1.10 CONCLUSION**

The aim of this chapter was to delineate the main problem to be addressed and to explain how the researcher aimed to solve it. The remaining chapters address the main and sub-problems.

Chapter 2 deals with the nature and causes of strategic change, why change programs fail, and what strategies can be adopted to implement successful change initiatives.

## **CHAPTER 2**

### **THE NATURE OF STRATEGIC CHANGE**

2.1	INTRODUCTION	25
2.2	THE NATURE AND CHARACTERISTICS OF STRATEGIC CHANGE	27
2.2.1	The nature of strategic change	26
2.2.2	The characteristics of change	29
2.3	TYPES OF ORGANISATIONAL CHANGE	32
2.4	THE CAUSES OF STRATEGIC CHANGE	38
2.4.1	Technological changes	39
2.4.2	Competition	40
2.4.3	Demographics	41
2.4.4	Suppliers and Customers	42
2.4.5	Shareholders	42
2.4.6	Globalisation	43
2.5	WHY CHANGE INITIATIVES FAIL	45
2.6	CHANGE STRATEGIES	51
2.7	WHAT DOES A SUCCESSFUL STRATEGIC CHANGE PROCESS ENTAIL?	58
2.8	CHANGE IN THE MANUFACTURING INDUSTRY	63

2.9	CONCLUSION	66
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## LIST OF FIGURES

Figure 2.1	Types of change	34
Figure 2.2	Types of organisational change	36
Figure 2.3	Forces which influence an organisation's readiness to change	44
Figure 2.4	TRY change: organisational and personal change process	46
Figure 2.5	Lewin's Force Field Analysis Model	54

## **CHAPTER 2**

### **THE NATURE OF STRATEGIC CHANGE**

#### **2.1 INTRODUCTION**

In these turbulent times of globalisation, technological innovation, and intense competition, change is essential for the survival and prosperity of all business organisations. The pace of global, economic, and technological development in a dynamic environment makes change an inevitable feature of organisational life. Duncan (Stacey, 1996:29) distinguishes environments that are static from those that are dynamic, where dynamic means that the frequency, rate and extent of change are all high.

Goldratt (2001:32) is of the opinion that most managers recognise that in order to compete in today's increasingly competitive environment, it is essential that their organisation is continually improving. A fundamental premise is that individuals and organisations use enhancing capacity to initiate change as a core competence toward sustainable growth (Charlton, 2000:116). Organisational change calls for a paradigm shift and, whether it is welcomed or resisted, needs to be managed effectively.

This chapter addresses the first sub-problem, namely identifying what a successful strategic change process entails, and starts off by describing what strategic change is. It then goes on to identify types of organisational change, causes of change, and reasons why change initiatives are not always successfully implemented. Following this the strategies are identified that will ensure successful change taking place in an organisation. In conclusion the effect of change on the manufacturing industry will be highlighted to show the need for effective management of change in that industry.

## **2.2 THE NATURE AND CHARACTERISTICS OF STRATEGIC CHANGE**

### **2.2.1 The nature of strategic change:**

As change is happening in more workplaces and at a faster rate, organisations today need to be organised for constant change. The question is: What is this change? According to Felkins, Chakiris and Chakiris (1993:i), “change is a way of thinking, communicating, and acting to create new relationships and structures to reflect the way an organisation defines itself, the way it responds to customers, and the way it does business now and in the future”.

From this definition it is evident that the “thinking” refers to strategic thinking, because Carnall (1999:55) agrees that strategic thinking must be the

foundation of any intention or attempt to change. In fact, Carnall (2004:53) goes on to describe strategic change as follows:

“Strategic changes have an impact on the way the firm does business (its business system) and on the way the organisation has been configured (its organisational system). In short, while operational changes are necessary to maintain the business and organisational systems, strategic changes are directed at renewing them.”

This strategic thinking, which will ultimately lead to change strategies, emerges from the actions and changes that staff at all levels identify and bring about. According to Burnes (1992:242), this creates organisations which are able, not only to cope with continuous change, but also to thrive on it. If continuous change is not integrated with strategic goals then disorganisation and chaos can occur (Felkins et al, 1993:13). This is further underlined by Chaize (2000:98) who argues that the ability to recognise change is in knowing how to find the point of redirection, which is strategic. Not being able to anticipate this redirection, and especially not being able to follow it, can lead to an organisation being totally eliminated from the market.

The above arguments lead the researcher to conclude that change is a strategic issue in the organisation, and should be dealt with in that manner. With this being such an important concept, it has been included in the questionnaire that



forms part of the empirical part of this study, where the respondents are asked to indicate at what levels they are involved with the strategic change processes in their organisation, namely the identification of change initiatives, the implementation of change action plans, and the management of change action plans (Question 8).

These three levels are also identified by Balogun and Hailey (1999:3), who argues that organisational change has three main components:

1. The *change context* is the *why* of change. External context refers to the social, economic, political and competitive environment in which the organisation operates, whilst the internal context is the culture, structure and capabilities of the organisation. This leads to identification of change initiatives necessary for the organisation to align themselves with changes in the external and/or internal environment.
2. The *change content* is the *what* of change, and refers to choices that need to be made about an organisation's product range, the markets in which it competes, how it competes, and how it should be structured. This leads to the implementation of chosen change strategies in the organisation.
3. The *change process* is the *how* of change, the actions taken to deliver change. This will be discussed in further detail in Section 2.7, and refers to the successful management of change initiatives (further discussed in Chapter 4).

Some further assumptions about the nature of change are made by Scott and Jaffe (1995:9), who maintain that change can begin anywhere, that everyone is responsible for making change work, that change requires constant communication; and that change challenges people in power. The fact that change is a circular process, with no beginning or end, highlights the need for information and skills development.

### **2.2.2 The characteristics of change:**

McShane and Von Glinow (2001:468) concurred with the above descriptions of the nature of change, by indicating that an organisation's adaptability to its environment requires continuous change, and that change is an ongoing process because environmental change (external or internal) does not end.

Moran and Brightman (2000:67-68) made a similar observation that change is non-linear and that there is often no clear defined beginning or end, but also identified the following characteristics of change:

- Effective change interweaves multiple improvement efforts - for example increasing the focus on the customer, improving and managing work processes, and strengthening employee involvement;
- Change is top-down and bottom-up – the former to provide vision and create structure, the latter to encourage participation and generate support;

- Organisational change has an important personal dimension – and unless people can integrate change on a personal level, they cannot sustain it organisationally; and lastly
- Measurement is the key to successful and sustainable change – the more an organisation's goals can be quantified and progress toward these goals linked to individual performance, the more successful and long-lasting change is likely to be.

This is in alignment with the earlier work of Felkins et al (1993:9), who identified the following basic characteristics of change:

- organisational change involves contradictions (where are we and where do we want to be);
- organisational change is a continuous process;
- organisational change is interpreted through the perceptions and interactions of people; and
- organisational change can be facilitated through collaborative inquiry and teamwork.

Again the emphasis falls on the human factor, and the importance of working together towards continual improvement. In addition, the fact that there is a difference between intentions and actions is highlighted, making the implementation phase of the change process of utmost importance.

The fundamental challenge of implementing change is how to help people through their fears and doubts so that they can experience the joys of growth and success (Jellison, 2006:3). Also, change needs to be monitored and directed in order to achieve sustained improvements in the organisation. This will be discussed in more detail in Chapter 4. Knowing how to deal with these human aspects of change is critical to the success of any manager or leader, and therefore forms the focus of this research.

It is evident from the above that change is continuous, affects everyone in the organisation, and demands that staff at all levels are involved in the process. Therefore these concepts have also been included in the questionnaire, in order to assess whether the respondents identified it as such. Understanding that change is continuous forms the basis of managing a successful change effort and it is therefore important to assess whether the respondents understood it as such (Question 12). Furthermore, the respondents' attitude towards change in general (Question 13), as well as to the specific change processes in their organisations (Question 9), need to be measured. Finally, it is important to assess whether the respondents understood the effect of change on people at all levels in the organisation, and how important it is to make all staff part of the process from beginning to end (Question 14).

For purposes of this research the following characteristics, derived from the above discussion, can be taken as pivotal to the successful implementation of strategic change:

- change is effected through the dynamics of the organisation's environment (both internal and external);
- change starts at any point and is continuous;
- change requires both managers and employees to communicate and participate in the process; and
- change will only be successful if it can be quantified by means of performance-linked goals and its progress monitored – which implies effective management of the process.

All these elements have been repeatedly mentioned in the literature as pivotal to the success of any change initiative.

## **2.3 TYPES OF ORGANISATIONAL CHANGE**

In the previous section the dynamics of change was examined. Evolutionary changes in an industry form the context for organisational changes. This is because organisational change is largely an adaptive response to pressures and forces in the environment. Generally, organisations can engage in two types of changes: reactive

change (when an organisation experiences a drop in performance as a result of changes in the environment) or anticipatory change (when organisations anticipate changes in the environment), which is more risky (Nilikant & Ramnarayan, 2006:99).

What distinguishes reactive and anticipatory change is the level of uncertainty in the environment. Reactive changes are usually low on uncertainty, the performance drop is visible and the cause is usually clear and concrete. However, in anticipatory change, there is no disruption to current performance and the causes for future disruption are likely to be uncertain and unclear. This aspect of increased uncertainty makes managing anticipatory change challenging.

Fombrun (1992:14-15) concurs that seemingly simple changes in environments require considerable interpretation of how economic, social, and political forces will combine. He is of the opinion that organisations' environments often operate in paradoxical, contradictory ways, for instance:

- *Efficiency vs. Innovation*: Increasing rivalry places short-run stress on increasing efficiency. At the same time, however, rapid technological change compels managers to spend heavily on innovation-generating research to remain competitive in the long run.
- *Competitiveness vs. Institutional effectiveness*: Attending to rivalry means streamlining functions, paying for performance, and eliminating dead-weight costs. Societal demands for fairness and conformity to ethical standards, however,

place greater stress on equilising rewards, monitoring work, and policing employees, thus adding to overload.

- *Globalisation vs. Nationalism*: Economic forces shape increasing levels of interdependence between countries, compelling businesses to globalise. At the same time, in many countries, national and regional protectionism also looms larger, making economies of scale and globalisation difficult to realise.

Balogun and Hailey (1999:20-21) summarise the above by identifying four main types of change, those being Evolution, Adaptation, Revolution, and Reconstruction as indicated in the diagram below:

**Figure 2.1:** Types of change

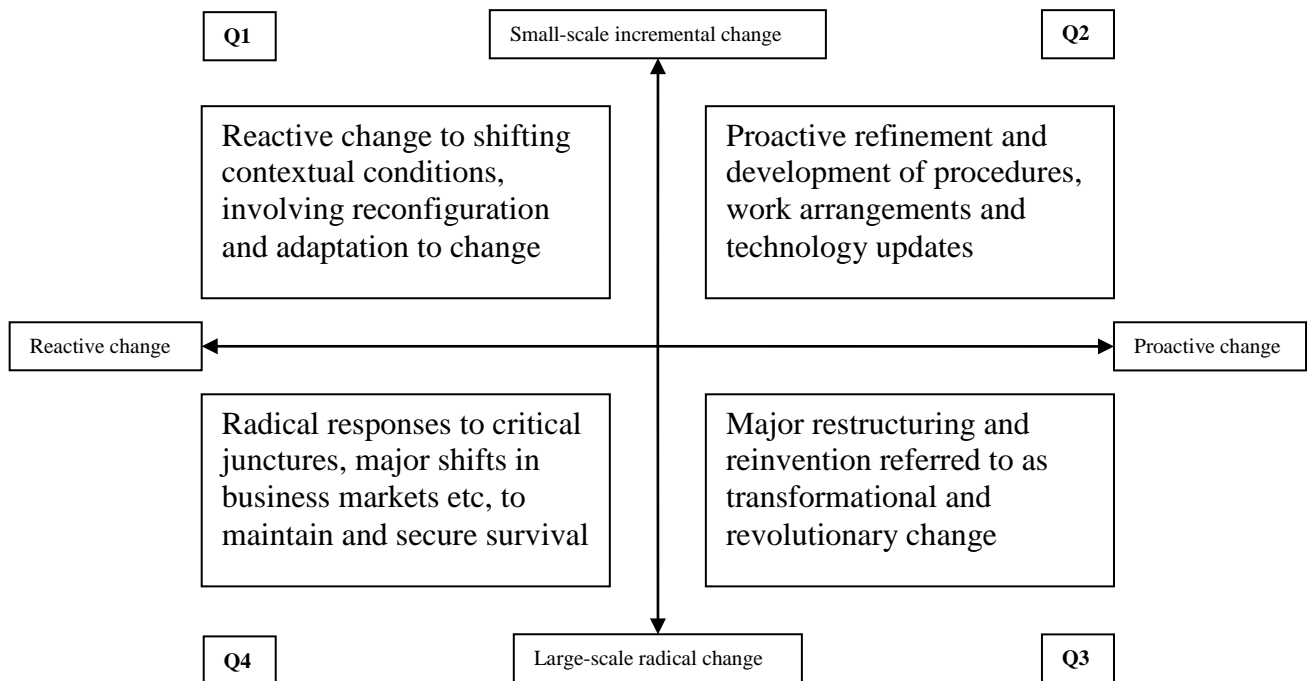
		<i>End result</i>	
		Transformation	Realignment
<i>Nature</i>	Incremental	<b>Evolution</b>	<b>Adaptation</b>
	Big bang	<b>Revolution</b>	<b>Reconstruction</b>

**Source:** Balogun & Hailey, 1999:21

The four types of change shown above are defined in terms of two dimensions, the *end result* of change and the *nature* of change. The end result is about the extent of change desired, and can involve a transformation of the organisation or a realignment. Realignment is a change to the way of doing things that does not involve a fundamental reappraisal of the central assumptions and beliefs within the organisation. The nature of change is the way change is implemented, either in an all-at-once, big-bang fashion, or in a more step-by-step, stage-by-stage incremental fashion.

Dawson (2003:13) further elaborates on the above by distinguishing between reactive and proactive change on one dimension, and small-scale incremental and large-scale radical change on the other dimension. The figure below illustrates the different types of organisational change, as summarised by Dawson.



**Figure 2.2:** Types of organisational change

**Source:** Dawson, 2003:13

Quadrant one in the above figure is indicative of the conception of the need to change, either because of a need to respond to external or internal pressures for change, and may be reactive to a shifting contextual environment. Quadrant two reflect proactive decision-making on the need to change, also due to the need to respond to external or internal pressures for change. Both these quadrants can be seen as the “before” change period, although they are an important element within the change process. Quadrants three and four show the radical changes that take place because of the action of a competitor that stimulates consideration of change and influences the

development of proactive strategies in the adoption of certain preferred change initiatives. These quadrants represent the “during” change phase. (Dawson, 2003:12-13)

Although in reality it is unrealistic to talk of an “endpoint” of change, it does make sense to talk of the “effects” of a particular type of change. In the case of large-scale operational change, it is possible to identify a period at some stage after the implementation when the daily work routines of employees become part of the operating system. Whilst the ongoing process of change will continue, this is the period which can be used to identify the outcomes of change on organisational structures and traditional operating practices. (Dawson, 2003:14)

The above approach views change as a complex, ongoing dynamic in which politics, substance and context of change all interlock and overlap. Although the approach accepts that for analytical purposes it is often useful to identify and delineate the stages of change into “before” (conception of the need to change), “during” (transition), and “after” (routine operation), it rejects simple linear stage models and argues that there can never be a single authentic account of change, and that change reshapes continuously. This reshaping of change is a central element of the processual perspective as advocated by the likes of Dawson.

Now that different types of organisational change have been identified, it is useful to look at the causes of strategic change which bring about the necessity for implementing strategic change initiatives in an organisation.

## **2.4 THE CAUSES OF STRATEGIC CHANGE**

If change is such a familiar, age-old phenomenon, then why have working organisations not become more adept at managing and implementing change? Perhaps it is because change itself is changing. Until the mid-70s, when organisations were operating in a highly protected, largely domestic industry environment against a backdrop of relative security, stability and predictability, the changes that took place were familiar, identifiable and incremental. The worldwide political, social and cultural upheavals of the 1980s, however, triggered wholesale changes to the Western business environment and, concomitantly, to the very nature and rhythm of change. Rather than undergoing evolutionary, gradual change, organisations began to experience radical, sudden and turbulent environmental shifts that defied and made obsolete the rigid, internally focussed structures, systems and tactics that served so well in more certain times. (Graetz, Rimmer, Lawrence & Smith, 2002:14-15)

In a review of the literature on the forces or causes of change (McShane & Von Glinow, 2001:468 – 471; Carnall, 1999:54-55; Saloner, Shepard & Podolny,

2001:275-276 and Hussey, 1995:11-12), it was found that there are many forces causing change in the external environment, but that the most prominent forces are the following:

- Technological changes
- Competition
- Demographics
- Suppliers and Customers
- Shareholders
- Globalisation

Each of these will now be discussed in greater detail:

#### **2.4.1 Technological changes**

The speed with which obsolescence occurs is increasing, and organisations cannot ignore developments which could give their competitors an advantage over them (Hussey, 1995:11). Organisations need to cope with and exploit the increasing speed of changes to business processes which brings about innovative new products and services (Carnall, 1999:55). According to Hussey (1995:11) this rarely happens without causing changes to skills, jobs, structure and culture.

Carnall (2004:115) further elaborates that the developments in technology, together with strongly decreasing prices, make it possible to channel information world-wide with hardly any time delay. This results in accelerated work processes, re-defining of business processes and value chains, and a reduction of hierarchy.

The challenges of managing technological change are considerable. Research by Pavitt and Steinmueller (2002), as quoted by Hughes (2006:90), identified three dimensions which have seen increasing demands on technology management:

- the range of fields of knowledge, and related products, components and systems to master, combine and exploit;
- the variety of possible market applications to identify, assess and exploit; and
- the need to match technological opportunities with market needs through appropriate organisational structures and practices.

### **2.4.2 Competition**

Technology has also played a part in increasing local and global competition (McShane & Von Glinow, 2001:469) because it allows new entrants to the market to differentiate their products or to provide them at a lower cost (Saloner et al, 2001:276). Hussey (1995:11) and Carnall (1999:54) concur that

competition is intensifying and becoming more global. Intense competition in most spheres means that customers are getting improved levels of service, enhanced quality, and a wider choice of goods and services.

Saloner et al (2001:275) add that one of the most important sources of external forces affecting the competitiveness of an industry is the public sector (through deregulation, privatisation and trade policy). The entry of small, aggressive competitors into niche segments are challenging the market leaders (Carnall, 1999:54), and in doing so, necessitates continual scanning of and adaptation to their environment. It is the pace and unpredictability of events in the operating environment which triggers the need for frequent, fast change in the organisation (Colenso, 2000:5).

### **2.4.3 Demographics**

The demographic profile of many countries is changing (Hussey, 1995:12), especially in the proportion of older people (going up) to that of younger people (going down), which places continuing pressure on organisations to adapt to changes in their workforce. Employees are more educated and consequently expect more involvement and interesting work. In many parts of the world, organisations employ a far more diverse workforce than they did a few decades ago (McShane & Von Glinow, 2001:471). These changes have

put pressure on organisational leaders to alter work practices, develop more compatible structures and rewards, and discover new ways to lead.

#### **2.4.4 Suppliers and Customers**

When a firm in one layer of the value chain achieves a dominant position, it diminishes the ability of the firms in other layers to capture value (Saloner et al, 2001:276 and Carnall, 1999:55); for example, the ability of consumers to buy directly on-line is a shock with which conventional bricks-and-mortar stores must contend. Also, according to Hussey (1995:12), customers these days are more demanding and will no longer accept poor service or low quality. To be competitive, organisations have to respond more rapidly to customer needs, and these change over time.

#### **2.4.5 Shareholders**

Hussey (1995:12) maintains that the influence of the money markets on demand for corporate performance, with high proportions of shares residing with institutional investors, creates a pressure for continued improvement in share earnings. It is therefore crucial that change processes be linked to performance measurement in order to ensure successful management of change.

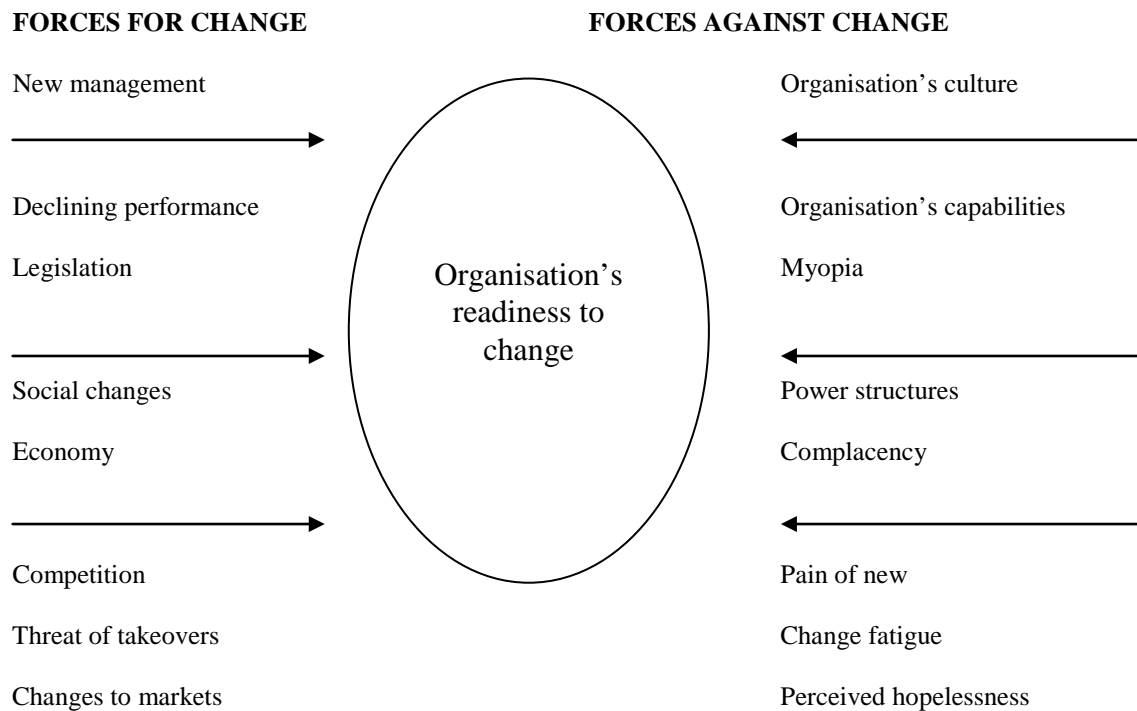
#### **2.4.6 Globalisation**

Competition is worldwide because, increasingly, customers can shop worldwide. Goods and services move freely around the world and sources of supply have proliferated extensively. Global events, seemingly unrelated to an organisation, can in fact have a large influence on its business (Colenso, 2000:6).

The forces described above are critical issues for competitive organisations. Yet, more often than not they are ignored or not addressed effectively, as can be seen by the number of failed change initiatives documented. Also, most of the time there are forces that work against the organisation's readiness to change, as can be seen in the figure below.



**Figure 2.3:** Forces which influence an organisation's readiness to change.



**Source:** Haberberg & Rieple, 2001:557

Many times organisations realise the need for change because of one or more of the forces listed above, but are not successful in the planning, implementation and/or control of the change process. The next section will highlight the reasons for this.

## 2.5 WHY CHANGE INITIATIVES FAIL






Any vision developed of the future will encapsulate new structures, systems and ways of behaving that have to be put in place, but without consideration of existing barriers, it is possible to leave old systems and ways of behaving in place, and these can subsequently prove obstructive (Balogun & Hailey, 1999:140). Almost all change management attempts are met with some type of barrier or resistance. There can be many explanations for this resistance, including organisational politics, the inappropriate use of power, challenges to cultural norms and institutionalised practices, lack of understanding, inopportune timing, inadequate resources, incorrect information, and even just employee suspicion of honourable management intentions (Graetz et al, 2002:254).

Survival depends on one's ability to manage oneself and the environment effectively. To the degree that change threatens a person's sense of mastery, it will be perceived as a threat to survival. In order for change management to be successful in any organisation, a metamorphosis in the concepts of leadership, management, and employee involvement will be required. Moran and Brightman (2000:72) argue that if change managers could get people positively involved in the change process, and channel the energy they expend resisting it into experimenting with it, they would get people to adopt new behaviours and ways of working together much faster.

In the questionnaire used in the empirical study, the above argument was tested in the response given by respondents to Question 10. The question quoted Moran & Brightman (2000:1) who maintain that ultimately, managing change is about managing people, and this demands knowledge of human motivation, how groups operate and leadership.

In an attempt to involve more people earlier in the change process, Moran and Brightman (2000:72) have developed the “TRY change” model as shown in Figure 2.4 below.

**Figure 2.4:** TRY change: organisational and personal change process

Initial Exposure to Change (NO)	$T_{est}$	$R_{e-Calibrate}$ (MAYBE)	$Y_{es}$
<ul style="list-style-type: none"> <li>Challenge to Personal Change Levers</li> </ul>	<ul style="list-style-type: none"> <li>Negative Gap</li> </ul>		<ul style="list-style-type: none"> <li>Post-Change Stability</li> </ul>
<ul style="list-style-type: none"> <li>Fear</li> </ul>	<ul style="list-style-type: none"> <li>Resistance</li> </ul>		<ul style="list-style-type: none"> <li>Acceptance</li> </ul>
<ul style="list-style-type: none"> <li>Perceived Loss Greater Than Perceived Gain</li> </ul>	<ul style="list-style-type: none"> <li>Loss &gt; Gain</li> </ul>		<ul style="list-style-type: none"> <li>Generate New Value</li> </ul>
<ul style="list-style-type: none"> <li>Closed Mind</li> </ul>	<ul style="list-style-type: none"> <li>Receptive Mind</li> </ul>		<ul style="list-style-type: none"> <li>Experimental Mind</li> </ul>
<ul style="list-style-type: none"> <li>Destructive Tension</li> </ul>	<ul style="list-style-type: none"> <li>Exploratory Tension</li> </ul>		<ul style="list-style-type: none"> <li>Creative Tension</li> </ul>

**Source:** Moran & Brightman, 2000:72

This model can help change leaders understand why resistance to change is inevitable, and to suggest some ways to reduce that resistance. The “TRY change” model shows that when a person is initially exposed to change, it is common for them to feel fear. The fear tends to make them close their minds to any positive rationale for change, and can even make them block the change initiative altogether.

Initially those affected by change perceive a “negative gap” – it is not the change they are resisting, but rather it is the fear of not being able to do something new (Moran & Brightman, 2000:72). People need to test change in a safe environment, and once they are through the testing phase they need to re-calibrate. They need to adjust their behaviour as well as the change plan itself. This process of testing and re-calibrating can be repeated several times until there is a belief that the change is valuable to the individual and the organisation.

When a change initiative is introduced in an organisation, it must be recognised that the change will affect each person differently, as each person will require an environment in which it is safe to react to and experiment with the proposed change. People need to adjust to change before they can master the behaviour that the change requires. Moran and Brightman (2000:72) have found that people have four “change levers”. Change levers are those features that can either block or support one’s adjustment to external change. The “TRY change” model classifies these change levers as:

- Beliefs (what I think is true);
- Values (what I think is good);
- Behaviours (how I do things); and
- Skills (my talents and abilities).

Each of these change levers reacts differently to change at three levels:

- Personal change – which occurs through many incremental adjustments to our individual beliefs, skills, values and behaviours;
- Professional change – which results in the fear of not being able to do something new; and
- Organisational change – which needs time to be created, not only for technical responsibilities, but also for processes that support change.

The levers change at different speeds, depending on which levels are most challenged. Leaders need to learn what is driving the need for change, and to develop a satisfactory strategic and action plan to meet those challenges. They need to create time-frames for their own adjustment, for organisation-wide testing and re-calibration, and for final implementation. They also need to review the impact of the proposed change on their beliefs, values, skills and behaviour. Only then will leaders be in a position to initiate successful change strategies. (Moran & Brightman, 2000:73)

According to McShane and Von Glinow (2001:472) the main reasons why people create obstacles to change include saving face, fear of the unknown, breaking routines, and incongruent team dynamics. Yukl (1998:439) adds to this list the individual's belief that the change is unnecessary or not feasible, fear of personal failure, fear of loss of status and power, threat to values and ideals, and distrust of the people who propose the change.

Ellis and Williams (1995:150) summarise what the above and other authors perceive as reasons why resistance to change may occur, as follows:

- Personal self-interest – individuals or groups within the organisation may fear that change will undermine their status, position and power in the organisation.
- Lack of understanding and trust – change is more likely to be resisted when there is little understanding of the reasons for the change and past behaviours have led to little trust between different groups inside the organisation.
- Alternative assessment – individuals and groups within the organisation may make different assessments of organisational needs based upon their information set and perspective, and as a result may not share the same view of what needs to be done.
- Individuals' fears and concerns – organisational change may well result in new sets of behaviours and personal competencies being required which individuals and groups may fear they do not possess and are unable to develop.

The above highlights the fact that changes do not necessarily fail because of faults in the technology or techniques employed, but rather because of an organisation's lack of ability in terms of planning and managing change, motivating and involving employees, and designing and implementing suitable job and work structures, which are all key aspects of any type of organisational change, according to Burnes (1992:151).

Birkenbach (2001:24) agrees that the blame for the failure of organisational change efforts is attributed to a combination of some or all of the following:

- the project goals were unclear, vague and subject to change;
- there was a lack of visionary leadership;
- the leaders did not provide sufficient support;
- project members' roles/responsibilities were not well defined;
- line managers were not ready and did not support the change initiative;
- communication was poor; and
- people outside the change initiative failed to see the big picture.

He goes on to quote John Kotter, who argued that one of the main reasons why organisational changes are unsuccessful is that leadership fails to communicate the organisational vision often enough. This is especially important since it was indicated earlier that communication is one of the vital ingredients of a successful change

initiative, and that the strategic vision gives purpose and direction to all change efforts.

In seeking to manage organisational change it is important to diagnose and anticipate where the likely resistance to change will arise, and how it may be countered (Ellis & Williams, 1995:149). It therefore seems appropriate at this stage to investigate what is necessary for a change initiative to be successful.

## **2.6 CHANGE STRATEGIES**

Every successful change initiative requires a clear, well-articulated vision of the desired future state as mentioned before. This minimises employees' fear of the unknown and provides a better understanding about what behaviours employees must learn for the future state (McShane & Van Glinow, 2001:480). Strategic visions represent the goals that clarify role perceptions and thereby guide future behaviour. This is further emphasised by Yukl (1998:442) who argues that before people will support radical change, they need to have a vision of a better future. The vision can provide a sense of continuity for followers by linking past events and present strategies to an image of a better future for the organisation.



In order for any strategic plan to be successful, the organisation and many of its stakeholders need to accept the plan. There are, however, individuals whose behaviour is especially crucial to the success of strategic change (Rowe, Mason, Dickel, Mann & Mockler, 1994:469). Most successful implementation requires active participation from the CEO and other senior executives in an organisation. Top executives provide the power, authority, and resources necessary to carry out the strategic plan.

Also of particular importance are the middle managers whose expertise is often rooted in the old ways of doing things and who are in a position to control the flow of information and activities (Rowe et al, 1994:469). While top management interpret environments, create visions, and fuel strategic change, middle managers actually translate visions into reality. Middle managers are often the principal source of resistance to change due to their role in the implementation of the change initiative.

According to Balogun and Hailey (1999:218), middle managers fulfil a complex and demanding role in change. They have to:

- undertake personal change themselves;
- implement the needed changes in their departments or teams;
- help and lead their staff through personal change; and
- in the meanwhile keep the business going.

In order to fulfil this role, they need:

- verbal communication to sell the need for change to their staff;
- team building skills to build a team from a group of staff who may not have worked together before;
- coaching and counselling skills to help members of their team cope with change; and
- negotiating skills to help resolve problems encountered during the development of new working practices.

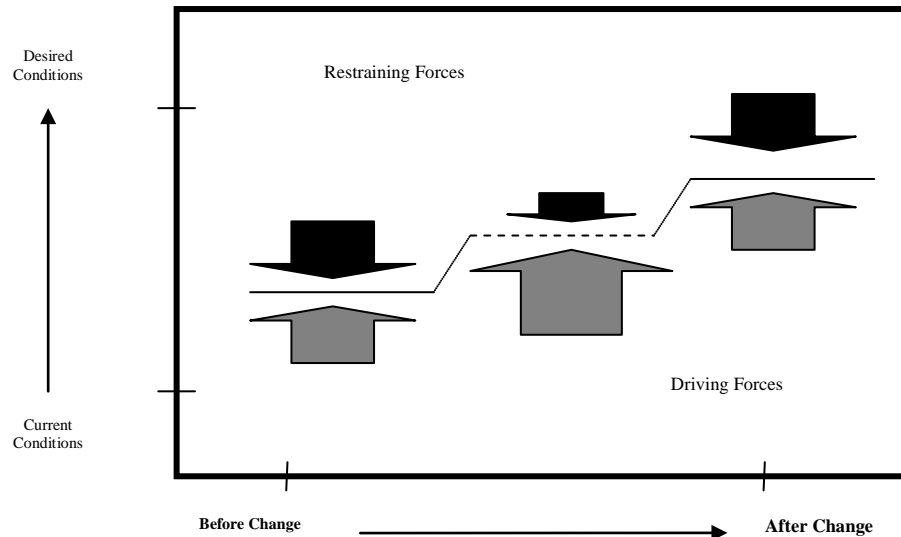
Effective strategic change requires acceptance and commitment on the part of the organisation's members. It is therefore necessary that interventions be planned, and structured activities initiated, in response to a recognised need for change, and having as its objective a direct or indirect improvement in organisational performance (Burnes, 1992:168). Successful interventions this involve moving an organisation through several distinct states in order to achieve a higher level of performance.

This is reiterated by Lewin (McShane & Von Glinow, 2001:471) in his force field analysis model where he emphasises that effective change occurs by unfreezing the current situation, moving to a desired condition, and then refreezing the system so that it remains in this desired state. *Unfreezing* is about making people within the organisation ready for change by making them aware of the need for change. *Moving* is the implementation of the needed changes through the selected range of levers and

mechanisms. *Refreezing* involves embedding the changes throughout the organisation to ensure members do not relapse into old patterns of behaviour.

According to Lewin (Yukl, 1998:440), change may be achieved by two types of actions (as depicted in Figure 2.5 below). One approach is to increase the driving forces toward change (e.g. increase incentives, and use position power to force change), the other is to reduce restraining forces that create resistance to change (e.g. reduce fear or failure of economic loss, and co-opt or remove opponents).

**Figure 2.5:** Lewin's Force Field Analysis Model



**Source:** McShane & Von Glinow, 2001:471

Dawson (Hughes, 2006:119) identifies examples of organisational factors, from which resistance can result, as a substantive change in the job, reduction in economic security or job displacement, psychological threat, and disruption of social arrangements or the lowering of status. If employees perceive any of these to be threatening their existence in the organisation, they will resist the change effort.

Hussey (1995:31–34) goes on to identify three ways in which potential resistance to change can be reduced:

- Participation – can create ownership of the proposed change, and because it creates a better awareness of the change, and the reasons for it, it can remove uncertainties and enable those involved to identify with the benefits;
- Communication – in all change situations can help to reduce resistance, by ensuring that the reasons for the change are clear, the degree of urgency is understood and that all concerned know what the change means; and
- Training – is rarely considered as a means of reducing resistance to change, because too few organisations consider what new requirements of skills, knowledge and abilities are being created by the change. Moran and Brightman (2000:67) stress that an organisation should analyse the skill gaps that will always be created by change, and move rapidly to create targeted learning opportunities to close them in time to prevent a sense of organisational helplessness.

The above-mentioned three ways in which to reduce resistance to change, amongst others, are also mentioned by Scott and Jaffe (1995:13), Firth (2000:54), as well as Ellis and Williams (1995:150). Burnes (1992:169) goes on to identify four conditions necessary for successful change:

- generate valid information;
- provide free, informed choice for those involved;
- create a commitment on the part of those involved to the choices made; and
- ensure the interventions lead to cultural change.

Fombrun (1992:21) reiterates this by concurring that organisations successful in implementing strategic change do a good job of addressing:

- Whether resources were reallocated in ways that enhanced organisations' competitive capabilities.
- Whether underlying structural controls supported the new strategic direction.
- Whether careful attention was paid to the implications of the strategic change for organisations' internal cultures.
- Whether top management showed visionary leadership and an ability to mobilise employees as they sought to redefine their organisations' strategic conduct.

All the above can be used to suggest the following six-step change process, as recommended by Carnall (1999:14) and augmented by Belasen (2000:73–74), to ensure successful implementation of a strategic change initiative:

- Step 1:**        **Mobilise commitment to change through joint diagnoses of business problems.** Using focus groups and/or cross-functional teams, middle managers can help people develop a shared diagnosis of what is wrong and what must be done to improve work processes.
- Step 2:**        **Develop a shared vision of how to organise and manage for competitiveness.** Once the problem-solving team proposes workable alternatives, the change manager can lead the change by redefining task roles and responsibilities. This will increase coordination, collaboration and the sharing of information across the organisation.
- Step 3:**        **Foster consensus for the new vision, develop competence to enact it, and mobilise support to move it along.** The managers' commitment to change must be displayed through their actions by providing resources, allocating staff, and even getting rid of people who actively resist the change.
- Step 4:**        **Spread revitalisation to all departments without pushing it from the top.** When the roles and responsibilities are redefined, teams must decide on the appropriate forms of organisation to accommodate the new concepts of teamwork and coordination.
- Step 5:**        **Institutionalise revitalisation through formal policies, systems, and structures.** Once the infrastructure has been built, the need for change is internalised: the changes in structures and systems are complemented with changes in relationships.

**Step 6: Monitor and adjust strategies in response to problems during the revitalisation process.** The capacity for continual adaptation and learning needs to be sustained over time in order to create a learning organisation capable of adapting to a changing competitive environment.

The above steps can be seen to be generic in nature, and can be applied to almost any change initiative. The next section will summarise all of the evidence presented above in order to identify what a successful strategic change process entails.

## **2.7 WHAT DOES A SUCCESSFUL STRATEGIC CHANGE PROCESS ENTAIL?**

There are many different ways of conceiving the overall change process, however, it is commonly accepted that during change it is necessary to consider three states (as also mentioned in the above section): the current, the future and the transition.

Balogun and Hailey (1999:134) maintain that to achieve change it is necessary to:

1. Assess the current organisational situation.
2. Define the desired future organisational state.
3. Determine how to get there.

This tie in with one of the characteristics of change mentioned in section 2.2.2, namely that organisational change involves contradictions in that there is a difference between where we are and where we want to be. Further to this mostly all the other characteristics of change referred to the human aspect.

De Vries (2001:181) identifies the five C's of change, which he argues are the necessary components of any organisational change process, as follows:

- (1) Concern – people must experience a sense of concern about their present situation, which will set into motion a mental process whereby they consider alternatives to the adverse situation.
- (2) Confrontation – people need a push in the form of a focal event that can trigger change and enable a discontented person to take the first step.
- (3) Clarification – sharing one's intent to change by making a public commitment is crucial because it doubles momentum.
- (4) Crystallisation – ideas and plans become clear and definite in form, due to a thoughtful, detailed reappraisal of goals and the envisioning of new alternatives.
- (5) Change – the only true sign that change has been achieved is a new mindset, because inner transformation takes place only once a new way of looking at things has been internalised.



During each of the above stages, three internal forces work with and against each other, interweaving a net of minuscule experiences (De Vries, 2001:185). These three forces are:

- (1) **Defensive structures.** What habitual defences do we use to deal with stressful situations? Are there certain patterns that we can recognise? What can/should be changed about these defences?
- (2) **Emotional reactions.** What kind of emotions come predominantly to the fore? How might we express emotions more effectively?
- (3) **Perceptions of self and others.** How do we perceive ourselves? Do we feel secure about who we are? How do we perceive others? Do we constantly see ourselves in a one-down position? Are we capable of honest self-appraisal?

Although each of the questions above relate to an individual, they can all be applied to an organisation, as each organisation is made up of individuals.

In examining processes of organisational change, it is recognised that in practice it is often difficult to identify any clear start or end of change. In the case of large-scale radical change programmes, senior management engagement and the commitment of resources is usually required to move from awareness of the need to change to the actual process of mobilising people in the planning and implementation of change. The planning and implementation of change usually brings to the fore a range of occupational and employee concerns. During this process of change people will

support, resist and attempt to steer the direction and outcomes of a number of different tasks, activities and decisions (Dawson, 2003:12-13).

The Dictionary of Personnel and Human Resources Management (1992:27) define change management as “policies and procedures for implementing change”. It further identifies the following five major steps in the process:

1. **Precise definition of the changes required:** In section 2.2 change was defined as a way of thinking (where thinking refers to strategic thinking), communicating, and acting to create new relationships and structures to reflect the way an organisation defines itself, the way it responds to customers, and the way it does business now and in the future. Section 2.3 further identified different types of change (small-scale, large-scale, proactive, and reactive), and emphasised the fact that change is continuous. It is important then, that every organisation identifies for itself, through a process of continual strategic thinking, what changes need to take place for it to be successful in the future.
2. **Specification of how these changes will affect particular individuals and groups:** Section 2.4 examined the causes/forces of strategic change, and concluded that technological changes, competition, demographics, suppliers and customers, shareholders, and globalisation all have a direct impact on the organisation and its employees. It also identified the forces which influence an organisation’s readiness to change. In order for any change process to be successful, an organisation must identify what influence change will have on

its daily operations and how to combat the negative forces that work against change.

3. **Identification of the attitudes towards and perspectives on change currently held by employees and how these relate to proposed new methods:**

In Section 2.5 the reasons why change initiatives failed were identified and it was shown that change is perceived to be a threat to an individual's survival only if it threatens that individual's sense of mastery. The section also indicated how change managers could attempt to involve more employees earlier in the process in order to neutralise their resistance to the change effort, and get them to adopt new behaviours and ways of working together faster. A successful change process requires a metamorphosis in the concepts of leadership, management, and employee involvement in the organisation.

4. **Statement of the attitudes and perspectives necessary for employees to adapt successfully to new methods:**

Section 2.6 argued that every successful change initiative requires a clear, well-articulated vision of the desired future state, as this minimises employees' fear of the unknown and provides a better understanding about what behaviours employees must learn for the future state. The section identified ways in which potential resistance to change can be reduced, and also identified the conditions necessary for successful change efforts to take place.

5. **Implementation of measures designed to facilitate change:** Section 2.6 ended off by suggesting a generic six-step change process that organisations could follow in order to successfully implement change initiatives.

The next section will identify changes that have taken place in the manufacturing industry, with specific reference to the automotive industry, and will underline the need for this study.

## 2.8 CHANGE IN THE MANUFACTURING INDUSTRY

Manufacturing organisations have had to deal with a near-constant stream of transforming innovations and changes over the last century. The nature of **products** transformed from mechanical to electro-mechanical to heavily electronic, and from single-function to multi-function. Manufacturing **materials** changed from natural metals and fibres to exotic alloys, composites, and man-made polymers. **Power sources** changed from steam to internal combustion and electricity. Completely new **markets** and products appeared, while older **technologies** all but disappeared as they were transformed from sources of mechanical power to high-capacity sources of electricity. The fundamental organisation of industrial **processes** changed several times. The nature of **management** changed. And **business and marketing strategies** changed (Rouse, 2006:107-108).

It goes without saying then, that all organisations, especially those involved in large scale manufacturing, require some measure of formalisation of processes and procedures, in order for people to understand their role within the organisation, but bureaucracy has often been depicted as a system that inhibits innovative learning and change (Lee, Bennett & Oakes, 2000:3). Under more stable economic and technological conditions, bureaucratic principles enabled many organisations to function effectively; but globalisation, the restructuring of industries, and the impact of information technology has created a market place which requires organisations to learn to operate in ways outside their previous experience.

Since manufacturing organisations have been searching for ways to compete effectively in a turbulent market place, various templates of change have been propounded (Lee et al, 2000:6), for example: world class manufacturing; total quality management; and business process re-engineering as the path to competitiveness in a rapidly changing market environment.

While the automotive industry has undergone a radical restructuring during the last decade, the predominant driving force behind most of the changes affecting the automotive component manufacturers has been the shift towards globalisation by the vehicle manufacturers (Lee et al, 2001:6). This in effect means that the future success of the component suppliers will be tied to the fortunes of the vehicle manufacturers as they seek to respond to the changing demands of globalisation.

Due to global competition, there is pressure on vehicle manufacturers to reduce costs, and more design and development activities are being outsourced. Thus, the smaller component suppliers have to demonstrate that they too have the technical capability to provide customised products at the lowest cost and appropriate quality. It is for this reason that the attention of this study will fall on the automotive cluster (including component suppliers), instead of just on the large vehicle manufacturers.

## 2.9 CONCLUSION

This chapter started off by defining change as a way of thinking, communicating, and acting to change what we do now and in the future. It went on to describe the characteristics of change; and the elements of dynamics, continuity, communication and participation, and measurement of performance were highlighted.

The five main forces affecting change were dealt with in more detail, namely technological changes, competition, demographics, suppliers and customers, and shareholders. The reasons why change initiatives failed were depicted, and strategies for the successful implementation of change were identified.

The steps to be followed in the implementation of a successful strategic change process were identified, and finally some insight into the changing nature of the manufacturing industry was given, in order to highlight the necessity for this study.

In the next chapter, the importance of leadership in the successful management of change initiatives will be discussed in detail.

## **CHAPTER 3**

### **LEADERSHIP CHARACTERISTICS AND MANAGEMENT SKILLS**

3.1	INTRODUCTION	69
3.2	DIFFERENCES BETWEEN MANAGERS AND LEADERS	70
3.2.1	John Kotter's research	71
3.2.2	Research conducted by Fairholm	73
3.2.3	Research done on the use of power by managers and leaders	74
3.2.4	Summary of the main differences between managers and leaders	76
3.3	TYPES OF MANAGERS AND THEIR RESPONSIBILITIES	78
3.3.1	First-level management	78
3.3.2	Middle management	79
3.3.3	Top (Senior) management	80
3.4	NEW MANAGERIAL ROLES	82
3.4.1	Minzberg's managerial roles	83
3.4.2	Research on middle and top managers' responsibilities	84
3.4.3	The changing role of management	86
3.5	MANAGERIAL SKILLS	86
3.5.1	Yukl's classification of managerial skills	87
3.5.2	Harbridge House's study of successful managers' qualities	90
3.5.3	Skills necessary for efficient management	92
3.6	LEADERSHIP DEFINED	93
3.7	LEADERSHIP TRAITS AND COMPETENCIES	97
3.7.1	Leadership traits	99
3.7.2	Leadership competencies	107
3.7.3	Leadership characteristics	112
3.8	A SYNTHESIS OF THE MOST IMPORTANT CHARACTERISTICS OF SUCCESSFUL LEADERS	114



3.9	THE ROLE OF THE LEADER IN SUCCESSFULLY MANAGING CHANGE	116
3.9.1	Business Intelligence	116
3.9.2	Political Intelligence	117
3.9.3	Spiritual Intelligence	117
3.9.4	Physical Intelligence	118
3.9.5	Emotional Intelligence	118
3.10	EFFECTIVE LEADERSHIP IN THE FUTURE	121
3.10.1	Yukl's research on acts of leadership	124
3.10.2	Ivancevich et al's Quality Management Leadership Model	125
3.10.3	Research conducted by other authors	127
3.11	VARIABLES AFFECTING LEADERSHIP EFFECTIVENESS	128
3.12	LEADERSHIP CHALLENGES IN TIMES OF CHANGE, AND THE EFFECTS ON THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY	130
3.13	CONCLUSION	132

## **LIST OF FIGURES**

Figure 3.1	Competencies for leadership	111
Figure 3.2	Quality Management Leadership Model	126

## **LIST OF TABLES**

Table 3.1	Summary of the different actions of managers and leaders	72
Table 3.2	Management and leadership differences	77
Table 3.3	Personal traits of effective leaders	103
Table 3.4	The Five Components of Emotional Intelligence at Work	120

## **CHAPTER 3**

### **LEADERSHIP CHARACTERISTICS AND MANAGEMENT SKILLS**

#### **3.1 INTRODUCTION**

It has been found that most people would rather be designated as an excellent leader than an excellent manager, because it suggests a quality that goes beyond basic management skills (Heim and Chapman, 1990:i). As most leaders recognise, becoming a capable manager is a requirement before one will be regarded as a good leader. Solid management skills provide the foundation upon which to build a leadership dimension. These skills remain essential during the leadership building process. Also, after becoming a leader, one must maintain these management competencies. It is the combination of both management and leadership skills that will provide the formula for a manager's success in the organisation.

The question is, however, do most managers possess the basic ability to become leaders? Heim and Chapman (1990:i) are of the opinion that they can, provided their desire is sufficiently intense. Such a challenge requires behavioural changes, and these can only be made with hard work and repetition. This implies that some sort of intervention, maybe in the form of a leadership/management development and/or improvement programme, is necessary.

This chapter will focus on identifying leadership traits and competencies, as well as management skills, necessary for the success of a leader/manager in any organisation. This will address sub-problem two that was identified in Chapter 1, namely: “What are the nature and characteristics of leadership?”. Specific reference will be made to leaders/managers in organisations that are involved in a process of strategic change, and finally attention will be paid to leaders/managers in the automotive manufacturing industry in South Africa.

### **3.2 DIFFERENCES BETWEEN MANAGERS AND LEADERS**

There is a continuing controversy about the difference between leadership and management. The most well-known distinction was made by Bennis and Nanus (1985:21) who proposed that “managers are people who do things right and leaders are people who do the right things”. This translates to an implementation role for managers (doing things right) and a visionary role for leaders (doing the right things). Blanchard (2000:13) argues that both these should be aspects of effective leadership.

The implementation/visionary roles are further distinguished by Charlton (2000:52) and Rowe, Mason, Dickel, Mann and Mockler (1994:464) who define management and leadership, respectively, as follows:

“Management is the exercise of authority and influence to achieve levels of performance consistent with previously demonstrated levels”; whereas

“Leadership .. [is].. characterised as the ability of management to create an environment that fosters commitment on the part of workers and that evolves performance beyond normal expectations”.

These definitions clearly indicate that management is concerned with maintaining the status quo, while leadership focuses on change and innovation.

The research done by various authors on the differences between managers and leaders will now be studied in greater detail.

### **3.2.1 John Kotter’s research**

Kotter (Hayes, 2002:109) argues that both managers and leaders have to attend to three functions, viz. deciding what needs to be done, developing the capacity to do it, and ensuring that it is done. However, there is a marked difference in the way that managers and leaders attend to these functions, as shown in the table below:

**Table 3.1:** Summary of the different actions of managers and leaders

Function	Manager's action(s)	Leader's action(s)
Deciding what needs to be done	Goal setting, establishing detailed steps for achieving the goals, identifying and allocating necessary resources through planning and budgeting	Focus on setting a direction and developing the strategies necessary to move in that direction, i.e. creating a vision
Developing the capacity to do it	Organising and staffing	Aligning people, communicating the new direction, and creating coalitions committed to getting there by empowering others
Ensuring that it is done	Controlling and problem-solving	Motivating and inspiring

**Source:** Hayes, 2002:109-110

The table above clearly shows that while leaders focus on setting the direction in which the organisation needs to move, managers are responsible for putting steps in place to get there. Whilst leaders concern themselves with communicating the vision to others, managers get busy with organising and staffing. Lastly, leaders are there to motivate and inspire staff whilst managers need to pay attention to controlling and problem-solving. It is clear that the one cannot function without the other, and that they should be interlinked.

Initial efforts to discuss leadership placed it only as a task of management (planning, organising, leading, and controlling). Leading was seen as one of many skills the competent individual had to master if he/she wanted to inspire others to achieve higher levels of success. This was also addressed in the questionnaire (Question 6) where respondents were asked to indicate what percentage of their working week they spend on each managerial activity. The results showed that 16% of the respondents spent as little as 10% of their weekly working hours on leadership activities, 21% spent at least 20% of their time leading others, and as little as 12% of the respondents indicated that it made up about 50% of their working time.

### **3.2.2 Research conducted by Fairholm**

One part of leadership has to do with accomplishing organisational objectives and developing the behavioural skills to get others to do the organisation's work, to be productive. On the other hand, as was seen in Table 3.1 above, management tasks are intellectual skills-based tasks requiring the leader to learn how to manage others and know the rules and procedures, and the tools, needs and requirements for organisational success (Fairholm, 1998:5).

According to Fairholm (1998:5), the difference between leadership and management is in essence a difference in focus and emphasis, in response to changing market conditions and expectations of people. Current thinking

reflects the idea that leadership deals with change, inspiration, motivation, and influence. Leadership is central to the way progress is created and to the way organisations develop and survive in a changing environment (Charlton, 2000:54). In contrast, management deals more with maintaining equilibrium and the status quo, i.e. getting the job done.

Whilst authors such as Kotter and Fairholm concentrated on what managers and leaders physically do, other authors have looked at the power they use over people.

### **3.2.3 Research done on the use of power by managers and leaders**

Leadership inevitably requires using power to influence the thoughts and actions (behaviour) of other people. This power is simply the ability to get people to do something they otherwise would not do. In contrast to this, managers (because of their positions in the organisation) usually have several sources of power at their disposal, some of which are listed below (Ivancevich, Lorenzi, Skinner & Crosby, 1999:341-343):

- *Legitimate power*, which accompanies certain positions within an organisation, resulting in a manager using authority to assign various tasks to subordinates;

- *Reward power*, which is the manager's ability to allocate organisational resources in exchange for cooperation, and is probably the most widely used form of power;
- *Coercive power*, which is the opposite of reward power, and is the manager's ability to apply penalties when an employee fails to cooperate;
- *Expert power*, which is based on an individual's technical or expert knowledge about a particular area, thus allowing an individual to persuade others to do as he/she wishes;
- *Referent power*, which arises from an individual's personal characteristics that are esteemed by others, and stimulates imitation and loyalty; and
- *Personal power*, which consist of both expert and referent power, or a combination of both, and comes from a belief that one can reach his/her goals in his/her own way.

The first three are “managerial”-based power, referring to the manager's position in the organisation and the power that comes with using it; whilst the latter three are more “leadership”-based power, indicating that people can be persuaded to do things for reasons other than that they were told so.

Within an organisation, leadership influence will be dependent upon the type of power that the leader can exercise over other people. The exercise of power is a social process which helps to explain how different people can influence the behaviour/actions of others. For this reason Weber (Kennedy, 1991:163)



distinguished between three types of legitimate authority (as opposed to power) that leaders use to force people to obey: the rational, the traditional and the charismatic. The **rational** rested on a system of rationally thought-out goals and functions designed to maximise the performance of an organisation and implemented by certain rules and procedures. The **traditional** form of authority in organisations was seen by Weber as being owed to the person rather than the office; typically, a hereditary system, as in a family business. **Charismatic** authority, because it relies on the particular qualities of an individual, is unlikely to find a successor in its own mould.

It stands to reason, then, that the focus of management is about allocation and control of activities through the use of a source of power; whereas leadership is about mobilising people to adapt to change, by using authority and influence to their own advantage, and to the advantage of their subordinates, and consequently to the advantage of the organisation as a whole, in order to effect change and transformation.

#### 3.2.4 Summary of the main differences between managers and leaders

Table 3.2 below acts as a summary of the differences between managers and leaders, as deduced from the works of different authors.

**Table 3.2:** Management and leadership differences

MANAGEMENT	LEADERSHIP
<ul style="list-style-type: none"> <li>• Develop organisational structures</li> <li>• Use controls to enforce performance and consistency</li> <li>• Preserve the status quo</li> <li>• Adopt impersonal or passive attitudes towards goals</li> <li>• Maintain a low level of emotional involvement</li> <li>• Focus on the present, the short-term, and the bottom line</li> <li>• Target efficiency</li> <li>• Administers</li> </ul>	<ul style="list-style-type: none"> <li>• Align individuals with organisational goals</li> <li>• Motivate employees to change by seeking out new opportunities</li> <li>• Inject change and transformation</li> <li>• Adopt a more personal and active attitude towards goals</li> <li>• Has empathy with other people and give attention to what events and actions mean</li> <li>• Focus on the future, the long-term, and the horizon</li> <li>• Focus on effectiveness</li> <li>• Innovates</li> </ul>

**Source:** Adapted from the works of Beerel, 1998:2; Mullins, 1995:230 – 231; Rowe et al, 1994:466; Lussier & Achua, 2001:18; and Landsberg, 2000:156 – 157.

Now that the differences between managers and leaders have been highlighted, attention will be paid to the different types of managers in an organisation, what roles they play and what skills they need to be efficient.

### **3.3 TYPES OF MANAGERS AND THEIR RESPONSIBILITIES**

The development of different types of managers is a result of the evolution of a successful organisation from one entrepreneur to a team of many managers with many subordinates. As a manager becomes overloaded because of his/her job's increased complexity, he/she may decide to specialise vertically by assigning the task of supervising subordinates to another person, or horizontally by assigning certain tasks, such as production or marketing, to another person (Ivancevich et al, 1997:15).

Whichever method is chosen, the management process is now shared, specialised, and thus more complex. A manager's management level refers to the right to act and use resources within specified limits as a result of vertical specialisation of the management process. The following types of management levels can be identified in any organisation, as discussed by Ivancevich et al (1997:15-17):

#### **3.3.1 First-level management**

These managers coordinate the work of others who are not themselves managers. People at the first-level management level are often called supervisors, office managers, or foremen. First-level managers are responsible for the organisation's basic work and are in daily contact with workers. They implement the objectives of middle management with the assistance of feasible and detailed plans and programmes (Kroon, 1992:293).

First-level managers must supervise the workers who are responsible to them and ensure that they carry out their work satisfactorily. Because of the very important role they play in communicating directly with the workers, the first-level management level has been identified as a particularly important management level to be studied in the empirical component of this research.

### **3.3.2 Middle management**

The middle manager is known in many organisations as the department manager, plant manager, or director of operations. Unlike first-level managers, those in middle management plan, organise, control, and lead other managers' activities in the medium- and short-term; yet, like first-level managers, they are subject to the managerial efforts of a superior. According to Kroon (1992:293) middle management must formulate appropriate plans and programmes in co-operation with first-level management to ensure that the main objectives of the organisation are implemented.

In terms of the empirical component of this study, the questionnaire did ask respondents to indicate at what level they operate in their organisation, with 55% indicating that they were middle management, and 45% being first-level managers or supervisors.

Middle managers were important in the past, but now they can be a barrier to improving performance. They can act as filters for information coming up from the shop floor, customers, suppliers or business partners. Munro-Faure and Munro-Faure (1996:166) maintain that middle managers can distort the real message for any number of reasons: they might believe that senior managers will not like what they hear; the middle manager might want to boost his/her own status; they may not understand the significance of the information they have received; or they may genuinely place an incorrect interpretation on it. It is therefore important for the purpose of this study that emphasis should be placed on middle management as leaders of their units, as well as of their first-level management.

### **3.3.3 Top (Senior) management**

A small cadre of managers (usually including a CEO, president, or vice-president) constitutes top management. Top management is responsible for the performance of the entire organisation through the middle managers. Unlike other managers, the top manager is accountable to none other than the owners of the resources used by the organisation. Top-level managers depend on the work of all their subordinates to accomplish the organisation's goals and mission. (Ivancevich et al, 1997:17)

Job responsibilities differ somewhat for managers at different levels in the authority hierarchy of the organisation, according to Yukl (1998:29). Higher-level managers are usually more concerned with exercise of broad authority in making long-range plans, formulating policy, modifying the organisation structure, and initiating new ways of doing things. Decisions at this level usually have a long-term perspective, because it is appropriate for top managers to be thinking about what will happen 10 to 20 years in the future.

Middle managers are primarily concerned with interpreting and implementing policies and programmes (including change initiatives), and they usually have a moderately long-term perspective (2 – 5 years). First-level managers, on the other hand, are primarily concerned with structuring, coordinating, and facilitating work activities, which are also very important during the implementation phase of change programmes (Yukl, 1998:29). Objectives are more specific, issues are less complex and more focused, and first-level managers typically have a shorter time perspective (a few weeks to 2 years).

Bearing in mind that organisations have to continually change to keep up with changes in its environment, it can be seen that the first-level and middle management levels are the ones directly involved in the implementation and control phases of any change programmes, while the planning phase of change is executed by top management. As mentioned before, this study will focus on

the aforementioned phases of strategic change, and therefore the emphasis will fall on the first-level and middle management levels.

In terms of the responsibilities of managers (both first-level and middle management) described above, attention will now be paid to their changing roles in the organisation, and what skills they require in order to be efficient managers.

### **3.4 NEW MANAGERIAL ROLES**

Organisations are recognising that their people at every level determine how the organisation functions and how successful it is. Individuals are being given the information, training and authority to take decisions about how their work is done and how improvements can be made (Munro-Faure & Munro-Faure, 1996:43). This has led to a fundamental change in the role of modern managers. In the past, creating visions was primarily reserved for top management. Now, however, middle managers will shift toward such leadership activities as being visionaries (DuBain, 1996:135).

It is important to look at all managerial roles in order to identify those which will be needed by leaders to successfully manage change. For this reason it is fitting to go back to one of the first most important studies in this regard, that done by Henry Mintzberg.

### 3.4.1 Mintzberg's managerial roles

Mintzberg (Lussier & Achua, 2001:10-14) identified ten managerial roles that leaders perform to accomplish organisational objectives. He grouped these roles into three categories, namely interpersonal, informational, and decisional:

(1) *Interpersonal roles:*

- Figurehead – representing the organisation in legal, social, ceremonial, and symbolic activity.
- Leader – performing the management functions to effectively operate the manager's organisation unit.
- Liaison – interacting with people outside the organisational unit.

(2) *Informational roles:*

- Monitor – gathering and analysing information to discover problems and opportunities.
- Disseminator – sending information to others in the organisational unit.
- Spokesperson – providing information to people outside the organisational unit.

(3) *Decisional roles:*

- Entrepreneur – innovate and initiate improvements.



- Disturbance-handler – taking corrective action during crisis or conflict situations
- Resource-allocator – scheduling, requesting authorisation, and performing budgeting activities.
- Negotiator – representing the organisational unit during routine and non-routine transactions that do not include set boundaries.

The above represents roles for which all managers are responsible, although the decision on which they perform at any given time will be determined by their specific job at that time. Although the above roles are generic in nature, the roles of the different types of managers need some more clarification.

#### **3.4.2 Research on middle and top managers' responsibilities**

In a knowledge-intensive economy where jobs are not clearly defined, middle managers are the ones who help employees understand the work that must be done. According to Caudron (2000:2), middle managers are also responsible for motivating workers, developing workers' potential, increasing the organisation's productivity, mediating subordinate disputes, maintaining work/life balance, and boosting personnel retention rates. Another important role of middle managers is to manage the strategy-creation process, so that the organisation adapts to its environment over time; as during the implementation of a strategic change initiative.

For top managers, reformulating the way strategy works and the way it is organised, offers daunting challenges. They, after all, have been guardians of all things strategic and have succeeded in championing strategy to the extent that it now amounts to a significant part of their work. Now, as layers of hierarchy are shed, strategy is being driven down the organisation, and most executives are removed from implementation activities (Hodgson and Crainer, 1993:101).

The pace of change is fast, and top management is not ready to abdicate responsibility for strategic decision-making. CEOs want to feel involved in the future direction of their organisation, but do not want to surrender all control to allow strategy to be a bottom-up process. They do, however, realize that a top-down process is risky in times of continuous change. Their job, therefore, is to provide some kind of balance between the two approaches. (Hodgson and Crainer, 1993:101)

The next section will aim to bring together old theories on the roles of managers with the new approach of management responsibilities, to show the new role of managers in the changing workplace.

### **3.4.3 The changing role of management**

The broadest change in the revamped workplace is that the new leaders and managers are changing their emphasis. In the past many managers emphasised control over people and work processes. Today, the new leaders and managers, particularly at the first two levels of management, emphasize coaching and facilitation. (DuBain, 1996:116)

The above illustrates the changing role of management in an organisation, and how the responsibilities of first-level and middle management are becoming much more important in times of change. It is therefore critical that these managers possess the relevant skills in order to be efficient managers and contribute to the overall success of the organisation. The next section will identify these skills that are needed by managers to be efficient in the context of their evolving role in the organisation.

## **3.5 MANAGERIAL SKILLS**

There are some things that an individual manager knows much about and can handle well. There are other areas in which he/she has had less experience and will be less able to manage efficiently. The job of the modern manager is to win the energy and commitment of people at all levels in order to improve the performance of the

organisation as a system. According to Simmons (1995:17), these managers will have to:

- Release the intelligence, creativity and initiative of people throughout the organisation; and
- Integrate initiatives toward an agreed vision of the future and solve the problems encountered on the way.

People are inherently intelligent and creative. The challenge is to establish the conditions in which those abilities can be put fully into the organisation. This will involve the manager having to apply different management skills to different situations. In the next two sections two different types of research in this area are highlighted. The first, a theoretical summary by Yukl, classifies management skills into three different categories, and the second, a physical study by Harbridge House, identifies ten generic qualities of a manager.

### **3.5.1 Yukl's classification of managerial skills**

Yukl (1998:251 -254) organised early trait studies and other research findings according to three types of skills, those being technical, interpersonal, and cognitive skills. Each of these will now be described in more detail.

#### *3.5.1.1 Technical Skills*

Technical skills include knowledge about methods, processes, procedures, and techniques for conducting the specialized activities of the manager's organisational unit (Yukl, 1998:251). Kroon (1992:294) defines it as "the ability to use techniques, procedures or resources in a specialised area". These skills are learned during formal education in specialised subjects, and through on-the-job training and experience. It is facilitated by a good memory for details. Effective managers are able to obtain information and ideas from many sources and store it away in their memory for use when they need it.

Managers who supervise the work of others need extensive knowledge of the techniques and equipment used by subordinates to perform the work. Technical knowledge of products and processes is necessary to plan and organise work operations, to direct and train subordinates with specialised activities, and to monitor and evaluate their performance. (Yukl, 1998:252)

#### *3.5.1.2 Interpersonal Skills*

Interpersonal skills include knowledge about human behaviour and group processes, ability to understand the feelings, attitudes and motives of others, and ability to communicate clearly and persuasively

(Yukl, 1998:252). These human relations skills are important for managerial efficiency and advancement, and include leadership ability and inter-group skills (Kroon, 1992:294). Interpersonal skills are one of the personal attributes that best differentiate between efficient and inefficient managers, regardless of the situation.

Interpersonal skills include empathy, social insight, charm, tact and diplomacy, persuasiveness, and oral communication ability. These skills are essential for influencing people, and enhance the effectiveness of relationship-oriented managerial behaviours. (Yukl, 1998:253)

#### *3.5.1.3 Conceptual Skills*

Conceptual (or cognitive) skills include analytical ability, logical thinking, concept formation, inductive reasoning, and deductive reasoning. According to Kroon (1992:294), conceptual skills refer to the mental power to see the organisation as a whole and to understand how the sections are integrated. In general terms, conceptual skill involves good judgement, foresight, intuition, creativity, and the ability to find meaning and order in ambiguous and uncertain events (Yukl, 1998:253).

The above classification by Yukl summarises the research of many authors before him. The next section deals with an actual study of successful managers by a Boston consulting firm, Harbridge House.

### 3.5.2 Harbridge House's study of successful managers' qualities

A study by Harbridge House, a Boston consulting firm, identified ten qualities of a successful manager regardless of age, sex, industry, organisation size, or corporate culture (Ivancevich et al, 1997:15). These qualities are as follows:

- **Provides clear direction.** An efficient manager needs to establish explicit goals and standards for people (Yukl, 1997:15 and Sher, 2000:2). Managers must communicate group goals, not just individual goals (Yukl, 1997:15 and Simonsen, 2000:5). The manager must involve people in setting these goals and not simply state them to workers, and managers must be clear and thorough in delegating responsibility (Yukl, 1997:15).
- **Encourages open communication.** Managers must be honest and direct in dealing with people (Yukl, 1997:15 and Eisenbach et al, 1999:1). Managers must establish a climate of openness and trust (Yukl, 1997:15 and Sher, 2000:2).
- **Coaches and supports people.** This means being helpful to others, working constructively to correct performance problems, and standing up

for subordinates against superiors (Yukl, 1997:15; Sher, 2000:2 and Simonson, 2000:4).

- **Provides objective recognition.** Managers must recognise employees for good performance more often than they criticise them for problems. Rewards must be related to the quality of job performance. (Yukl, 1997:15)
- **Establishes ongoing controls.** This means following up on important issues and actions, and giving subordinates feedback (Yukl, 1997:15; Sher, 2000:2 and Simonsen, 2000:4).
- **Selects the right people to staff the organisation.** Attracting and selecting the best people in terms of skills and competencies to accomplish the organisation's mission and goals (Yukl, 1997:15 and Sher, 2000:2).
- **Understands the financial implications of decisions.** This quality is considered important even for functional managers who have no direct responsibility for the profit margin (Yukl, 1997:15 and Sher, 2000:2).
- **Encourages innovation and new ideas.** Employees rate this quality important in even the most traditional or conservative organisations (Yukl, 1997:15 and Eisenbach et al, 1999:1).
- **Gives subordinates clear-cut decisions when they are needed.** Employees want a say in things, but they do not want endless debate (Yukl, 1997:15 and Sher, 2000:2).



- **Consistently demonstrates a high level of integrity.** Most employees want to work for a manager they can respect and trust (Yukl, 1997:15 and Sher, 2000:2).

It is evident from the above that a successful manager possesses certain qualities in applying skills and carrying out various managerial roles. Graetz (2000:550) concurs that with the emphasis now being on cooperation, collaboration and communication, managers need to have a completely different range of leadership skills. Traditionally, managers focused on the technical or operational dimension of management. However, to be effective leaders in an environment of change, the interpersonal dimension becomes critical. The next section will show what skills are necessary in order for managers to operate efficiently in the organisation.

### **3.5.3 Skills necessary for efficient management**

Based on the qualities described in the previous two sections, as well as the new role of management discussed in section 3.4, it is evident that an efficient manager must at once be:

- A producer – who achieves results and outperforms the competition through functional knowledge of the specific discipline;
- An administrator – who sees to it that the system works as it was designed to work; and

- An entrepreneur – who is able to identify new courses of action, set new goals, and change the systems through which they are implemented.

(Manning, 1988:178 – 179)

In a study done by Hayes, Rose-Quirie and Allison (2000:1 – 7) to examine the universality of management skills within one large multi-site service organisation, they found that only two skills were common to all groups, viz. “leadership” and “understanding human behaviour”. These two skills encompass all three the roles described above to ensure the success of a manager in any organisation. Because leadership stands out as a necessary skill right throughout this study, the next three sections will focus on defining this skill, identifying leadership traits and competencies, and looking at the leader of the future.

### **3.6 LEADERSHIP DEFINED**

Leadership is and will remain the cornerstone of success in business (Roodt, 2001:8). This notion is reiterated by Charlton (2000:29) who believes that if there was ever a moment in history when a comprehensive strategic view of leadership was needed by large numbers of leaders in every job, it is now. In short, leadership is the pivotal force behind a successful organisation. The new leader is one who commits people to

action, who converts followers into leaders, and who may convert leaders into agents of change.

Covey (2001:131) summarises the above idea by defining leadership as “a function at every level, and what needs to be understood – and practiced – is that leadership is a function not only of action but of character”. Ivancevich et al (1997:341) agree that leadership is both an individual property and a process. As an individual property, leadership is a combination of personal attributes and abilities such as vision, energy, and knowledge. As a process, leadership is the individual’s ability to create a shared vision of the future. Creating a shared vision requires the leader to set goals, motivate employees, and create a supportive and productive culture in the organisation. It is therefore difficult to separate the individual from the process, because the leadership process is an extension of the leader’s personality and ideas.

O’Connor (1997:4) also agrees that leadership is the ability to present a vision so that others want to achieve it. It requires skill in building relationships with other people and organizing resources effectively. She also goes on to add that mastery of leadership is open to everyone. Charlton (2000:64) supports this thought by stating that in order to be effective, each person in the organisation needs to demonstrate competencies of leadership and follower-ship to contribute significantly to improved performance. The key word in follower-ship is active contribution, while the leader

facilitates and welcomes this involvement – eventually developing followers into leaders in their own right.

The idea that leadership revolves around mobilizing people in the organisation to achieve its vision has also been captured by the Accenture Institute for Strategic Change (Furphy, 2001:2) in their definition that reads as follows: “Leadership is the extraordinary capacity to unify a workforce around a single purposeful vision”. They derived this definition from the one published in the Saratoga Institute Report of 1998 under the heading “Leadership Development”: “It (leadership) involves mobilising individuals/teams towards a desired future. As such, the task of the leader(s) is to cultivate follower-ship, organising individuals/teams behind a compelling vision of the future and helping them to internalise the vision into a sense of individual/team purpose.”

The above discussion highlights the fact that leadership implies that some sort of relationship exists between the leader and the followers. Gini (1997:324) elaborates on this idea by saying that leadership is a power and value laden relationship between leaders and followers who intend real change(s) that reflect their mutual purpose(s) and goal(s). Lussier and Achua (2001:294) agree that leadership is the process of influencing followers to achieve organisational objectives through change.

Given all these definitions, there are a number of elements that must be present if leadership exists. These elements are the following:

- *Vision and mutual goals.* Leaders need to be visionaries who inspire their followers to gain momentum in achieving not only the goals of the organisation, but also their individual goals (Munro-Faure & Munro-Faure, 1996:33).
- *Power.* In paragraph 3.2 it was mentioned that leadership inevitably requires using power to influence the thoughts and actions (behaviour) of other people. This power is simply the ability to get people to do something they otherwise would not do (Haberberg & Rieple, 2000:572).
- *Values/Culture.* All forms of leadership try to establish the guidelines, set the tone and control the manners and morals of the constituency of which they are a part (Gini, 1997:325). This then in essence means that the role of the leader is to shape the culture of the organisation, the set of values which are shared by everyone in the organisation (Munro-Faure & Munro-Faure, 1996:33).
- *Relationship with followers.* “Effective leaders typically spend at least 80 per cent of their time talking to people” (Landsberg, 2000:x). Leadership is therefore a dynamic relationship which involves ongoing communication between a leader and his followers.
- *Change.* Leadership almost always involves initiating and driving change (Landsberg, 2000:ix), and is a theme that will be built upon throughout this research. More change requires more leadership (Charlton, 2000:52).

- *Character.* Gini (1997:326) maintains that character is the most crucial and most illusive element of leadership. It applies to factors in our personality, that include our inborn talents/traits as well as the learned and acquired competencies imposed upon us by life and experience. These factors define leaders, set them apart from non-leaders, and motivate their behaviour.

The next section will build on this concept of character by identifying traits and competencies of effective leaders, based on the above elements of leadership.

### 3.7 LEADERSHIP TRAITS AND COMPETENCIES

Before attempting to identify leadership traits and competencies, it is important to clarify such concepts as behaviour, skills, competencies, traits and characteristics.

The Human Resources Glossary (Tracey, 1998:47, 478, 91) defines behaviour, skill and competencies, respectively, as follows:

- **Behaviour:** “What a person says or does. It is audible or observable and reportable. It is not motive, values, personality, or thoughts.”
- **Skill:** “Learned mental or motor behaviour that requires some degree of facility in the performance of all or part of a complex act. Examples are writing, calculating, problem solving, counselling, and interviewing.”

- **Competencies:** “A generic mix of knowledge, skills, and attitudes with broad application. Taught in an integrated way to prepare an individual for many jobs and tasks. Examples are problem solving, trouble shooting, and reasoning.”

The Dictionary of Personnel and Human Resources Management (Bennett, 1992:212) describes a **trait** as a personal quality (e.g. assertiveness, self-confidence, reliability) that leaders are born with, and which makes them effective leaders.

Richards (1999:120) argues that a mix of individual, relatively fixed, personal qualities as well as acquired skills are required to explain leadership effectiveness. He calls them leadership characteristics. According to the Oxford Advanced Learner's Dictionary (Cowie, 1993:188), a **characteristic** is a “distinguishing feature” that makes a person different from others. For purpose of this research then, the term “characteristics” will mean to include traits as well as competencies, which in turn include knowledge, behaviours and skills as well. Therefore, leadership characteristics will refer to a set of behaviours, skills, knowledge, competencies and traits that set leaders apart from other people, and explain their effectiveness in the organisation.

The above description of leadership characteristics is reiterated by Lussier and Achua (2001:9) who argue that “effective leaders are not simply born or made, they are born with some leadership ability and develop it”. Researchers indicate that many

cognitive abilities and personality traits are at least partly innate. Bennis (2000:112) agrees that a leader's drive, motivation and desire are inborn traits, but that the leader can learn certain behaviours that will result in a number of competencies, in order to be effective. Adair (2002:2) concurs that people vary in their potential for leadership, and that they should have the key generic qualities of leadership, as well as have the capability to acquire the necessary knowledge in order to lead effectively.

The question now is what are these traits and competencies? The next three sections will identify first traits, then competencies, and then characteristics, as a combination of the first two.

### **3.7.1 Leadership traits**

The oldest writings on leadership refer to the trait theory of leadership, which sought to identify the traits effective leaders possessed. Trait researchers examined personality, physical abilities, and social and work-related characteristics. In the next three sections three authors' research on the most common traits that successful leaders possess will be highlighted.

#### *3.7.1.1 Lussier and Achua's research on the traits of effective leaders*

According to Lussier and Achua (2001:37-42), there appear to be some traits that consistently differentiate leaders from others. The most important of these are listed below:



- **Dominance.** Successful leaders want to be managers and to take charge. However, they are not overly bossy, nor do they use a bullying style. (Lussier & Achua, 2001:37)
- **High energy.** Leaders have drive and work hard to achieve goals. They have stamina and tolerate stress well. Leaders have enthusiasm and don't give up. They deal with but don't accept setbacks. However, they are not viewed as pushy and obnoxious. They have a high tolerance for frustration as they strive to overcome obstacles through preparation. Leaders take initiative to bring about improvements rather than ask permission. (Lussier & Achua, 2001:38)
- **Self-confidence.** Self-confidence indicates whether you are self-assured in your judgments, decision making, ideas, and capabilities. Leaders display self-assurance about their abilities and foster confidence among followers. As leaders gain their followers' respect, they also influence them. Leaders are, however, realistically self-confident; they are not viewed as arrogant "know-it-alls" who alienate people. (Lussier & Achua, 2001:38)
- **Locus of control.** Leaders believe that they control their fate, that their behaviour directly affects their performance. Leaders take responsibility for who they are, for their behaviour and

performance, and for the performance of their organisational unit. (Lussier & Achua, 2001:39)

- **Stability.** Stability is associated with managerial effectiveness and advancement. Stable leaders are emotionally in control of themselves, secure, and positive. Effective leaders know when to lead and when to follow; they compensate for weaknesses by letting others with the strength lead in those areas. (Lussier & Achua, 2001:39)
- **Integrity.** Integrity refers to behaviour that is honest and ethical, making a person trustworthy. The ability of a leader to influence people is based on integrity; followers must trust their leader. To be viewed as trustworthy, leaders need to be honest, support their followers, and keep confidences. (Lussier & Achua, 2001:40)
- **Intelligence.** Leaders generally have above-average intelligence. Intelligence refers to cognitive ability to think critically, to solve problems and make decisions. However, intuition (called hidden intelligence), is important to leadership success. (Lussier & Achua, 2001:40)
- **Flexibility.** Flexibility refers to the ability to adjust to different situations. Leadership influence and setting of objectives is about change, the pace of which will continue to increase.

Without flexibility, leaders would be successful only in the limited situations that fit their style of leadership. Thus effective leaders are flexible and adapt top the situation. (Lussier & Achua, 2001:41)

- **Sensitivity to others.** This refers to understanding group members as individuals. What their position o issues is, and how best to communicate with and influence them. To be sensitive to others requires empathy, to see things from others' point of view. (Lussier & Achua, 2001:41)

The next author focuses on eight personality traits of effective leaders.

#### *3.7.1.2 Landsberg's typical traits of effective leaders*

In his book "The Tools of Leadership", Landsberg (2000:10) distinguishes between leadership techniques (aspects of leadership that can be learnt) and personal traits which is, according to him, ingrained and can't be radically changed. He lists the traits as shown in Table 3.3 as being frequently identified when describing leaders:

**Table 3.3:** Personal traits of effective leaders

<b>Driven:</b> Ambitious Assertive Committed Competitive Conscientious Decisive Disciplined Dominant Energetic Focussed Goal-oriented Hard-working Initiative-seeking Productive Tenacious	<b>Courageous:</b> Active Adventurous Bold Confident Daring Physically fit Proactive Restless Risk-taking	<b>Engaging:</b> Charming Empathetic Good listener Humble Passionate Pleasant Sensitive Social Solicitous Vulnerable	<b>Upbeat:</b> Cheerful Enthusiastic Happy Hopeful Humorous Optimistic Positive
<b>Wise:</b> Aware Conceptual Creative Curious Far-sighted Intelligent Smart Understanding Visionary	<b>Balanced:</b> Adaptable Flexible Grace-under-pressure Mature Moderate Patient Pragmatic Responsible Sensible Stable	<b>Principled:</b> Constant Consistent Dependable Direct Fair Firm Loyal Open Reliable Respectful Trustworthy	<b>Charismatic:</b> Credible Eloquent Inspiring Motivational Mysterious Spiritual Visible

**Source:** Landsberg, 2000:146-147

The third author studied the personal attributes of many people, and has identified several attributes that contribute to the success of leaders and managers in the new workplace.

### *3.7.1.3 DuBain's personal attributes of the new leader*

Not every person has the right stuff to carry out the new leadership and managerial roles that are expected during these times of change. Certain personal attributes are required. DuBain (1996:129) lists among these good problem-solving ability, a combination of inductive and deductive thinking, cross-functional skills, and a quality attitude. He maintains that imagination, creativity, and the willingness to communicate openly are also essential. But in addition to the above, he lists the following attributes that contribute to the success of leaders in the new workplace:

- **Honesty, Integrity, and Credibility.** In several surveys of managers from both private and public organisations to ascertain what they looked for or admired in their organisational leaders, 87% of respondents selected honesty of their leaders as the chosen characteristic. (DuBain, 1996:130)
- **Enthusiasm.** In almost all situations it is desirable for the leaders to be enthusiastic. Group members tend to respond positively to enthusiasm, partly because it may be perceived as a reward for doing the right thing. Enthusiasm is also a desirable leadership trait because it helps build good relationships with team members. (DuBain, 1996:131)

- **Initiative.** Being a self-starter is a key leadership trait that has considerable relevance for new leaders. Initiative is also related to problem-finding ability. (DuBain, 1996:131)
- **Self-directing.** People who are self-directing believe that they are the primary cause of events happening to them. Being self-directing (or having an “internal locus of control”) helps a leader to be a take-charge person. An important link exists between being self-directing and success as a leader. (DuBain, 1996:132-133)
- **Tenacity.** Typically, effective leaders are tenacious. Leaders are better at overcoming obstacles than non-leaders. Tenacity multiplies in importance for leaders during times of change, because it can take so long to implement a new program. A leader must be tenacious to sell other key managers on the need for innovation. (DuBain, 1996:134)

The last section will endeavour to summarise all the important leadership traits as discussed by the three authors above.

#### *3.7.1.4 Summary of the most common leadership traits*

In studying the works of the above three authors, as well as a few others, it emerges that there are five categories of traits that is most frequently mentioned. These are:

- Driven/Energetic
- Confident/Self-assured
- Engaging/Inspiring
- Intelligent/Intuitive
- Balanced/Flexible

Beerel (1998:105) adds to the above by saying that leaders should have vision, inject new ideas and perspectives, exude trust and integrity, and empower and liberate others. These are not new findings however. Stodgill (in Rickards, 1999:120) already in 1974 moved away from a search for universal traits for effective leadership, and away from the differences between leaders and non-leaders, and focused rather on the factors resulting in more, or less, effective performance.

Beerel (1998:105) maintains that a natural leader is characterised by “a strong drive for responsibility and task completion; venturesome-ness and originality in problem-solving, drive to exercise initiative in social situations, self-confidence, and a sense of personal identity; willingness to absorb interpersonal stress; an ability to influence other persons’ behaviour; and a capacity to structure social interactions to the purpose at hand”.

This then concludes the discussion on traits, and the focus is now shifted to the different competencies that leaders can acquire/improve in order to make their performance more effective.

### **3.7.2 Leadership competencies**

As mentioned before, competencies include knowledge, skill, attitude, and behaviour. These are action-oriented, and cannot be learned in a classroom. Some leadership skills and knowledge can be acquired through reading, studying and analysing theoretical propositions and principles, and some leadership capacity is learned through observation of other leaders (Fairholm, 1998:39).

Two authors stand out in their definition of the key competencies needed for leaders to be successful.

#### *The works of Warren Bennis*

Bennis, best known as a guru of leadership theory, is famous for his aphorism: “Managers do things right. Leaders do the right thing.” (Kennedy, 1991:23). In 1986 he studied 90 individuals in different parts of US society and identified four factors or “competencies” common to all. These are:



- (1) The management of **attention** – having a vision that others can believe in and adopt as their own;
- (2) The management of **meaning** – communicating vision and translating it into successful results for the organisation;
- (3) The management of **trust** – the emotional glue that binds followers and leaders together, and
- (4) The management of **self** – persistence, self-knowledge, willingness to take risks, commitment and challenge, and willingness to learn from adversity and failure.

Bennis concluded that the most impressive and memorable quality of the individuals they studied was the way they responded to failure.

(Kennedy, 1991:24-25)

The next discussion is a combination of different authors' works on competency clusters.

#### *Van Zyl and Massyn's competency clusters*

Successful leaders tend to be emotionally mature and not only understand their own behaviour, but also that of others (Van Zyl & Massyn, 2006:16). Daniel Goleman calls this attribute "Emotional Intelligence" (EQ), because leadership always involves working with and through people (Charlton, 2000:151). Furthermore, EQ is a

competency that can be learnt, just like other competencies. Van Zyl and Massyn (2006:16) cluster leadership competencies as follows:

- (1) **Self-awareness** – defined as the ability to recognise and understand your moods, emotions, and drives, as well as their effect on others. It is characterised by:

- ❖ Emotional self-awareness
- ❖ Self-confidence
- ❖ Accurate self-assessment
- ❖ Integrity

(Van Zyl & Massyn, 2006:16 and Charlton, 2000:152)

- (2) **Self-management** – defined as the ability to control or redirect disruptive impulses and moods. It is characterised by:

- ❖ Self-control
- ❖ Trustworthiness
- ❖ Conscientiousness
- ❖ Adaptability
- ❖ Initiative/innovation and openness to change

(Van Zyl & Massyn, 2006:16 and Charlton, 2000:152)

- (3) **Empathy** – defined as the ability to understand the emotional makeup of other people. It is characterised by:

- ❖ Social awareness
- ❖ Organisational awareness

- ❖ Expertise in building and retaining talent

(Van Zyl & Massyn, 2006:16 and Charlton, 2000:152)

(4) **Social skill** – defined as an ability to manage relationships and build networks. It is characterised by:

- ❖ Developing others

- ❖ Influence/Persuasiveness

- ❖ Communication

- ❖ Effectiveness in leading change

- ❖ Expertise in building and leading teams

- ❖ Conflict management

(Van Zyl & Massyn, 2006:16 and Charlton, 2000:152)

(5) **Motivation** – defined as a propensity to pursue goals with energy and persistence. It is characterised by:

- ❖ Optimism even in the face of failure

- ❖ Strong drive to achieve

- ❖ Organisational commitment

(Charlton, 2000:152)

Potter (2001:56) went on to identify seven core leadership competencies based on a review of many leadership models, corporate leadership values, and his extensive experience. These competencies included leaders setting a clear direction (vision) as well as setting a

good example, practising effective communication, creating emotional alignment, bringing out the best in people, acting as a change agent, and making decisions and taking action in times of crises or uncertainty.

The above competencies show that a wide range of skills, knowledge, behaviours and traits are necessary for a leader to be successful. The next section will attempt to summarise the works of the above authors.

*Summary of the most common leadership competencies*

There is a clear overlap between the highlighted authors' works, and thus all of the above competencies can be summarised diagrammatically as follows:

**Figure 3.1:** Competencies for leadership

<b>Personal Effectiveness</b> Self-awareness Courage Achieving results through others Self-control	<b>Communication</b> Interpersonal sensitivity Impact and Influence Political Awareness
<b>Managing Others</b> Providing Direction Developing Organisational Talent Teamwork	<b>Thinking</b> Strategic Thinking Integrity

**Source:** Weiss & Kolberg, 2003:73

Based on the above identified common competencies, as well as the traits described in section 3.7.1 above, a set of leadership characteristics can now be assimilated in order to explain leadership effectiveness.

### **Leadership characteristics**

Pierce and Kleiner (2000:7-8) identify seven characteristics that are most commonly found in successful business leaders:

- *Flexibility.* Leadership needs the ability to constantly set broad, new goals.
- *A capacity to inspire others.* Leaders recognise that people are the assets.
- *Enthusiasm.* By being a continuous improvement leader.
- *The ability to build relationships.* This creates greater job satisfaction and a greater sense of loyalty.
- *To inspire trust.* Good leadership will create organisational culture changes in their workers by means of empowerment.
- *Communicate.* Leaders will need to tap into employees' emotions and feelings and have a greater sense of their values.
- *A willingness to experiment.* In order to produce new and unexpected paths of progress.

Harvard professor John Matthews (Manning, 1998:188-189), who has been studying business leaders since 1948, describes the following ten characteristics of successful leaders:

- (1) *A zest for business* – they like what they are doing, they work hard at it, and they excite others.
- (2) *A sense of self* – they know who they are, what they are capable of, and what they want out of life.
- (3) *Physical energy* – they are fit and others often find it hard to keep up with them.
- (4) *Analytical skill* – the ability to sort the interesting from the important, and to get to the heart of an issue.
- (5) *Tough-mindedness* – they are realistic, objective and decisive. When they make decisions, they stick with them.
- (6) *Integrity* – they are honest and consistent, and they create a climate of openness and trust around them.
- (7) The ability to develop a *harmonious relationship* with the board of directors over the long term, they are team players.
- (8) *Global vision* – they think big. They know the importance of being international competitors.
- (9) *Communication* – they are powerful persuaders.
- (10) *Commitment* – they believe in the importance and relevance of what they are doing.

The above two authors' work is an important foundation for defining a set of leadership characteristics that can be used as the basis of this research for purposes of

applying it to successful leaders. In the next section the research done by these authors, as well as others, are used to compile a set of generic leadership characteristics that will be used in the next chapter when discussing change leadership.

### **3.8 A SYNTHESIS OF THE MOST IMPORTANT CHARACTERISTICS OF SUCCESSFUL LEADERS**

In the context of the above discussion, and in studying the work of five noted authors on this topic (Munro-Faure & Munro-Faure, 1996:21; Lyons, 2000:61; Firth, 1999:163-164; Fairholm, 1998:41-46; and Charlton, 2000:60), the following seven important characteristics were listed by all of them, and will be used as the basis of this research:

1. **Communication and Caring:** leaders engage in continuous, meaningful two-way dialogue that allows them to deal with other individuals in a direct and effective way, and nurture relationships by respecting the individuals and showing them courtesy.
2. **Setting a Vision:** leaders own and maintain the organisation's vision and set their own vision which they then feed through to their followers.
3. **Empowerment:** leaders motivate followers to achieve their goals, and then give recognition for success.

4. **Setting of Standards:** leaders and followers agree on targets; leaders continuously monitor performance, and regularly give feedback to followers.
5. **Coaching:** leaders involve all followers by promoting self-responsibility and offering continuous support and feedback.
6. **Culture:** leaders set a work culture by sharing objectives and values with followers.
7. **Self-management:** leaders diagnose inappropriate/ineffective actions and independently assume responsibility, whilst becoming a visible role model.

By looking at the above set of characteristics, one can see a combination of personal traits, knowledge, attitude, behaviour, skills, and competencies that work together to form an effective leader. In practical terms, effective leaders display characteristics that allow them to have personal influence on followers, beyond the influence that the authority of their positions gives them.

Some of these characteristics are due to personal traits that inspire confidence – these are all matters that cannot be changed or that take a lot of effort and time to change. Most of the characteristics, however, are based on the competence to develop a climate in which followers can gain trust and confidence in the leader and in the direction in which he or she is leading the organisation. This competence is a bundle of skills that can be learned and that can effectively link the organisation's characteristics and needs to those of its stakeholders.



The above identified characteristics indicate a wide range of skills that leaders need to possess to be effective. Recent research has illustrated that the most important qualities of effective change leaders are not the disconnected set of skills or knowledge that they possess. Rather, these qualities relate to four intellects or types of intelligence. The next section will discuss this in detail.

### **3.9 THE ROLE OF THE LEADER IN SUCCESSFULLY MANAGING CHANGE**

Cook, Macaulay and Coldicott (2004:4-8) and Van Vuuren (2006:49) identify the following five intellects as being essential for a leader to successfully manage change:

#### **3.9.1 Business Intelligence (BQ)**

This involves:

- ❖ Business expertise/competence;
- ❖ Thinking ahead strategically;
- ❖ Listening to and anticipating customer demands;
- ❖ Planning to meet customer demands;
- ❖ Developing customer-driven offerings and solutions; and
- ❖ Taking opportunities to improve services to the customer.

Leaders with BQ anticipate changing customer demands, and translate this knowledge into service offers and operational processes that deliver successfully to the customer.

### **3.9.2 Political Intelligence (PQ)**

In order to bring about change, leaders need to be aware of how to influence others within the organisation. PQ involves:

- ❖ Being aware of power bases;
- ❖ Understanding sources of power;
- ❖ Recognising levers of influence during change;
- ❖ Developing strategies for influence; and
- ❖ Gaining buy-in from stakeholders.

### **3.9.3 Spiritual Intelligence (SQ)**

The term spiritual intelligence refers to one's values and contribution, combined with a willingness to be receptive to new ideas and information. Leaders with SQ display a high degree of self-confidence and self-awareness which enables them to set a clear direction and to stick firm to their course of action while not shutting out important new pieces of information. They have thought through well:

- ❖ Their life and purpose;
- ❖ Their goals and contribution;

- ❖ Their value to the organisation; and
- ❖ How they can personally grow and develop self-awareness.

This spirituality provides inner strength and helps form a vision, through a clear set of personal values and beliefs that drive their actions. In times of change a clear sense of identity and self-belief are essential.

#### **3.9.4 Physical Intelligence (FQ)**

The latest of the Qs, it has become a very important focus point and emphasises that in order to be a successful leader you must also be physically attuned, taking care of your body as part of an integrated mind-body continuum.

#### **3.9.5 Emotional Intelligence (EQ)**

Emotional intelligence can be described as a set of abilities that refer in part to how effectively one deals with emotions, both within oneself and others (Palmer, Walls, Burgess & Stough, 2001:5). Goleman (1998:94) has found that the most effective leaders are alike in one crucial way: they all have a high degree of EQ. In his research he examined the relationship between EQ and effective performance in leaders. His objective was to determine which personal characteristics drove outstanding performance within the organisations he analysed, and to what degree they did so.

Goleman (1998:94) grouped the characteristics into three categories: purely technical skills (e.g. accounting and business planning), cognitive abilities (e.g. analytical reasoning, big-picture thinking, and long-term vision), and competencies demonstrating EQ (e.g. the ability to work with others and effectiveness in leading change). Analysis of data yielded the following results:

- ❖ Intellect was a driver of outstanding performance;
- ❖ Cognitive skills were particularly important;
- ❖ In the ratio of technical skills, IQ and EQ as ingredients of excellent performance, EQ proved to be twice as important as the others for jobs at all levels; and
- ❖ EQ played an increasingly important role at the highest levels of the organisation, where differences in technical skills are of negligible importance.

The table below identifies the five key components of EQ as developed by Goleman (1998:95).

**Table 3.4:** The Five Components of Emotional Intelligence at Work

	<b>DEFINITION</b>	<b>HALLMARKS</b>
<b>SELF-AWARENESS</b>	The ability to recognise and understand your moods, emotions and drives, as well as their effect on others	<ul style="list-style-type: none"> <li>➤ Self-confidence</li> <li>➤ Realistic self-assessment</li> <li>➤ Self-deprecating sense of humour</li> </ul>
<b>SELF-REGULATION</b>	The ability to control or redirect disruptive impulses and moods; the propensity to suspend judgment – to think before acting	<ul style="list-style-type: none"> <li>➤ Trustworthiness and integrity</li> <li>➤ Comfort with ambiguity</li> <li>➤ Openness to change</li> </ul>
<b>MOTIVATION</b>	A passion to work for reasons that go beyond money or status; a propensity to pursue goals with energy and persistence	<ul style="list-style-type: none"> <li>➤ Strong drive to achieve</li> <li>➤ Optimism, even in the face of failure</li> <li>➤ Organisational commitment</li> </ul>
<b>EMPATHY</b>	The ability to understand the emotional make-up of other people; skill in treating people according to their emotional reactions	<ul style="list-style-type: none"> <li>➤ Expertise in building and retaining talent</li> <li>➤ Cross-cultural sensitivity</li> <li>➤ Service to clients and customers</li> </ul>
<b>SOCIAL SKILL</b>	Proficiency in managing relationships and building networks; an ability to find common ground and build rapport	<ul style="list-style-type: none"> <li>➤ Effectiveness in leading change</li> <li>➤ Persuasiveness</li> <li>➤ Expertise in building and leading teams</li> </ul>

**Source:** Goleman, 1998:95

For leaders to successfully manage change, it is important that they synthesise three crucial aspects: creating a skill set comprising overlapping areas of cognitive (knowing), contemplative (thinking) and emotive (feeling) brain contributions. The resulting effect (or coherence) creates a dimension of exponential leadership actualisation. (Pryke, 2006:33)

### **3.10 EFFECTIVE LEADERSHIP IN THE FUTURE**

Lussier and Achua (2001:17-18) maintain that today's managers have an evolving role: successful managers use a truly democratic form of leadership as they share the responsibilities of management with employees: "Today managers must be able to lead as well as manage. Thus, they must continue to manage and focus on leading to be successful."

During the last decade, interpersonal skills have become more integral to effective leadership. Where leaders were once seen to control, plan and inspect the overall running of an organisation (managerial tasks), today leadership roles are also to motivate and inspire others, to foster positive attitudes at work, and to create a sense of contribution and importance with and among employees. (Palmer, Walls, Burgess & Stough, 2001:5)

In previous sections, many characteristics were identified that will lead to a successful manager also being an effective leader. But what is the difference between successful and effective leadership? According to Mullins (1993:232), the following two definitions attempt to distinguish between successful and effective leadership:

**Successful** leadership is when the leader's influence brings about the behaviour and results that were intended by the leader; whilst **effective** leadership is when successful leadership results in functional behaviour and the achievement of group goals.

O'Connor (1997:vi) identified the following seven steps to successful leadership:

**Step 1: Developing self-awareness.** Leaders need to take time to reflect on the strengths and weaknesses of their behaviour. Once leaders know their limitations they can learn how to stretch their ability with new skills, knowledge, and experience. (O'Connor, 1997:2, 89)

**Step 2: Understanding people.** This emphasises the importance of recognising individual differences in terms of drives, dreams, and ambitions. Differences, not similarities, make groups stronger, and leaders must beware of believing that everyone is really the same as this deprives people of their independence and individuality. (O'Connor, 1997:16)

**Step 3: Power and authority.** When individuals accept the responsibility of leadership, they also assume the challenge of managing power wisely and for the benefit of their whole group. Discussion, feedback, and

debate are essential so that a leader can learn from other members of the group. It requires confidence for leaders to invite challenge, questions, and comments from their colleagues. (O'Connor, 1997:28, 90)

**Step 4: Communication.** Communication is the means for sharing ideas, feelings, and resources. When communication breaks down, disagreements and misunderstandings immediately occur. In its simplest form communication consists of listening and speaking, which actually requires highly complex behaviour and draw upon each person's experience. (O'Connor, 1997:42)

**Step 5: Decision-making.** Whether a leader does this alone or within a group, it is essential that supporters see their leader act with confidence on their behalf. When the discussion of a decision is complete, it is the leader who signals that it is time to take action. It takes discrimination and judgement to prioritise information and set goals in preparation for making decisions. (O'Connor, 1997:58, 92)

**Step 6: Creating a vision.** Vision is the distant light that gives direction to any effort. Leaders who offer vision to their colleagues inspire at least as much determined action as those who promise money, status, and influence. (O'Connor, 1997:76)

**Step 7: Taking charge.** Improved performance means that leaders must take charge of changing their behaviour and thinking. This step draws upon



the skills, knowledge, and experience gained throughout the previous six steps.

What then is the essence of effective leadership? This question is answered by different authors in different ways, the two most important being Yukl and Ivancevich et al.

### **3.10.1 Yukl's research on acts of leadership**

Yukl (1998:503) describes the following acts of leadership, which can be performed by any member of the organisation, as being essential for effective leadership:

- Leadership is about creating alignment around a shared objective and general strategies to attain it.
- Leadership is about increasing enthusiasm and excitement about the importance of the work, and about maintaining optimism and confidence that the quest for a meaningful objective will be successful.
- Leadership is about helping people understand and appreciate each other, and helping them to learn how to confront and resolve differences in a constructive way.
- Leadership is about helping people find ways to coordinate activities and perform them more efficiently.

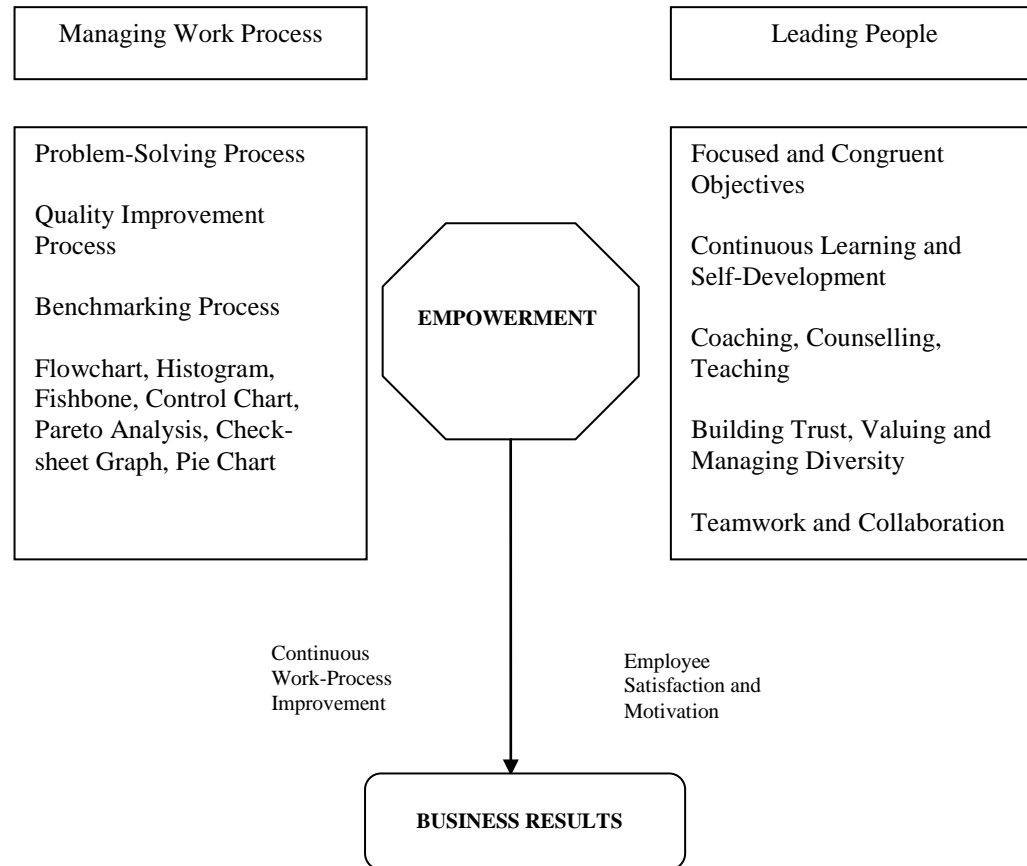
- Leadership is about representing the interests of the group or organisation, helping to protect its reputation, helping to establish and maintain cooperation and trust with external stakeholders, and helping to reconcile conflicts between internal and external parties.
- Leadership is about creating a unique identity and helping to resolve issues of membership in a way that is consistent with this identity.

Ivancevich et al's model for effective leadership is described next.

### **3.10.2 Ivancevich et al's Quality Management Leadership Model**

Ivancevich et al (1997:358) maintain that effective leadership in the future will more likely than not mean leading others to lead themselves. In their Quality Management Leadership Model (depicted in Figure 3.2 below), they describe the most effective managers as those who understand leadership as a broad, empowering tool, and who have a special capability to develop self-managed leadership in others.

**Figure 3.2:** Quality Management Leadership Model



**Source:** Ivancevich, Lorenzi, Skinner & Crosby, 1997:358

Ivancevich et al (1997:353-354) further state that for effective leadership in the future, two things must occur: first, leaders must engage in behaviours that actively encourage employees to gain control over their work destiny; and second, employees need to develop the requisite self-control strategies such as self-management (use of work strategies that help to control daily activities in order to achieve organisational goals) and self-leadership (systematic set of

behavioural and cognitive strategies that lead to improved performance and effectiveness).

In conclusion the works of other important authors on this topic is highlighted.

### **3.10.3 Research conducted by other authors**

In an executive leadership study performed by Bergmann, Hurson and Russ-Eft (1999:206), the following three characteristics were identified as being essential for future leaders, in contrast to current leaders:

- Vision (28%)
- Ability to manage change (20%)
- Technical/computer skills (13%)

Furthermore, in research conducted by the Accenture Institute for Strategic Change (2001:9), the following 15 key dimensions of behaviour emerged to develop a profile of the global leader of the future:

- (1) thinks globally
- (2) anticipates opportunity
- (3) creates a shared vision
- (4) develops and empowers people
- (5) appreciates cultural diversity
- (6) builds teamwork and partnerships

- (7) embraces change
- (8) applied technological savvy
- (9) encourages constructive challenge
- (10) ensures customer satisfaction
- (11) achieves a competitive advantage
- (12) demonstrates personal mastery
- (13) shares leadership
- (14) lives the values
- (15) manages performance

In summary, it becomes nearly impossible to highlight only a few important elements of effective leadership in the future. Rather, leaders are expected to change with the changing organisation, and therefore it is also important to note what variables will influence leaders in their day-to-day operations.

### **3.11 VARIABLES AFFECTING LEADERSHIP EFFECTIVENESS**

The previous section attempted to define effective leadership, and identify the components thereof. This then also necessitates investigating the variables that will affect leadership effectiveness. Mullins (1993:259) cites the following variables as underlying the effectiveness of leadership in organisations:

- The characteristics of the manager - personality, attitudes, abilities, value systems and the personal credibility of the manager;
- The type of power of the manager and the basis of the leadership relation;
- The characteristics of the subordinates – their needs and expectations, attitudes, knowledge, confidence and experience, and their motivation and commitment;
- The relationship between the manager and the group, and among members of the group;
- The type and nature of the organisation, and different stages in the development of the organisation;
- The nature of the tasks to be achieved, and the extent to which it is structured or routine; the technology and methods of work organisation;
- Organisation structure and systems of management;
- The type of problem and the nature of the manager's decisions;
- The nature and influence of the external environment; and
- The influence of national culture.

Furthermore, there is the danger that present management development programmes are encouraging organisations to invest resources in developing skills of the past, rather than in growing dynamic, flexible and adaptable managers capable of facing the challenges of tomorrow.

In conclusion it can be said that tomorrow's leaders will need to be less controlling, more emotionally astute, culturally attuned, and be willing to share authority and decision-making. It is therefore necessary to develop a management/leadership model to assist in the above transition. The following section will first examine existing models, and then aim to identify a model for the purposes of this study.

### **3.12 LEADERSHIP CHALLENGES IN TIMES OF CHANGE, AND THE EFFECTS ON THE SOUTH AFRICAN AUTOMOTIVE INDUSTRY**

Against a backdrop of increasing globalisation, deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, the primary task of management today is the leadership of organisational change (Graetz, 2000:550). In the words of Lussier and Achua (2001:9): "The companies that will survive in the new global competitiveness environment are those that can attract and maintain leaders". From section 3.9 it has been concluded that effective leadership is needed to revitalise an organisation and facilitate adaptation to a changing environment, and that leading change is one of the most important and difficult leadership responsibilities.

In a study undertaken in 2001 by the Centre for Work Performance at RAU, entitled "Benchmarking South African Business Challenges", Professor Gert Roodt (2001:8)

reports that the two factors which the participants of the study seemed to have the most problems with, were reconfiguring industries and competing on global markets. The ones they coped best with were changing regulations and changes in the work environment. The importance of their findings was that it formed the basis for regular surveys to establish shifts in the business environment and in the way organisations cope with those changes. It would seem that South African companies are aware of, and can cope with, changes in the organisation's external as well as internal environment – a good sign that successful leaders abound.



### **3.13 CONCLUSION**

Kotter (Boonstra, 2004:109) identifies a number of the characteristics needed to provide effective leadership. He maintains that, in order to be effective, leaders need knowledge of their industry, business functions, and the organisation. Also needed are a broad range of contacts and good working relationships in the organisation and the industry. Linked to this will be a good track record in a relatively broad set of activities. Finally, they need to be keen to learn new ways, have strong interpersonal skills, have high integrity, be able to see the value in people, and have a strong desire to lead.

A definite challenge for leaders lies in changing the people system, i.e. the skills and behaviour of employees. Appelbaum, St-Pierre and Glavas (1998:295) identify the following as organisational barriers to change: poor inter-functional coordination, poor vertical communication, unclear strategic priorities, and poor teamwork. All of those have been identified in this chapter as being integral to the success of any leader in an organisation.

Coupled with the discussion on strategic change in Chapter 2, this lays the foundation for the next chapter. Chapter 4 will address the demands that the strategic change process places on leadership, and will identify the characteristics needed by managers to effectively lead the organisation through a change management process.

## **CHAPTER 4**

### **THE DEMANDS OF THE STRATEGIC CHANGE PROCESS ON LEADERSHIP, AND THE IDENTIFICATION OF CHARACTERISTICS CONDUCTIVE TO THE CHANGE MANAGEMENT PROCESS**

4.1	INTRODUCTION	135
4.2	THE NECESSITY FOR CHANGE MANAGEMENT	137
4.3	IMPLEMENTING SUCCESSFUL CHANGE	142
4.4	THE ORGANISATION'S RESPONSE TO CHANGE	145
4.5	CHARACTERISTICS OF EFFECTIVE CHANGE LEADERS	150
4.6	ELEMENTS OF A SUCCESSFUL CHANGE MANAGEMENT PROGRAMME	157
4.7	APPROPRIATE MANAGEMENT ACTIVITIES FOR CHANGE	164
4.8	CONCLUSION	170

## **LIST OF FIGURES**

Figure 4.1	How leadership changes with organisational change	139
Figure 4.2	Leadership paradox	141
Figure 4.3	Cycle of Change Model	155
Figure 4.4	Change Management Model	159
Figure 4.5	Changing Role of the Manager	165

## **LIST OF TABLES**

Table 4.1	Kotter & Schlesinger's Methods for Managing Resistance to Change	149
Table 4.2	Comparison of generic and change leadership characteristics	154
Table 4.3	Leadership of change phase by phase, comparing inner and outer leadership requirements	156
Table 4.4	Management activities needed for each step in the change process	169

## **CHAPTER 4**

### **THE DEMANDS OF THE STRATEGIC CHANGE PROCESS ON LEADERSHIP, AND THE IDENTIFICATION OF CHARACTERISTICS CONDUCTIVE TO THE CHANGE MANAGEMENT PROCESS.**

#### **4.1 INTRODUCTION**

From Chapter 2 it is evident that change is prevalent in every facet of our society. Moreover, the rate of change is continually accelerating, and organisations have to change to survive. In the past, tomorrow was predictable – change occurred slowly, with time for adjustments and course corrections when needed. Now changes are taking place at an accelerated pace, according to Hanks (1994:30). This has the effect that the understanding of these changes becomes obsolete even before their meaning has been grasped.

With most organisations today in a constant state of change (from dramatic growth to downsizing and restructuring), a critical skill for leaders is leading successful change efforts. A turbulent business environment puts leaders to the test, and this means that the task of developing, implementing and managing major strategic changes becomes a key management challenge of the modern world. If change is to be successful, organisations must develop new structures by providing management with the

principles and methods needed to manage change and become effective change leaders.

Leaders bear a major responsibility for advocating, initiating, and facilitating major changes in the organisation. There are many opportunities to influence change. Yukl (Boonstra, 2004:301) is of the opinion that leaders influence subordinates to implement a “top-down” change, and influence superiors to approve and support a “bottom-up” change.

This chapter will explore the necessity for change leadership, describe what leaders need to do to effectively manage change, investigate the effects of change on the organisation’s stakeholders, and identify the characteristics needed for leaders to effectively manage change. It will furthermore determine the main elements of a successful change management programme, and what actions are necessary from management to ensure that these programmes do not fail. This will address sub-problem three, namely what demands does the strategic change process place on leadership, and what are the ideal leadership characteristics needed to contribute optimally to the strategic change process?

## **4.2 THE NECESSITY FOR CHANGE LEADERSHIP**

The introduction and management of change are two of the most critical elements of leadership for the future. It is estimated that unless organisations manage change effectively, they lose 5% of their productivity. Therefore, leaders must fully understand the change process to move their organisations successfully through the turmoil of the economic environment. (Lew-Kiedrowski, 2001:22-23)

Potter (2001:55) concurs with the above, by saying that “the most important area for most organisations is how to lead and manage the organisation in times of increasingly rapid change”. He distinguishes between leading and managing change, and the same thinking will be followed throughout this chapter. Potter also identifies five prime drivers of change, which can be summarised from Chapter 2 as follows:

- (1) people, in terms of expectation and idea generation;
- (2) a greatly increased amount of information available to all;
- (3) an increased ability to communicate;
- (4) the impact of technology; and
- (5) globalisation and global competition.

Hayes (2002:53) lists the following as being important to bear in mind when being confronted with the need for change management:

- *Diagnosis* – change managers need to give attention to where the organisation is now and to what a more desirable (and attainable) state would look like.
- *Strategies and plans* – to move the organisation towards the desired state.
- *Implementation* – translating intentions (strategies and plans) into actual change efforts. Implementation also involves managing the interpersonal and political issues associated with change.

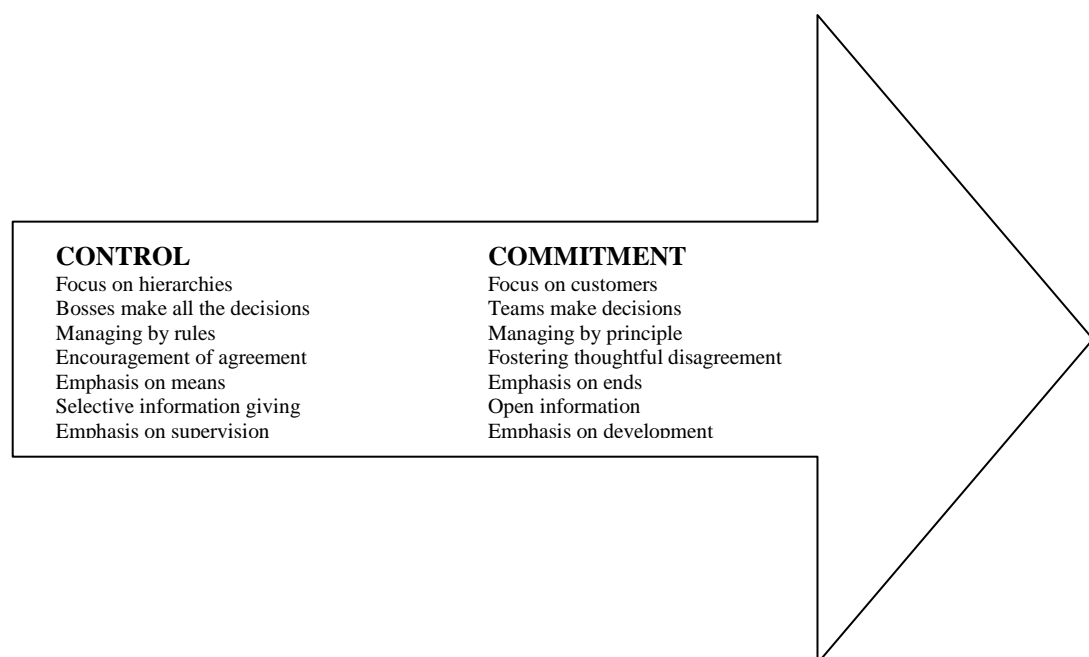
In a world in which the ability to change is a key “engine of success”, the shift from strategy into capability demands leadership, action planning, the ability to cope with pressure and uncertainty, and a willingness to learn (Carnall, 1999:10). One critical need for leadership during times of change is helping people to deal with change, because change management is not only about managing change, but also about managing people. Moran and Brightman (2000:66-67) reasons that change management is really about managing the impact of some particular environmental and/or organisational change on three core activators of workplace performance, these being:

- (1) *Purpose*. People are goal-oriented, if change is aligned with their sense of purpose, they will engage in a positive way.
- (2) *Identity*. People need a sense of personal integrity and consistency over time, change that strikes at the core of a person’s sense of who they are will activate powerful motivations to return things to the status quo.

- (3) *Mastery.* Survival depends on one's ability to manage oneself and the environment effectively, to the degree that change threatens a person's sense of mastery, it will be perceived as a threat to survival.

This implies that a different type of leadership is necessary when dealing with change. Piasecka (2000:254) argues that organisations typically embark on change programs with the aim of achieving critical performance improvement. In the figure below they show the changes of leadership behaviour and style that many change programs aspire to.

**Figure 4.1:** How leadership changes with organisational change



**Source:** Piasecka, 2000:254

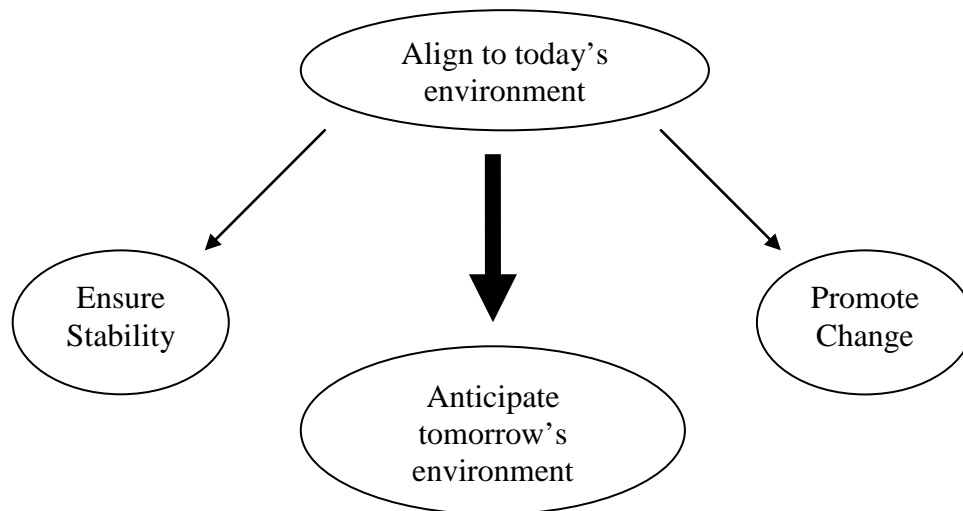


The question is, why do so many change plans fail and why is change the primary cause of personal and organisational stress? Lew-Kiedrowski (2001:23) lists the following as the most common mistakes made in leading change:

- the scope of the change is misdiagnosed,
- change is mistakenly viewed as an event rather than a process,
- leaders fail to understand and take on their role in leading change,
- the human element of change is not adequately addressed, e.g. different individual needs are ignored,
- cultural forces are ignored or misunderstood, and
- there are no clear improvement measurables.

Following on the above, the change leader's task is to shift people's energy away from the feeling of security from the past, toward seeing the opportunities of the future. Moran and Brightman (2000:68) augments this by stating that change leaders today are struggling to align their organisation with the current environment, ensuring stability to give employees a feeling of security and at the same time promoting change to prepare for tomorrow's environment. This leadership paradox is shown in Figure 4.2 below.

**Figure 4.2:** Leadership paradox



**Source:** Moran & Brightman, 2000:68

Change leaders have the difficult task of promoting change when employees are seeking a sense of stability. Employees would like to have a period of time when the organisation is “at rest” so they can assess where they are relative to the change. Unfortunately, the external environment just keeps on changing. The job of a change leader in an organisation is to challenge people to align their purpose, identity and mastery with necessary organisation change (Moran & Brightman, 2000:68).

The next section will go on to identify how change initiatives can be implemented successfully, and what the change leader’s role is in this process.

### 4.3 IMPLEMENTING SUCCESSFUL CHANGE

To assist organisations in implementing successful change and designing the most effective organisations, the Hay Group (Rouse, 2006:80) has identified seven key levers available to leaders to achieve their overall business strategy and desired business results. These organisational change levers include the following:

- *Values and Culture*: Reassessing an organisation's values and its internal culture is the foundation for building new systems and processes that ultimately create the right set of behaviours that will propel the organisation forward.
- *Work Processes and Business Systems*: Improving the sequence of core activities through which resources are transformed to meet customer needs is an important link between the statement of a new direction and its accomplishment.
- *Individual and Team Competence*: Part of any change is to develop the capabilities of people – the skill sets and behaviours that will support the organisation's new mission.
- *Leadership*: Mobilising the organisation around a new direction often requires leaders themselves to change. The leader's ultimate goal: to create a compelling vision and then embody that vision in both word and deed.
- *Organisation, Team and Job Design*: Organising and clarifying accountabilities effectively throughout the organisation can "make or break" any major change effort.

- *Rewards and Recognition:* While values and culture set an organisation's behavioural norms, reward and recognition programs reinforce those behaviours and the results expected from them.
- *Management Processes and Systems:* To achieve rapid and lasting change, management planning and measurement systems must support new performance targets.

Changing one component without aligning the other components within the system will lead to suboptimal outcomes. An integrated approach to organisation transformation requires a comprehensive methodology that addresses the critical design components required to implement long-term change.

According to Dess and Picken (2000:19), in order to position their organisations to compete and win in the competitive environment of the 21<sup>st</sup> century, organisational leaders must place less reliance on traditional structures and controls, and focus their efforts on five key priorities:

- using strategic vision to motivate and inspire,
- empowering employees at all levels,
- accumulating and sharing internal knowledge,
- gathering and integrating external information, and
- challenging the status quo and enabling creativity.

Hussey (1995:51) agrees that during a period of fundamental or transformational change, the leader has to visualise a completely different situation, and inspire others to help in the re-creation of the organisation to achieve this new vision. He uses the EASIER approach, and acronym that stands for:

**E**nvisioning (a coherent view of the future that forms an over-arching objective for the organisation);

**A**ctivating (the task of ensuring that others in the organisation understand, support and eventually share the vision);

**S**upporting (inspiring others to do more than they otherwise might achieve, and providing the necessary moral and practical support to enable this to happen);

**I**mplementing (this is about the detailed plans and schedules that have to be completed to turn any vision into reality);

**E**nsuring (formulating plans, structures for implementation and policies, and establishing monitoring and controlling processes);

**R**ecognising (giving recognition to those involved in the process, positive or negative, in order to reinforce the change and to ensure that obstacles to progress are removed);

The next section will focus on the effects of change on the organisation, and what stages employees go through during periods of change. It will also identify people's reasons for resisting change.

#### **4.4 THE ORGANISATION'S RESPONSE TO CHANGE**

When a change initiative is announced in an organisation, it must be recognised that the change will affect each person differently. Each person (as well as the entire organisation) will require an environment in which it is safe to react to and experiment with the proposed change. People need the opportunity to adjust to change before they can master the behaviour that the change requires. If change leaders could get people positively involved in the change process, and channel the energy they expend resisting change into experimenting with it, they would move much faster in the adoption of new behaviours and ways of working together. (Moran & Brightman, 2000:71-72)

Potter (2001:56) supports this view by observing that people often settle into comfort zones in terms of their working practices. If those practices are challenged, then resistance to change may result. However, resistance to change is not a simple issue. It is part of a complete psychological seven-stage adaptation sequence. Potter suggests that effective change leaders seem to be aware of this sequence and use it to their advantage. He identifies the stages of the adaptation sequence as follows (also identified by Scott & Jaffe, 1995:37 and Carnall, 1999:216-220):

- (1) Discovery – I've heard a rumour... is it true?
- (2) Denial – It doesn't affect me.
- (3) Passive resistance – I won't do anything to assist the change.

- (4) Active resistance – I'll actively sabotage the change.
- (5) Exploration – Let's try small steps into the new way of working.
- (6) Commitment – This is great, let's have more.
- (7) Broadcast – Let me tell you about this great new process.

The key to effective change leadership is to handle the transition between the active resistance phase and the exploration phase. Effective change leadership effect this transition by focussing on building confidence, competence and self-esteem by giving the individual the opportunity to experience success at the new ways of working as soon as possible (Potter, 2001:56). In an attempt to involve more people earlier in the change process, Moran and Brightman (2000:72) have developed the “TRY change” model, discussed in detail in Chapter 2. This model can help change leaders to understand why resistance to change is inevitable, and to suggest some ways to reduce that resistance.

Because people respond to change through diverse defence mechanisms, implementation of change may be regarded as more crucial than conceptualisation. If resistance relates to uncertainty rather than change, then resistance is a consequence of how a change is managed rather than the change itself: the degree of ease and success with which an organisation change is introduced is therefore directly proportional to the amount of choice that people feel they have in determining and implementing the change. Strategies that can be utilised to overcome resistance

typically include participation, communication and support at one end of a continuum through to negotiation, manipulation and coercion at the other. (Hughes, 2006:120-121)

DuBain (1996:84) concurs that understanding the major reasons why people resist change can help the change leader formulate effective tactics for overcoming resistance. He identifies seven key factors that account for most of the reasons employees resist (or even obstruct) change:

- (1) Financial concerns (fears of unemployment, reduction in salaries/benefits).
- (2) Fear of the unknown (unpredictability of the outcome of the change).
- (3) Threats to individual power and influence (power shifts toward teams and team leaders, less respect for hierarchy).
- (4) Difficulty in breaking a habit (requires people to change their established routines).
- (5) Personal inconveniences (interdisciplinary teams challenge the value of an individual's contribution).
- (6) Prior negative experiences with change.
- (7) Legitimate concerns about the change (awareness of weaknesses in the proposed changes overlooked by management).



Understanding why people resist change allows the change leader to overcome their resistance and convince employees of the need for change (also on an emotional level). DuBain (1996:90-95) describes seven methods for gaining commitment:

- Gain political support for change (top-down).
- Maintain continuous communication between top management and the teams charged with designing and implementing the changes.
- Point out the financial benefits for the organisation, as well as individuals.
- Place adaptable/flexible people in jobs directly associated with the change.
- Allow people to participate in the changes that will affect them.
- Allow for discussion and negotiation of the more sensitive aspects of change.
- Avoid too much change in too short a time, as it causes confusion and leads to negative stress.

King and Anderson (2002:202) refer to Kotter and Schlesinger's contingency approach for overcoming resistance to change as "classical", as it describes both the range of strategies available to managers for overcoming resistance and how to use each technique in particular circumstances. Palmer, Dunford and Akin (2006:158) also describe this model as one that can be used in a number of different contexts. A summary of the model can be found in Table 4.1 below.

**Table 4.1:** Kotter & Schlesinger's Methods for Managing Resistance to Change

STRATEGY FOR OVERCOMING RESISTANCE TO CHANGE	POTENTIAL METHODS/TECHNIQUES THAT CAN BE USED
Communication and education	<ul style="list-style-type: none"> <li>• Provide information on the change</li> <li>• Present a rationale for the proposals</li> <li>• Educate employees of the benefits to allay fears</li> <li>• Challenge misrepresentations of the change process</li> </ul>
Participation and involvement	<ul style="list-style-type: none"> <li>• Involvement of staff groups affected by change</li> <li>• Participation in decision-making, either core or peripheral</li> <li>• Gaining wider commitment to the change process</li> </ul>
Facilitation and support	<ul style="list-style-type: none"> <li>• Exploring areas of resistance</li> <li>• Persuading for commitment to the change</li> <li>• Facilitating attitude and behaviour change</li> </ul>
Negotiation and agreement	<ul style="list-style-type: none"> <li>• Formal and informal negotiation to overcome resistance</li> <li>• Potential use of third-party arbitration</li> </ul>
Manipulation and cooptation	<ul style="list-style-type: none"> <li>• Use of position power to manipulate compliance</li> <li>• Combination of actual and potential threats with actual and potential rewards for compliance</li> </ul>
Coercion	<ul style="list-style-type: none"> <li>• Explicit or implicit coercion</li> <li>• Threat behaviour without compensating rewards for compliance</li> <li>• Written notice of termination of contract failing compliance</li> </ul>

**Source:** King & Anderson, 2002:202; Palmer, Dunford & Akin, 2006:158

The above two sections indicate what change leaders need to do to effect successful change efforts. According to Haberberg and Rieple (2001:570-571), however, what change leaders do, and how successful they are, depends on three things:

- their own attributes – personality, skills and experiences;
- the cultural and strategic positioning of the organisation; and
- the contingent relationship between these two groups of factors.

This study particularly focuses on the first aspect, namely the characteristics of an effective change leader, and the next section will aim to identify these characteristics.

#### **4.5 CHARACTERISTICS OF EFFECTIVE CHANGE LEADERS**

In Chapter 3 the following characteristics were identified as being important for a good leader:

- (1) Communication and Caring
- (2) Creating a Vision
- (3) Empowerment of followers
- (4) Setting Standards of Work Performance
- (5) Coaching of followers
- (6) Setting a Work Culture
- (7) Self-Management

This section will aim to identify which of the above, and/or others, are needed by change leaders to effectively manage change in an organisation.

During their change leadership sessions with private sector senior and middle managers in the United Kingdom, Cameron and Green (2004:125) asked people to name significant leaders of change. The top four names mentioned over the period 1997 to 2002 were Winston Churchill, Margaret Thatcher, Nelson Mandela, and Adolf Hitler. The top five characteristics that emerged through a typical discussion of these significant leaders were that they have a clear vision, they have determination, they are great speakers with a great presence, they are tough when needed, and they are able to stand alone.

Moran and Brightman (2000:74) list the following features of effective change leaders as being enablers to increasing their ability to manage organisational change effectively:

- Lead through consistent word and deed.
- Broadcast a clear explanation of the real-world drivers of change.
- Dramatise the dangers of the status quo and the new opportunities of change.
- Affirm the special ability of the organisation to grow and prosper.
- Frame change in terms of clear measurable performance objectives tied to customer satisfaction.

- Acknowledge the gap between understanding the need for change versus that of others.
- Provide resources, tools and strategies to facilitate change.
- Balance stability and chaos, avoid over-saturating change.
- Secure the right to question, disagree, and fail for a while.
- Agree with people's feelings about change.
- Remain patient while pushing for change.
- Win converts the old fashioned way: earn them.
- Reiterate the who, what, when, where, why and how of change.
- Create a culture of self-initiated change and improvement.

Traditionally, managers focussed on the technical or operational dimensions of management. However, to be effective leaders in an environment of change, a second, interpersonal dimension becomes critical. Graetz (2000:550) suggests that change leadership involves two roles: (1) instrumental, and (2) charismatic, integrating operational know-how with strong interpersonal skills. Whilst the two roles perform distinctive functions, they complement and strengthen each other. Key dimensions of the charismatic and instrumental roles include:

- challenging the status quo and creating a “readiness for change”;
- inspiring a shared vision and personally communicating the future direction with clear and honest answers;
- involving as many people as possible to build commitment;

- enabling others to act through empowerment and appropriate systems and structures;
- using rewards and recognition to gain support, and taking decisive action in identifying and addressing resistance;
- modelling the way by enacting the new behaviours in deeds as well as in words; and
- communicating the message repeatedly up, down and across the organisation to ensure the momentum and enthusiasm for change is not diminished over time.

There is an overlap between the above and the seven characteristics of effective leaders identified in Chapter 3. The above characteristics, though, imply an innate set of traits, skills, knowledge, behaviours and competencies that a change leader should possess, and in Table 4.2 below a complete list is identified, based on the work of several authors. They have been grouped in clusters, and linked to the generic characteristics identified in Chapter 3.

**Table 4.2:** Comparison of generic and change leadership characteristics

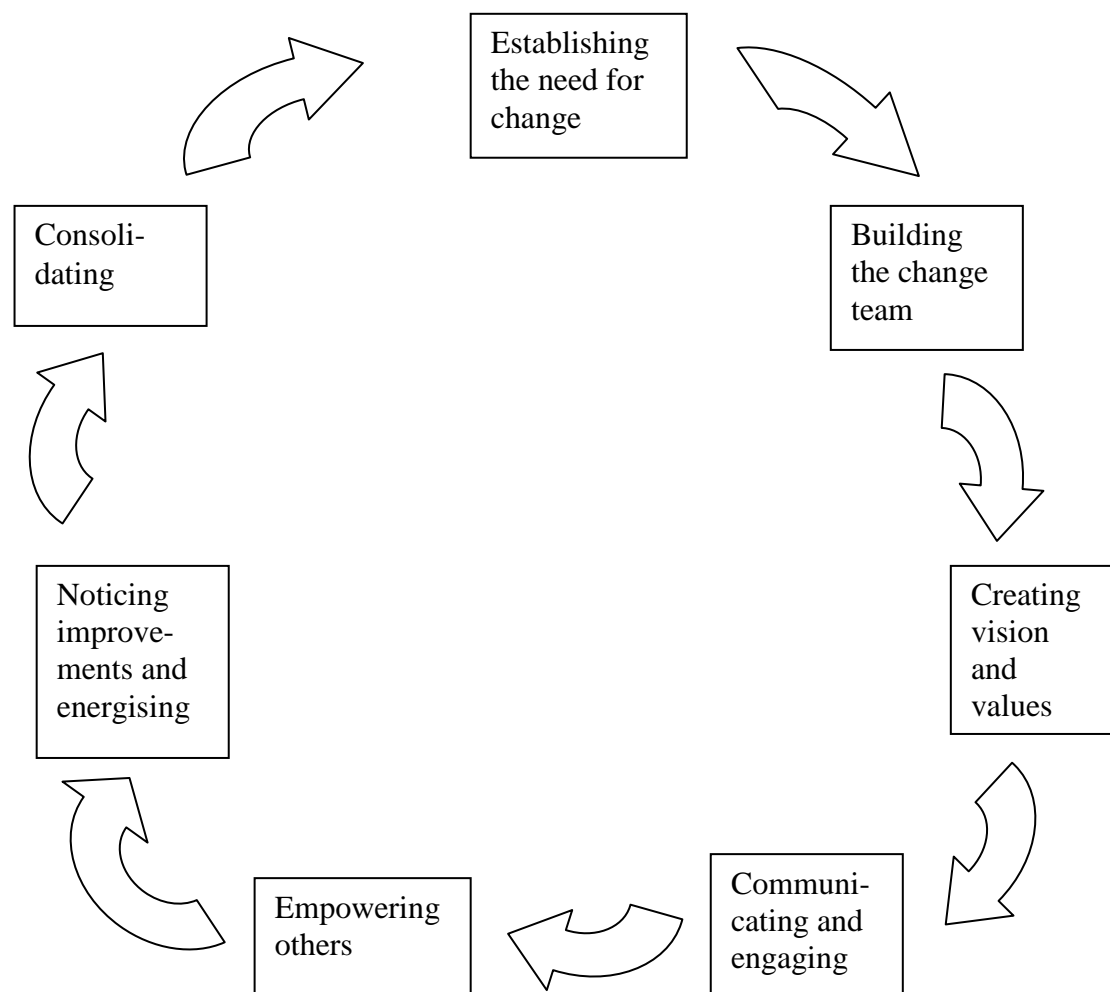
<b>Generic leadership characteristics</b>	<b>Change leader characteristics</b>
Communication and Caring	<ul style="list-style-type: none"> <li>* Communication skills</li> <li>* Sharing of info regarding the necessity for change</li> <li>* Interpersonal skills</li> <li>* Empathy/consideration for others</li> </ul>
Creating a vision	<ul style="list-style-type: none"> <li>* Recognising the need for change</li> <li>* Acquiring and applying info necessary for the change process</li> <li>* Creating a future vision</li> <li>* Having a broad view of priorities</li> </ul>
Empowerment of followers	<ul style="list-style-type: none"> <li>* Teambuilding and team involvement</li> <li>* Stimulating commitment and motivating/encouraging others</li> </ul>
Setting standards of work performance	<ul style="list-style-type: none"> <li>* Setting goals and standards, and analyzing failure</li> <li>* Providing feedback</li> </ul>
Coaching of followers	<ul style="list-style-type: none"> <li>* Deal with resistance and resolve conflict</li> <li>* Influencing/encouraging others</li> </ul>
Setting a work culture	<ul style="list-style-type: none"> <li>* Foster and create an atmosphere for change</li> <li>* Political/cultural awareness</li> </ul>
Self-management	<ul style="list-style-type: none"> <li>* Strong drive/energy and enthusiasm for new ideas and change initiatives</li> <li>* Acting as a role model and inspiring others</li> <li>* Honesty, integrity, trustworthiness</li> <li>* Self-confidence, self-awareness</li> <li>* Flexibility/adaptability, problem-solving</li> </ul>

**Source:** Summarised from the works of Moran & Brightman, 2000:68; Haberberg & Rieple, 2001:570; Graetz, 2000:557; Landrum, Howell & Paris, 2000:150-151; Felkins, Chakiris & Chakiris, 1993:126; DuBain, 1996:130-134; Carnall, 1999:108-109; and Scott & Jaffe, 1995:41

From the above table it can be seen that there are many characteristics of effective change leaders, and that they can all be linked back to the seven generic leadership characteristics that were identified in Chapter 3. The added challenge when dealing

with change is understanding what characteristics are needed during which stage of the change process. Cameron and Green (2004:101-102) identify seven steps in the change cycle, as shown in Figure 4.3 below.

**Figure 4.3:** Cycle of Change Model



**Source:** Cameron & Green, 2004:102



Cameron and Green (2004:146-147) have also identified both the outer leadership and inner leadership requirements of a leader for each phase of the change cycle. These are presented in Table 4.3 below.

**Table 4.3:** Leadership of change phase by phase, comparing inner and outer leadership requirements

Phase of change	Outer leadership	Inner leadership
1. Establishing the need for change	Influencing, understanding, researching, presenting, listening	Managing emotions, maintaining integrity, being courageous, being patient, knowing yourself
2. Building the change team	Chairing meetings, connecting agendas, facilitating discussion, building relationships, building teams, cutting through politics	Social and organisational awareness, self-awareness, managing emotions, adaptability, taking initiative, having the drive to achieve, maintaining energy despite set-backs
3. Creating vision and values	Initiating ideas, brainstorming, encouraging creative thinking, challenging others constructively, envisaging the future, facilitating agreement	Strategic thinking, taking time to reflect, social awareness, drive to achieve, managing emotions
4. Communicating and engaging	Persuading and engaging, presenting with passion, listening, being assertive, being creative with ways of communicating	Patience, managing emotions with regards to other people's resistance, social awareness, adaptability, empathy
5. Empowering others	Clear target setting, good delegation, managing without abdicating, coaching	Integrity, trust, patience, drive to achieve, steadiness of purpose, empathy
6. Noticing improvements and energising	Walking the talk, rewarding and sharing success, building on new ideas	Steadiness of purpose, organisational and social awareness, empathy, managing emotions, drive to achieve
7. Consolidating	Reviewing objectively, celebrating success, giving positive feedback	Social awareness, empathy, drive to achieve, taking time to reflect, steadiness of purpose

**Source:** Cameron & Green, 2004:146-147

The above table highlights another important dimension of this research, namely the phases of change. It is important that any change management programme addresses all these phases, in order to ensure a smooth transition for all stakeholders through the change effort. The next section will highlight the main elements of a change management programme, and the reasons why its implementation may be unsuccessful.

#### **4.6 ELEMENTS OF A SUCCESSFUL CHANGE MANAGEMENT PROGRAMME**

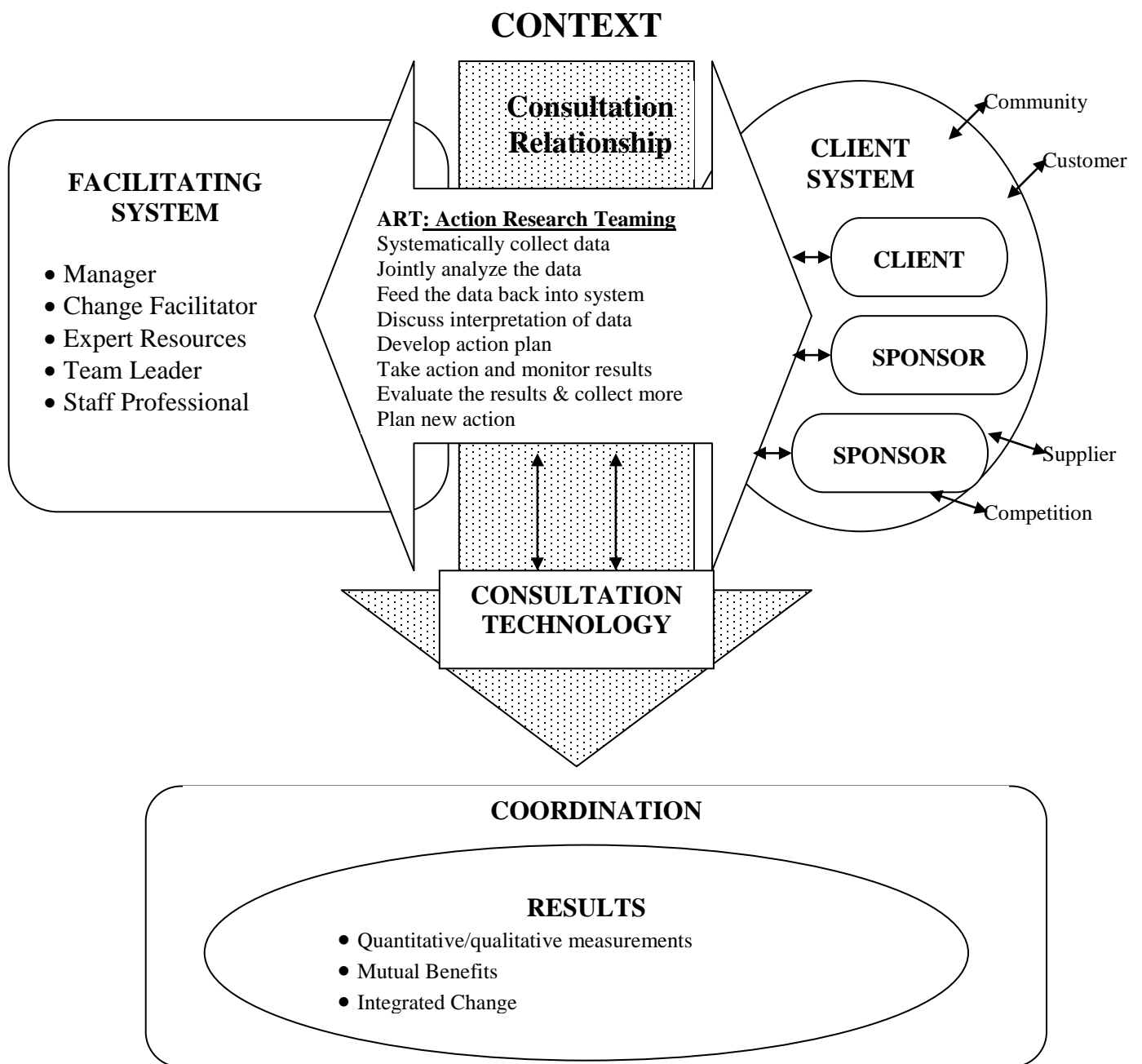
Now that the characteristics of an effective change leader have been identified, it is important to investigate what makes up a successful change management programme. After all, the method is equally as important as the actions, and the change leader needs a guide to the development and implementation of organisational change initiatives.

Lew-Kiedrowski (2001:22) reports that the American Management Association, in conjunction with Deloitte and Touche, found that 84% of the 259 executives polled said they had three or more change initiatives in progress. These change initiatives encompassed such business agendas as growth (39%), productivity (30%), competition (27%), and globalisation (4%). The irony of the study was that 68% of

the executives reported that their organisations had not established any sort of formal change management programme to support these initiatives. That means that only 32% of organisations are systematically leading people through rapidly changing business climates. It is therefore understandable why research has shown that only 20% of change initiatives are actually successful. Later in this section this will be addressed in more detail.

It is important that any change management programme allows change leaders to formulate their own vision and create their organisation by developing resources and competencies for effective change management. They need to plan, implement, facilitate, and monitor change – this can only be facilitated by a pragmatic model driven by performance goals and results, coordinated relationships, and consultation technology in a context that integrates directed and non-directed change. Felkins, Chakiris and Chakiris (1993:28) illustrate these essential elements of change management in the model presented below.

**Figure 4.4:** Change Management Model



**Source:** Felkins, Chakiris & Chakiris, 1993:28-29

The basic components of the above model are:

- *Context.* Includes both organisational culture and relevant environment. Context influences the interpretation, implementation, and evaluation of change. Context is defined as the set of circumstances, conditions, and “rules” existing at any particular time that can affect the organisation in relation to current and strategic goals.
- *Consultation Technology.* Refers to competencies for change management that integrates specific knowledge, experience, methodology, theories, and interventions related to the process of consulting. It can be defined as two-way interaction in a process of seeking, giving, and receiving help to mobilise resources to deal with problem confrontations and change efforts.
- *Coordination.* People within the organisation must cooperate and work together with some shared understanding of roles, procedures, and agreements on objectives and methods to accomplish results. The coordination of various interrelated roles and responsibilities is essential to success in change management.
- *Results.* Results should be a central focus from the beginning because they establish a critical part of the context for change management. Changes that can be clearly defined and measured often have the greatest recognition and impact. Some results are extrinsic and objective based on a specific directed change and performance objectives that can be observed and quantified.

While the model described above is useful as a generic tool for managing change, most organisations will have to write up a specific plan detailing how they intend dealing with the change initiative. Allen (1994:219) lists the following as key factors in ensuring that the plan is easily understood, explaining why change is necessary, and motivating employees to embrace the opportunities presented by the change initiative:

- Keep it simple.
- Create clear objectives.
- Communicate the objectives.
- Create clear management information.
- Promote responsibility with control.
- Make training real.
- Give quality feedback.
- Recognise (and communicate) success.

Even if the above guidelines are adhered to, it still does not guarantee successful implementation of the plan. Hussey (1995:66-67) identifies ten reasons why organisations fail to implement the strategies in their plans, based on the findings of a study by Alexander done in 1991:

- (1) Implementation took longer than planned. This refers to the lack of a quick response system for monitoring and controlling, so that corrective action was not taken in time. (This was also listed by Gelinas & James, 2000:1 as a potential problem with change initiatives.)

- (2) Major problems surfaced that had not previously been identified. This refers to the failure to think through all the implications and consequences of the change, and possibly a flawed vision.
- (3) There was inadequate coordination of implementation activities. This could be because of failures in the implementation step, or because the vision was not shared by the key people, so that too many of the implementation actions were aiming in different directions, with different priorities. (Gelinas & James, 2000:1 also listed a lack of employee support as a common problem that can derail a change effort.)
- (4) Competing activities and crises diverted attention so that the decisions were not implemented. This could be because the strategies were not formulated with a clear vision. (Insufficient infrastructure is also identified by Gelinas & James, 2000:1 as a problem when implementing change plans.)
- (5) Managers lacked the capabilities needed to implement the plans. This indicates a failure of the support and implementation stages of a change initiative.
- (6) Training and instruction given to lower-level employees was inadequate. This could be because of a lack of understanding of the implications of the change, disagreement with the strategy by the managers, or a reflection of the inadequacies of the managers themselves.
- (7) Uncontrollable external factors had a detrimental impact on implementation. Leaders have to be responsive to unexpected events occurring, and it may be

that strategies are inadequate to attain the vision, and therefore may need to be changed.

- (8) Departmental managers gave inadequate leadership and direction. This could be due to sheer lack of ability, but more probably because the key managers do not share the vision, and thus they are incapable of helping to lead their part of the change process.
- (9) Key implementation tasks were not identified in sufficient detail.
- (10) Information systems were inadequate for monitoring implementation. Failure to give attention to this at the outset may cause over-cautiousness, which can lead to frustration.

Change rarely follows a bounded process no matter how much preparation is undertaken. Cook, Macaulay and Coldicott (2004:25) identify the following common reasons for failure:

- lack of compelling reasons for change;
- unclear goals and objectives for change;
- lack of planning;
- lack of ongoing sponsorship at the highest level;
- competing projects/situations distracted attention;
- external factors having an adverse effect;
- failure to involve all those who will be affected by change; and
- setting unrealistic timescales.



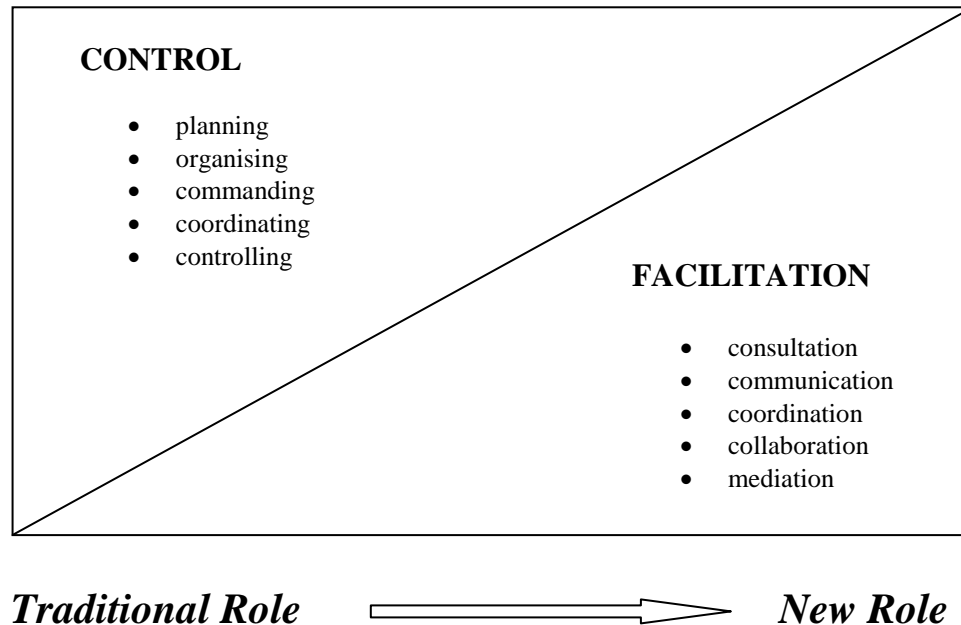
The problems above highlight the importance of certain management activities in the implementation of a change plan, and the next section will deal specifically with that aspect of change management.

#### **4.7 APPROPRIATE MANAGEMENT ACTIVITIES FOR CHANGE**

Stockport (2000:2) is of the opinion that managing is not about managing in hindsight, but rather is about learning from the past, managing the present, and preparing for the future. Managers are finding that their competence and effectiveness may be judged differently than in the past, and that they are the people responsible for managing the changes taking place in their organisations (Burnes, 1992:288).

Felkins et al (1993:25-26) agree with the above, stating that managers are being given increased responsibility for facilitating organisational change. Employee involvement, self-directed teams, and decentralised structures are creating new roles for managers, as depicted in Figure 4.5 below.

**Figure 4.5:** Changing Role of the Manager



**Source:** Felkins, Chakiris & Chakiris, 1993:26

In the above figure, the control block is based in a formal structure of bureaucratic hierarchy and a tightly regulated system of reward and punishment. That implies an objective, often impersonal authority. Influence, on the other hand, is more subtle and difficult to quantify. The characteristics of influence include open communication, mutual trust, and respect that come from direct interaction and voluntary acceptance. Influence is based on facilitation and shared values and goals, which increase cooperation and commitment to change (Felkins et al, 1993:26).

In Chapter 3 Mintzberg's division of managerial roles into the three categories of interpersonal roles, informational roles, and decision-making roles were explained. Many of these roles contain elements of both control and facilitation. Managers are caught between two conflicting paradigms: traditional perspectives give them the power to maintain order and efficiency in everyday operations; and at the same time, employee involvement transfers increasing authority to employees through participation and empowerment.

Moran and Brightman (2000:69-71) are of the opinion that change is a cyclical process, and in order to really implement change effectively, a manager needs to be doing several things at the same time – always with an eye on balancing order and chaos. The phases they advocate change management cycles repeatedly go through are as follows:

- understand the current situation;
- determine the desired state and develop a change plan;
- enlist others and develop a critical mass; and
- track and stabilise results.

Cook, Macaulay and Coldicott (2004:58-60) advocate that managing change consists of four phases, each with its own set of managerial activities. These phases are as follows:

(1) *Set up*

This is the planning and preparation for change, and should incorporate the following:

- ❖ Prepare people for change
- ❖ Involve those affected by the change in planning for the change
- ❖ Assess the organisation's readiness for change
- ❖ Make contingency plans
- ❖ Anticipate the skills and knowledge that will be needed to master the change
- ❖ Set a timetable and objectives so that progress can be measured

(2) *Kick off*

When change begins it will be necessary to:

- ❖ Create a project management group to oversee the change
- ❖ Develop temporary policies and procedures during the change
- ❖ Create new channels of communication
- ❖ Arrange frequent meetings

(3) *Delivery*

- ❖ Train and coach others
- ❖ Make people responsible
- ❖ Provide feedback

- ❖ Allow for a drop in performance
- ❖ Expect resistance
- ❖ Monitor progress

(4) *Review*

- ❖ Review learning points
- ❖ Recognise those who have made special effort during change
- ❖ Celebrate by organising special events to acknowledge those groups and individuals who have helped to ensure a successful outcome

Cameron and Green's Cycle of Change Model (shown earlier in Figure 4.3) elaborates on the above model, and for the purposes of this research will be used as the basis for identifying the management activities needed for change:

**Table 4.4:** Management activities needed for each step in the change process

STEP IN THE CHANGE CYCLE	MANAGEMENT ACTIVITIES NEEDED
1. Establishing the need for change	<ul style="list-style-type: none"> <li>* Discuss current competitive realities</li> <li>* Look at potential future scenarios</li> <li>* Increase the “felt-need” for change</li> <li>* Send more data to people, especially where weaknesses are demonstrated</li> </ul>
2. Building the change team	<ul style="list-style-type: none"> <li>* Assemble a powerful group of people who can work well together</li> <li>* Choose enough people with relevant expertise, good credibility and reputation, and ability to lead</li> <li>* Concentrate on teambuilding, building trust and building a common goal</li> </ul>
3. Creating vision and values	<ul style="list-style-type: none"> <li>* Conduct brainstorming, visioning and planning sessions</li> <li>* Build a vision to guide the change effort, and create a mission statement</li> <li>* Identify strategies for achieving the vision, as well as long-term goals</li> <li>* Focus on priorities and provide any needed training</li> <li>* Set short-term goals and follow up on projects</li> </ul>
4. Communicating and engaging	<ul style="list-style-type: none"> <li>* Communicate the vision and strategies in a variety of different ways</li> <li>* Keep the communication simple</li> <li>* Lead by example</li> <li>* Use two-way discussions and listen to feedback</li> </ul>
5. Empowering others	<ul style="list-style-type: none"> <li>* Get rid of obstacles to change (e.g. unhelpful structures or systems)</li> <li>* Allow people to experiment</li> <li>* Listen, acknowledge feelings, respond empathetically and encourage support</li> </ul>
6. Noticing improvements and energising	<ul style="list-style-type: none"> <li>* Look for and advertise short-term visible improvements</li> <li>* Reward people publicly for improvements</li> <li>* Energise the process of change with new projects and resources</li> </ul>
7. Consolidating	<ul style="list-style-type: none"> <li>* Promote and reward those working towards the vision</li> <li>* Ensure that everyone understands that the new behaviours lead to organisational success</li> </ul>

**Source:** Adapted from the works of Cameron & Green, 2004:101 & 146-147; Haberberg & Rieple, 2001:576-580; and Scott & Jaffe, 1996:39

The above table summarises the activities that managers should get involved in when implementing change initiatives. This will ensure successful implementation and a reduction in the resistance to the change efforts in the organisation.

## **4.8 CONCLUSION**

In this rapidly changing world, organisations must become more flexible, more responsive, and more willing to change and adapt. They must create and assimilate new knowledge at an increasing pace, encourage innovation, and learn to compete in new ways. The leaders of these organisations must be proactive in facilitating organisational learning and encouraging positive adaptation to external changes. (Dess & Picken, 2000:30)

Moran and Brightman (2000:73-74) have defined change management as the process of continually renewing the organisation's direction, structure, and capabilities to serve the ever-changing needs of the marketplace, customers and employees. Change management activities must operate at a high level today since the rate of change is greater than ever. Organisations must prepare everyone for frequent change to ensure long-term growth and stability. They must provide clear change targets and goals, and a culture that supports personal and shared coping with change and the reactions it creates. Effective management of the factors that can block or drive optimal

adjustments to change will be a critical determinant of ever organisations' ultimate success.

This chapter has identified the common features of effective change leaders. Dess and Picken (2000:30) argue that the role of leadership during change efforts is vital, and that the challenges are considerable. To position their organisations to compete and win in the 21<sup>st</sup> century, change leaders will have to place less emphasis on traditional structures and controls, and shift their focus to concentrate on five key priorities:

- Using strategic vision to motivate and inspire.
- Empowering employees at all levels.
- Accumulating and sharing internal knowledge.
- Gathering and integrating external information.
- Challenging the status quo and enabling creativity.

The following chapter will investigate the main elements of this chapter as it applies to managers in the automotive industry.



## **CHAPTER 5**

### **THE METHODOLOGY OF THE EMPRICIAL STUDY**

5.1	INTRODUCTION	173
5.2	METHODOLOGY DEFINED	175
5.3	RESEARCH METHOD	179
5.4	THE SURVEY METHOD	180
5.5	THE MEASURING INSTRUMENT	183
5.5.1	Validity	183
5.5.2	Reliability	186
5.5.3	Sensitivity	186
5.6	CONSTRUCTION OF THE QUESTIONNAIRE	187
5.6.1	Question Construction	188
5.6.2	The pilot study	195
5.6.3	Covering and follow-up letters	197
5.7	BIAS IN RESEARCH DESIGN	199
5.8	THE POPULATION TO BE SURVEYED	201
5.9	ADMINISTERING THE QUESTIONNAIRE	202
5.10	STATISTICAL TREATMENT OF THE DATA	203
5.11	CONCLUSION	204

## **CHAPTER 5**

### **THE METHODOLOGY OF THE EMPIRICAL STUDY**

#### **5.1 INTRODUCTION**

In Chapter 4 a set of characteristics were identified that can be used by leaders to successfully manage a strategic change initiative, and which also formed the basis of this research. This was done by examining the conditions necessary for successful change (Chapter 2), as well as identifying effective leadership characteristics (Chapter 3). This chapter describes the methodology followed in obtaining an answer to the fourth sub-problem, which will be dealt with in Chapter 6, namely: What are the predominant characteristics of leaders in the automotive cluster in the Eastern Cape region, and what is their perception of characteristics required for successfully leading strategic change?

The aim of this chapter is to describe the research methodology that was applied during the empirical component of this study. Aspects of the design together with the underpinning methodology are discussed in order to justify the quality and significance of the procedures that were applied. This is achieved by addressing the following:

- (a) Methodology defined. The term methodology is explained, steps in the process defined, and the main and sub-problems clarified.
- (b) Research method. The broad research method that was followed is explained.

- (c) Survey method. Data collection instruments are discussed, and the chosen method for this study is explained in more detail.
- (d) Measuring instrument. The importance of validity and reliability of the measuring instrument that is used in the study is explained.
- (e) Construction of the questionnaire. The questionnaire design, question construction, the pilot study, and the cover letter and follow-up letters are described.
- (f) Bias in research design. The possible influence of bias on the data is discussed.
- (g) Survey population. The population used in the study as well as survey sampling is explained.
- (h) Administering the questionnaire. The process followed in collecting the data by the use of the questionnaire is discussed.
- (i) Statistical treatment of the data. The methods used in manipulating the raw data received from the questionnaires are described.

Each of the above will now be described in greater detail.

## 5.2 METHODOLOGY DEFINED

Before describing the detail of the research methodology that was applied in this study, it is necessary to define the term research methodology. Punch (2005:8) broadly defines research as “the collection of data about the world, to build theories to explain the data, and then to test those theories against further data”. Bless and Higson-Smith (2004:3) define research as “a systematic investigation of a question, phenomenon, or problem using certain principles”. They offer the following characteristics of research:

- Research is **empirical** since the aim is to know reality;
- Research is **systematic** and **logical**, and observations must therefore be done systematically and follow a logical sequence;
- Research is **replicable** and **transmittable**, which implies that given the same set of conditions, the study can be repeated yielding the same conclusion; and
- Research is **reductive**, i.e. all details that have little or no influence on the study are omitted.

Leedy (1993:12) describes the process of research methodology as comprising of the following eight steps:

- Research originates with a question or problem;
- Research requires clear articulation of a goal;
- Research follows a specific plan of procedure;
- Research divides the main problem into manageable sub-problems;

- Research is guided by the specific research problem;
- Research accepts certain critical assumptions;
- Research requires the collection and interpretation of data in order to resolve the research problem; and
- Research is a circular process.

Considering the above, this research study was categorised into a main problem and five sub-problems, and were solved as follows:

**MAIN PROBLEM:**

What are the essential characteristics a leader in the automotive industry should possess in order to contribute optimally to the success of a strategic change process?

**Method:** In order to resolve the main problem, sub-problems were identified and discussed in various chapters of this study. The sub-problems were as follows:

**SUB-PROBLEM ONE:**

What does a successful strategic change process entail?

**Method:** In Chapter 2 a literature study that was undertaken to identify the nature and characteristics of change. It also identified types and causes of change, and why change initiatives fail. It further identified change strategies, what a successful change process entails, and what the effects of change on the manufacturing industry are.

### **SUB-PROBLEM TWO:**

What are the nature and characteristics of leadership?

**Method:** In Chapter 3 literature on leadership and management was consulted in order to determine the differences between management and leadership, as well as the types of managers and their responsibilities, new managerial roles, and the skills needed for efficient management. Thereafter a literature survey was conducted to define leadership and to find out what the most common traits and competencies of successful leaders are. This led to the identification of a generic set of leadership characteristics that were used as the basis for this study. Finally, challenges during times of change, and its effect on the South African automotive industry, were investigated by means of a literature search.

### **SUB-PROBLEM THREE:**

What demands does the strategic change process place on leadership, and what are the ideal leadership characteristics needed to contribute optimally to the strategic change process?

**Method:** In Chapter 4 a detailed literature search revealed the necessity for change management and how change can be implemented successfully. The organisation's response to change (especially resistance of employees) was also investigated, as well as the characteristics of effective change leaders and what the elements of a successful change management programme are. Finally, the literature highlighted appropriate management activities for change.

#### **SUB-PROBLEM FOUR:**

What are the predominant characteristics of leaders in the automotive cluster in the Eastern Cape region, and what is their perception of characteristics required for successfully leading strategic change?

**Method:** In order to resolve sub-problem four, an empirical study was used to determine the characteristics of leaders in the automotive industry, and what they perceive the necessary characteristics to be in order to successfully manage change initiatives. This was done by means of a questionnaire that contained the seven generic characteristics identified in sub-problem two. The details of the survey are discussed further in this chapter.

#### **SUB-PROBLEM FIVE:**

How do the results of sub-problem four compare with the characteristics identified in sub-problem three?

**Method:** The results obtained in the previous step were used to compare the theoretical inferences with the empirical evidence. Conclusions were drawn based on this result, and recommendations made. In this way the final sub-problem was resolved and the study concluded.

### **5.3 RESEARCH METHOD**

The main problem of this study addressed the question of what the essential characteristics are that a leader in the automotive industry should possess in order to contribute optimally to the success of a strategic change process. To answer this, it was necessary to gather critical information about the current situation, and then test it against the theoretical information already obtained. For this purpose the descriptive survey method was used to gather the relevant information needed to draw conclusions that will be able to answer the stated research problem.

According to Leedy (1993:187), the basic structure of the descriptive survey as a method of research is as follows:

- The descriptive survey method deals with a situation that demands the technique of observation as the principal means of collecting the data.
- The population for the study must be carefully chosen, clearly defined, and specifically delimited in order to set precise parameters for ensuring discreteness to the population.
- Data in descriptive survey research is particularly susceptible to distortion through the introduction of bias into the research design.
- Although the descriptive survey method relies upon observation for the acquisition of the data, that data must then be organised and presented systematically so that valid and accurate conclusions can be drawn from them.



A tool that is commonly used in the observation of data is the questionnaire. All questionnaires should be pre-tested on a small population, referred to as a pilot study (Leedy, 1993:187-188). For purposes of this research, a questionnaire was used for the collection of the required data, and pre-tested by means of a pilot study. This chapter will further describe the survey method that was used by the researcher and the theoretical basis for conducting the empirical research. It will also describe the construction of the questionnaire, bias in research design, the survey population, how the questionnaire was administered, as well as the statistical treatment of the data.

#### **5.4 THE SURVEY METHOD**

Investigation of the existing leadership characteristics of managers in the automotive industry required the collection of data. Schnetler, Stoker, Dixon, Herbst and Geldenhuys (1989:14-15), distinguish between three methods of data collection, viz. standardised, unstructured and structured data collection methods. Both standardised and unstructured data collection methods are specialised techniques and require considerable experience to administer. Structured data collection methods, on the other hand, are not as specialised and can be used by most researchers. Various structured data collection instruments are available to the researcher. Schnetler et al (1989:16-37) identify some of these instruments:

- Individual interviews
- Group completion of questionnaires

- The telephone survey
- The postal survey (including electronic mail)

As the postal survey method (specifically electronic mail) was used to collect the data required for this research, this method will now be discussed in some more detail.

The postal survey method has certain advantages (Emory & Cooper, 1991:338):

- It is usually the lowest cost method.
- Respondents perceive this method to be more anonymous.
- It gives respondents enough time to think about questions.
- The stimulus provided to each respondent is identical in all cases, since the questionnaire is the only means of communication between the researcher and the respondent (Schnetler et al, 1989:19).
- Information can be speedily obtained from many respondents (Schnetler et al, 1989:20).
- Postal questionnaires are usually highly structured and little use is made of open-ended questions. These two facts make the postal questionnaire relatively easy to prepare for data capture on a computer (Schnetler et al, 1989:20).

The postal survey method is not without its disadvantages. Emory and Cooper (1991:339) explain some of these disadvantages:

- A low response rate is perhaps the major disadvantage of this method. Respondents who do not return the questionnaire may have definite opinions on the subject under

investigation. Bias may be introduced into the data by a poor response rate.

- It is not possible for respondents to qualify their answers or to discuss their answers with the researcher.

Schnetler et al (1989:21) provide further disadvantages of the postal survey method:

- There is a negative attitude towards questionnaires. People receive many forms and questionnaires via the post, consequently many questionnaires are not completed.
- The researcher has no control over how the respondents complete the questionnaire. Some respondents may purposefully fill in questionnaires incorrectly.

Babbie, Mouton, Vorster and Prozesky (2001:260) report that electronic (e-mail) surveys are becoming more popular and are proving to be more efficient than conventional techniques (postal questionnaires). Data collected via electronic surveys also does not appear to indicate a reduction in data quality.

Based on the findings of Emory and Cooper (1991:338), Schnetler et al (1989:19-20) and Babbie et al (2001:260), the electronic survey method was chosen for the following reasons:

- It was the lowest cost method, and allows for many respondents to be reached at once.
- Respondents perceive this method to be more anonymous, and therefore will give more truthful answers.

- It gives respondents enough time to think about questions.
- The stimulus provided to each respondent is identical in all cases.
- Information can be speedily obtained from many respondents.

It was for these reasons that the electronic survey method was used in this research.

## **5.5 THE MEASURING INSTRUMENT**

Green, Tull and Albaum (1988:249) argue that success of the research endeavour depends on the accuracy of the measurement instrument. Salkind (2000:105) supports this and attributes many of the failed research efforts to poorly formulated questions that appear sound but are neither valid nor reliable. The accuracy of the measuring instrument not only influences the accuracy of results, but also the conclusions drawn and generalisations made from the study.

### **5.5.1 Validity**

Salkind (2000:113) defines validity as “the quality of the measuring instrument doing what it is supposed to do”. Validity is normally referred to in relation to the outcome of a test and therefore various degrees of validity should be interpreted in terms of the results of the study and whether the results are understood within the context of the researcher’s purpose.

Salkind (2000:113), Green et al (1988:250) and Parasuraman, Grewal and Krishnan (2004:294) all describe various forms of validity that should be considered by researchers to ensure the authenticity and validity of their research instruments. These forms of validity are as follows:

- **Content validity**, also referred to as face validity, refers to how representative the scale or instrument is of the universe of the content of the property or characteristic that is being measured. Green et al (1988:250) assert that content validation involves using experts in the field to judge whether sufficient content regarding the topic is being covered;
- **Criterion validity** is established when the measure differentiates individuals on a criterion it is expected to predict. This is done by establishing concurrent validity or predictive validity. Concurrent validity is established when the scale distinguishes individuals who are known to be different. Predictive validity refers to the instrument's capacity to differentiate among individuals on a future criterion;
- **Construct validity** refers to how well the results obtained from the use of the instrument fits the theories around which it was designed. Construct validity comprises three sub-categories, namely convergent, discriminant and nomological validity. Convergent validity is established when the scores of two different instruments measuring the same concept are highly correlated. Discriminant validity is achieved when, based on theory, two variables are predicted to be uncorrelated, and the scores obtained are

found to be empirically so. Nomological validity involves relating measurements to a theoretical model that leads to further deductions, interpretations and tests that allows constructs to be systematically interrelated;

- **Internal validity** refers to the freedom of researcher bias in forming conclusions in the view of collected data; and
- **External validity** refers to the extent that conclusions made by the research can be generalised to the broader population and not merely applied to the sample studied.

Green et al (1988:253) emphasise that ultimately researchers should strive to achieve construct validity. However, they point out that this is seldom achieved, and that content and criterion validity are more often than not the only types of validity that are established.

The expertise of experienced people was obtained in order to ensure the validity of the measuring instrument used in this study. This was obtained through the medium of a pilot study. The pilot study was conducted amongst members of the automotive industry in the Eastern Cape who closely represented the population to be used in the empirical study. In addition, the guidance of a department head of the Faculty Of Management was obtained.

### **5.5.2 Reliability**

According to Leedy (1993:42), reliability is seen as the evenness with which the measuring instrument performs. This implies that, apart from delivering accurate results, the measuring instrument must produce comparable results consistently. Singleton, Straits and Straits (1993:121) state that reliability may be improved by conducting investigative studies in the sphere of interest or by performing pre-tests on a small sample of individuals similar in uniqueness to the target group.

In this study both these processes were followed: an extensive literature study was undertaken (refer Chapters 2 to 4 of the study) and a pilot survey was conducted on members of the automotive industry of similar profile to the respondents. The intention of the pilot study was to make certain that all questions were understandable and pertinent.

### **5.5.3 Sensitivity**

Parasuraman et al (2004:296) describe sensitivity as being closely related to reliability and focuses specifically on a scale's ability to detect subtle differences in the attitudes being measured. Reliability is a prerequisite for sensitivity, therefore, when measuring instruments are unreliable it is difficult for researchers to conclude whether scores reflect real differences or merely

random fluctuations. Measuring instruments must therefore first and foremost be reliable in order to be sensitive to subtle variations in responses.

Special care was taken in the construction of the measuring instrument used in this research project to ensure that it complies with the requirements of validity, reliability and sensitivity as outlined above. The specific steps taken, and principles followed, will be described in detail in the next section, which deals with the construction of the questionnaire as the chosen measuring instrument used in this empirical study.

## **5.6 CONSTRUCTION OF THE QUESTIONNAIRE**

Lancaster (2005:137) asserts that questionnaires are the most widely used means of data collection and depending on their design can vary greatly according to their structure, purpose, how they are administered, method of analysis and interpretation. He summarises the key aspects to be considered by researchers, pertaining to questionnaire design as follow:

- The range and scope of questions to be included;
- Question types for example, open or closed;
- Content of individual questions;
- Question structure;
- Question wording; and



- Question order.

Schnetler et al (1989:44) concur that the quality of the measuring instrument has the greatest influence on data reliability. Based on the above, special attention was paid to drawing up the questionnaire, and the following principles were followed in designing the survey instrument:

### **5.6.1 Question Construction**

Lancaster (2005:139) recommends that researchers carefully consider the format and structure of questions. Types of questions that could be included in a questionnaire are closed questions, open-ended questions, multiple-choice questions, checklists, dichotomous questions that require a ‘yes’ or ‘no’ answer, ranking questions, and scaled-response questions.

Various factors need to be considered when constructing questions, viz. content, format, type and wording of questions, and order. Each of these will be discussed in more detail below:

#### *5.6.1.1 Question content*

Question content varies according to the type of information the question is designed to collect. Schnetler et al (1989:45) identify three types of questions:

- Factual questions which are used to obtain biographical data about

respondents.

- Questions concerning opinions and attitudes. Questions concerning opinions attempt to establish the respondents' thoughts and feelings on a specific subject at a specific time. Questions on attitudes attempt to determine the integrated attitude-system underlying a particular opinion (Schnetler et al, 1989:45).
- Questions concerning behaviour. According to Schnetler et al (1989:46), behaviour can be described in terms of five dimensions: whether the behaviour is present or not; the character of the behaviour; how often it occurs; its importance; and the extent of the behaviour on termination.

The researcher made use of all three types of questions in the questionnaire, those being biographical questions, questions concerning opinions and attitudes, and questions concerning behaviour. Biographical questions about the respondent and the organisation he/she works for included gender, race, industry sector, size of organisation, and position in the organisation. Questions concerning opinions and attitudes included asking respondents whether they thought they possess the necessary skills to manage a change initiative effectively, and whether they thought that change disturbs the equilibrium in an organisation. Examples of questions concerning behaviour that were asked of respondents are what percentage of their work week they spend on certain

managerial activities, and which of a list of activities do they practice on a regular basis with their employees.

#### 5.6.1.2 *Question format*

Two basic question formats are used in survey research, namely, open and closed questions (Emory & Cooper, 1991:366 and Schnetler et al, 1989:47). If the question is designed to test the presence or absence of a particular behaviour, a closed question format is appropriate. Open format questions are used when the question is designed to test opinions and extent of knowledge. Both Schnetler et al (1989:50) and Emory and Cooper (1991:367) conclude that a well constructed closed question is preferable to an open question.

The purpose of this research was to test whether the leadership characteristics of the current managers in the automotive industry are congruent with the theoretical definition of the leadership characteristics needed to manage successful change initiatives. For this reason the presence or absence of a particular behaviour was tested, as well as the individual opinions and attitudes of the respondents with regard to certain leadership characteristics.

Consequently, closed format questions were used throughout the questionnaire and therefore, only closed format questions will be discussed in any detail. Closed format questions require the respondent to select a category from

mutually exclusive categories. Closed format questions are easy to administer and are more economical and less time consuming to administer.

The only drawback with this method is that respondents may become frustrated with closed format question as they are forced into choices which they, in reality, would not make (Schnetler et al, 1989:49-50). In order to overcome this problem, the researcher took care in making available a list of all possible options that a respondent would want to choose from in the question body. An “Unsure” option in the answer grid was also inserted into most questions to allow the respondent to opt out of answering it, and the reason for this is described below.

#### *5.6.1.3 Multiple Response Questions*

Should a closed format question allow the respondent multiple responses? According to Emory and Cooper (1991:367), the answer to this question is determined by the specific situation. If the question addresses a dichotomous topic, only two response categories are necessary. However, in many dichotomous questions a “do not know or not sure” category may be required. If the researcher desires to prevent respondents from not expressing an opinion or from not committing themselves to a particular response, the “not sure” category of response may be omitted. Multiple choice questions, on the other hand, are

used to provide finer distinctions concerning a particular topic or if there are obviously more than two possible responses.

The researcher tested both dichotomous topics and topics requiring multiple responses. An "uncertain" category was provided for the dichotomous topics. It is also present in some of the multiple response categories.

#### 5.6.1.4 *The wording of questions*

The use of good language and grammar does not necessarily exclude bias and errors in questions. According to Schnetler et al (1989:57-65), certain basic principles should be adhered to when selecting the wording of questions:

- Questions should be formulated in specific terms and it is necessary for the researcher to be familiar with the respondent's personal world.
- The language competence of respondents should be considered.
- Ambiguous, hypothetical and vague questions should be avoided.
- Leading and loaded questions that lead the respondent in the direction of a specific answer should not be used.
- Whether the researcher uses personal or impersonal questions should be guided by the purpose of the investigation, the nature of the information desired and the characteristics of the population.

The questionnaire was not translated into Afrikaans as English is accepted as the official medium of communication throughout the automotive industry, and the population was restricted to middle- and first- level management. Questions in the questionnaire addressed the potential respondent personally as the researcher intended to discover the opinions of that particular respondent. Other guidelines that were followed are:

- Basic vocabulary was used to ensure that respondents would understand the questions;
- Personal questions were avoided (except for biographical questions that could not be viewed as threatening);
- The researcher did not include leading questions, or questions that were vague and ambiguous;
- Concepts that might not be interpreted by all respondents in the same way were first defined/explained;
- Biased and double-barrelled questions were avoided.

#### 5.6.1.5 *Question order*

Emory and Cooper (1991:370) state that the needs of the respondent should determine question order. Some of the principles that should be adhered to when considering the needs of the respondent are:

- Questions should inspire interest and motivate the respondent to complete the questionnaire

- Early questions should not be perceived to be threatening by the respondent
- Questions should start with simple and general items and progress to more complex and specific items
- Changes in the topic being addressed should be minimal and should be clearly pointed out to the respondent.

In order to adhere to the above, the researcher started off the questionnaire by asking non-threatening biographical information of the respondent as well as the organisation he/she works for. Thereafter the respondents' involvement first in general managerial activities and then in strategic change activities were tested, as well as which leadership activities they practice regularly. Finally, the respondents' opinion of what constitutes a successful leader are elicited, by asking which characteristics they think are necessary.

#### 5.6.1.6 *Question origin*

The questions asked in the questionnaire originated from the important prerequisite characteristics that were established for the purposes of this study, as summarised at the end of Chapter 3. The same set of questions was given to two different management levels in the automotive industry, namely middle managers and first-level managers.

### 5.6.2 The pilot study

A pilot study is used to identify any problems in the measuring instrument before the actual data collection commences (Emory & Cooper, 1991:382). Once the draft questionnaire has been pre-tested it may be necessary to refine it (Schnetler et al, 1989:87). The pilot study consists of two steps:

- Informal testing. The draft questionnaire is examined by persons familiar with the field of study or who are familiar with the principles of questionnaire construction. Any necessary refinements are made to the draft questionnaire.
- Formal testing. The revised draft questionnaire is tested on a small sample that is representative of the target population. The questionnaire is further refined if the respondents or the researcher highlight problems with the construction or the completion of the questionnaire.

After the draft questionnaire had been constructed by the researcher it was refined by performing a pilot study. The aim of the pilot study was to identify problems with the construction of the questionnaire, to correct these problems and thereby limit the effect of bias due to the construction of the questionnaire.

The pilot study consisted of the following two steps:



#### 5.6.2.1 *Informal testing*

The draft questionnaire was examined by three people who offered constructive criticism on the design of the questionnaire. One of the critics was an expert in the field of strategic management, one was an expert in the field of business management and the final critic was the Head of the Department of Management at the Nelson Mandela Metropolitan University. Following this feedback the questionnaire was revised and refined.

#### 5.6.2.2 *Formal testing*

The revised draft questionnaire was formally tested on three middle managers at General Motors South Africa. The three managers reported that the instructions in the questionnaire were clear and that the questions in the questionnaire were easily understood.

Finally, the questionnaire was examined by a statistician who reported that the data contained in the questionnaire could be quantified and subjected to statistical analysis.

Rossi (in Schnetler et al, 1989:96) concludes that a questionnaire should satisfy three criteria. It should satisfy the aims of the research; accurately gather the data required by the researcher; and be practical considering available resources. The

researcher made every effort to satisfy these criteria when the questionnaire was constructed.

### **5.6.3 Covering and follow-up letters**

The covering letter is the first contact respondents will have with the questionnaire. It is therefore important that the covering letter sets the scene and addresses crucial concerns of respondents. Parasuraman et al (2004:338) believe that the primary purpose of the covering letter is to win the cooperation of respondents. They assert that what the covering letter says and how it says it can affect response rates to mailed questionnaires.

Salkind (2000:140) underlines the importance of covering letters by stating that their primary role lies in addressing respondents' concerns and conveying a sense of authority for the research project. He suggests some of the following guidelines for designing a covering letter that addresses the above mentioned criteria:

- Use an official letterhead;
- The layout must be neat and on good quality paper;
- It must have a recent date, which will signify urgency;
- It must be addressed to the respondent in person;
- State the purpose of the questionnaire and the importance of the study;
- Indicate a time estimate when the questionnaire should be returned;

- Confidentiality must be indicated and how it will be assured;
- Offer respondents a copy of the results, as this will further enhance their willingness to participate in the study;
- Provide a name of a contact person who will deal with queries; and
- Thank respondents for their participation in the survey.

Leedy (1993:190) also stresses the importance of the covering letter that accompanies the questionnaire. He maintains that the researcher needs the co-operation of others and hence the covering letter should be courteous and persuasive. Also, the respondent should be offered the results of the study in return for his/her taking the trouble to complete the questionnaire.

A covering letter (see Annexure B) from the researcher accompanied each questionnaire. The purpose of this covering letter was:

- to explain to the respondents the purpose of the questionnaire;
- to assure respondents that the information supplied by them is strictly confidential, and that it would be impossible to identify them individually;
- to provide the respondent with the closing date for returning the completed questionnaire;
- to offer the respondent the results of the study; and
- to thank the respondents for their time.

Not all the questionnaires were received by the closing date. The researcher then sent out a follow-up e-mail in which the respondents were asked to complete the questionnaire if they had not yet done so, and a new closing date was supplied. If a respondent had misplaced his/her questionnaire, it was attached again for their convenience. Once again the respondents were thanked for their time and effort.

## **5.7 BIAS IN RESEARCH DESIGN**

Leedy (1993:213) states that data obtained through the survey method is prone to distortion through the introduction of bias into the research design, and that researchers should attempt to minimise the effects of bias. He defines bias as "any influence, condition, or set of conditions that singly or together distort the data from what may have been obtained under the conditions of pure chance. Furthermore, bias is any influence that may have disturbed the randomness by which the choice of a sample population has been selected".

Various forms of bias may influence the research. Some of these forms of bias are:

- Inaccuracy of the sample. An accurate sample is one in which the "under estimators and the over estimators" are represented equally in the sample (Emory & Cooper, 1991:243). If the sample is accurate (unbiased), no amount of influence will cause

respondents' answers to tend towards one direction more than the other.

- Biased wording of questions. Choice of words in questions is a major source of bias. Controversial words, superlatives and slang words should be avoided (Emory & Cooper, 1991:364). If the principles of questionnaire construction are ignored, bias may enter the data and cast doubt on the validity of the research.
- The bias influence of non-respondents. If the non-respondents had completed the questionnaire they may have responded differently to those who completed the questionnaire. To infer for the whole population, without taking into account the positive contaminating effect of non-respondents, would introduce bias into the data (Leedy, 1993:214).

The researcher cannot prevent bias from influencing the data. However, the researcher should acknowledge that bias may have affected the research and should make every effort to minimise the influence of bias (Leedy, 1993:215). The following efforts were made in this research to minimize the influence of bias:

- Questionnaires were sent to the total population of middle and first-level management in the automotive industry in the Eastern Cape region. Consequently, bias caused by sample accuracy was not a factor in this research.
- Bias introduced by the wording of questions and the use of incorrect language was minimised by subjecting the questionnaire to a pilot study as described by Schnetler et al (1989:87).

## **5.8 THE POPULATION TO BE SURVEYED**

Leedy (1993:198) maintains that the results of a survey are no more trustworthy than the quality of the population or the representativeness of the sample. Population parameters and sampling procedures are of paramount importance in the success of any research study. In Chapter 1 the researcher demarcated the study to only include the automotive cluster in the Eastern Cape region, based on the fact that about 60% of all automotive suppliers (and related industries) are situated in this region.

For the purposes of this empirical study, the researcher obtained a list of these suppliers in the Nelson Mandela Metropole from the Port Elizabeth Regional Chamber of Commerce and Industry, which included 62 companies of various sizes. They were all contacted and requested to participate in the study, but only 28 (45%) agreed. The companies were then asked to indicate how many middle and first-level managers they had, the total for the 28 companies that participated came to 314 first-level managers (supervisors) and 82 middle managers. The researcher invited all the first-level and middle managers to participate in the study, and a total of 196 agreed.

## **5.9 ADMINISTERING THE QUESTIONNAIRE**

Each of the participating organisations' Human Resources Manager (or another contact person) was contacted telephonically in order to obtain their e-mail address and to request their assistance in getting all the first-level and middle managers in their company to complete the questionnaire. The questionnaire, together with the covering letter, was e-mailed to them, and they in turn e-mailed it to the middle and first-level managers in their organisation. This was done as most of the larger companies refused to make their staff's electronic mail addresses available to the researcher. The respondents were then asked to return the completed questionnaire electronically to the researcher by a certain date. They were also given the option to post it to the researcher's postal address. A follow-up letter was sent to the companies from whom little or no response was received, giving them a second submission date and attaching the questionnaire and covering letter again.

Despite the original telephonic conversation to the Human Resources Managers requesting their cooperation, the overall response was generally poor. After the first submission date, only 34 respondents had sent back completed questionnaires, and after the second deadline another 24 submitted completed questionnaires. This gave a total of 58 returned questionnaires against the 196 who agreed to partake in the study, which converts to a 30% response rate. According to Emory and Cooper (1991:333) a thirty

percent response rate is acceptable for postal surveys (or in this case electronic mail surveys).

## **5.10 STATISTICAL TREATMENT OF THE DATA**

The branch of statistics which describes and analyses data without making inferences about a larger population, is called descriptive statistics. If a representative sample is drawn from the population, inferences about the population can be made from analyses of the sample (Spiegel, 1972:1). In this case questionnaires were sent to a representative sample of middle and first-level managers in the automotive industry.

Appropriate descriptive statistical techniques were applied to the results of the empirical study. The results of the empirical study were appropriately tabulated to facilitate interpretation. In addition, responses to each question were presented as a percentage. All statistical analyses were conducted by using a relevant statistical software package. The results of this statistical analysis is given in the next chapter, where each question in the questionnaire is treated separately, and in many cases correlated with each other in order to draw conclusions from the data collected. These conclusions are then described in Chapter 7. The researcher concludes that chapter by making recommendations based on the conclusions drawn from the data collected via the questionnaires.



## **5.11 CONCLUSION**

In this chapter the researcher described the survey method adopted and the construction, testing and administering of the questionnaire. This was carried out by presenting the theoretical basis of research methodology and then describing the actual research design in terms of the theoretical basis. The way in which the electronic survey was conducted, and possible sources of bias in the research design, was also discussed. Furthermore, the population and selected sample was identified, and the actual response evaluated.

A copy of the questionnaire that was sent out to the respondents can be found in Annexure A, while the covering letter can be found in Annexure B.

In Chapter 6 the results of the empirical study will be presented and discussed.

## **CHAPTER 6**

### **ANALYSIS AND INTERPRETATION OF RESULTS**

6.1	INTRODUCTION	213
6.2	ANALYSIS AND INTERPRETATION OF RESULTS	214
6.2.1	Question 1: Gender	214
6.2.2	Question 2: Race	215
6.2.3	Question 3: Industry sector	216
6.2.4	Question 4: Size of organisation	217
6.2.5	Question 5: What is your position in the company?	218
6.2.6	Question 6: What percentage of your week's working hours do you spend on the following managerial activities?	219
6.2.6.1	Planning	219
6.2.6.2	Organising	221
6.2.6.3	Leading	223
6.2.6.4	Controlling	225
6.2.7	Question 7: Do you think that you possess the necessary skills to manage a change initiative effectively?	226
6.2.8	Question 8: At what levels are you involved with the strategic change process (current or past) in your company?	228
6.2.8.1	Identify change initiatives	228

6.2.8.2	Implementation of change action plans	229
6.2.8.3	Managing of implemented change action plans	231
6.2.9	Question 9: What is your opinion on the strategic change processes that are taking place/have taken place in your company?	232
6.2.10	Question 10: Please respond to the following statement: “Managing change is about managing people, and this demands knowledge of human motivation, how groups operate, and leadership.”	234
6.2.11	Question 11: Which of the following activities do you practice on a regular basis with your employees?	235
6.2.11.1	Two-way communication	235
6.2.11.2	Spend time on planning activities	236
6.2.11.3	Individual goal-setting and/or re-setting	236
6.2.11.4	Give positive/negative feedback	237
6.2.11.5	Delegation and follow-up on delegated tasks	237
6.2.11.6	Identify appropriate work ethics and principles	238
6.2.11.7	Set an example in achieving objectives	239
6.2.12	Question 12: Do you think the strategic change process is a continuous process?	240
6.2.13	Question 13: Do you think that change disturbs the stability/equilibrium in a company?	241
6.2.14	Question 14: In your opinion, are you able to create an environment where your subordinates can do the following?	242

6.2.14.1	Open themselves to new ideas and concepts	242
6.2.14.2	Challenge old assumptions	243
6.2.14.3	Adopt new assumptions	243
6.2.14.4	Overcome their resistance to change	244
6.2.15	Question 15: Is the management of strategic change initiatives an integral part of your responsibilities?	244
6.2.16	Question 16: Would you say that a globally competitive organisation is one in which the strategic change process is successfully managed?	246
6.2.17	Question 17: Does managing change put you under pressure with the result that it undermines your performance?	247
6.2.18	Question 18: Which of the characteristics below would you say is necessary for a manager to successfully manage a strategic change initiative?	249
6.2.18.1	Communicate with and care for subordinates	249
6.2.18.2	Own, maintain and feed the company's vision to subordinates	250
6.2.18.3	Empower subordinates to follow their goals, and recognise Success	251
6.2.18.4	Agree on targets with subordinates, monitor performance, and give feedback	252
6.2.18.5	Promote self-responsibility in subordinates and offer continuous support	253
6.2.18.6	Set a work culture by sharing objectives and values with subordinates	254

6.2.18.7	Diagnose ineffective actions, assume responsibility, and act as role model	255
6.3	CONCLUSION	257

## LIST OF TABLES

Table 6.1	Frequency table of results for Question 1	214
Table 6.2	Frequency table of results for Question 2	215
Table 6.3	Frequency table of results for Question 3	216
Table 6.4	Frequency table of results for Question 4	217
Table 6.5	Frequency table of results for Question 5	218
Table 6.6	Frequency table of results for Question 6 (1)	219
Table 6.7	Cross-tabulation of results for Question 6 (1) and Question 5	221
Table 6.8	Frequency table of results for Question 6 (2)	221
Table 6.9	Cross-tabulation of results for Question 6 (2) and Question 5	222
Table 6.10	Frequency table of results for Question 6 (3)	223
Table 6.11	Cross-tabulation of results for Question 6 (3) and Question 5	224
Table 6.12	Frequency table of results for Question 6 (4)	225

Table 6.13	Cross-tabulation of results for Question 6 (4) and Question 5	226
Table 6.14	Frequency table of results for Question 7	226
Table 6.15	Cross-tabulation of results for Question 7 and Question 5	227
Table 6.16	Frequency table of results for Question 8 (1)	228
Table 6.17	Cross-tabulation of results for Question 8 (1) and Question 5	229
Table 6.18	Frequency table of results for Question 8 (2)	229
Table 6.19	Cross-tabulation of results for Question 8 (2) and Question 5	230
Table 6.20	Frequency table of results for Question 8 (3)	231
Table 6.21	Cross-tabulation of results for Question 8 (3) and Question 5	232
Table 6.22	Frequency table of results for Question 9	232
Table 6.23	Cross-tabulation of results for Question 9 and Question 5	233
Table 6.24	Frequency table of results for Question 10	234
Table 6.25	Frequency table of results for Question 11 (1)	235
Table 6.26	Frequency table of results for Question 11 (2)	236
Table 6.27	Frequency table of results for Question 11 (3)	236
Table 6.28	Frequency table of results for Question 11 (4)	237

Table 6.29	Frequency table of results for Question 11 (5)	237
Table 6.30	Frequency table of results for Question 11 (6)	238
Table 6.31	Frequency table of results for Question 11 (7)	239
Table 6.32	Frequency table of results for Question 12	240
Table 6.33	Frequency table of results for Question 13	241
Table 6.34	Frequency table of results for Question 14 (1)	242
Table 6.35	Frequency table of results for Question 14 (2)	243
Table 6.36	Frequency table of results for Question 14 (3)	243
Table 6.37	Frequency table of results for Question 14 (4)	244
Table 6.38	Frequency table of results for Question 15	244
Table 6.39	Cross-tabulation of results for Question 15 and Question 5	246
Table 6.40	Frequency table of results for Question 16	246
Table 6.41	Frequency table of results for Question 17	247
Table 6.42	Cross-tabulation of results for Question 17 and Question 5	248
Table 6.43	Frequency table of results for Question 18 (1)	249
Table 6.44	Cross-tabulation of results for Question 18 (1) and Question 11 (1)	250
Table 6.45	Frequency table of results for Question 18 (2)	250
Table 6.46	Cross-tabulation of results for Question 18 (2) and Question 11 (2)	251

Table 6.47	Frequency table of results for Question 18 (3)	251
Table 6.48	Cross-tabulation of results for Question 18 (3) and Question 11 (3)	252
Table 6.49	Frequency table of results for Question 18 (4)	252
Table 6.50	Cross-tabulation of results for Question 18 (4) and Question 11 (4)	253
Table 6.51	Frequency table of results for Question 18 (5)	253
Table 6.52	Cross-tabulation of results for Question 18 (5) and Question 11 (5)	254
Table 6.53	Frequency table of results for Question 18 (6)	254
Table 6.54	Cross-tabulation of results for Question 18 (6) and Question 11 (6)	255
Table 6.55	Frequency table of results for Question 18 (7)	255
Table 6.56	Cross-tabulation of results for Question 18 (7) and Question 11 (7)	256
Table 6.57	Cross-tabulation of results for Question 18 (7) and Question 5	256



**LIST OF CHARTS**

Chart 6.1	Pie chart of results for Question 1	214
Chart 6.2	Pie chart of results for Question 2	215
Chart 6.3	Pie chart of results for Question 3	216
Chart 6.4	Pie chart of results for Question 4	217
Chart 6.5	Pie chart of results for Question 5	218
Chart 6.6	Bar chart of results for Question 6 (1)	220
Chart 6.7	Bar chart of results for Question 6 (2)	222
Chart 6.8	Bar chart of results for Question 6 (3)	223
Chart 6.9	Bar chart of results for Question 6 (4)	225
Chart 6.10	Bar chart of results for Question 7	227
Chart 6.11	Bar chart of results for Question 8 (1)	228
Chart 6.12	Bar chart of results for Question 8 (2)	230
Chart 6.13	Bar chart of results for Question 8 (3)	231
Chart 6.14	Bar chart of results for Question 9	233
Chart 6.15	Bar chart of results for Question 10	234
Chart 6.16	Bar chart of results for Question 12	240
Chart 6.17	Bar chart of results for Question 13	241
Chart 6.18	Bar chart of results for Question 15	245
Chart 6.19	Bar chart of results for Question 16	247
Chart 6.20	Bar chart of results for Question 17	248

## **CHAPTER 6**

### **ANALYSIS AND INTERPRETATION OF RESULTS**

#### **6.1 INTRODUCTION**

In the previous chapter the research methodology that was used during this study was described. The purpose of this chapter is to analyse and interpret the data that was obtained during the empirical study. The results of the questionnaire are presented, based on the literature discussed in Chapter 4. By reporting the results obtained from the questionnaire, it assists in resolving the fourth and fifth sub-problems; i.e. what are the predominant characteristics of leaders in the automotive cluster in the Eastern Cape region, and what is their perception of characteristics required for successfully leading strategic change; as well as how do the results above compare with the characteristics that were identified in Chapter 3?

The findings are organised in tabular and graphic form in the same order as the questions appear in the questionnaire (see Annexure A). Data was processed and results generated by using Moonstats, a statistical software package. An analysis and interpretation of the research findings of the questionnaire follows.

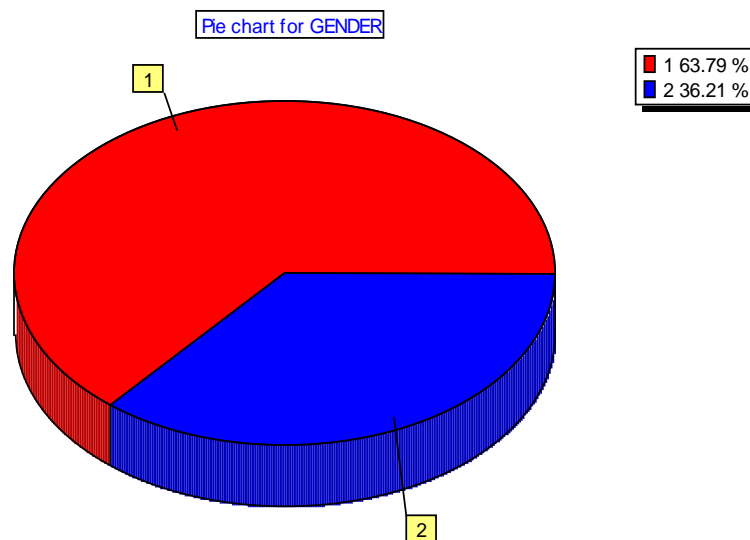
## 6.2 ANALYSIS AND INTERPRETATION OF RESULTS OF THE QUESTIONNAIRE

### 6.2.1 Question 1: Gender

**Table 6.1:** Frequency table of results for Question 1

Value	N	%
1 (Male)	37	63.79
2 (Female)	21	36.21
TOTAL	58	100.00

**Chart 6.1:** Pie chart of results for Question 1



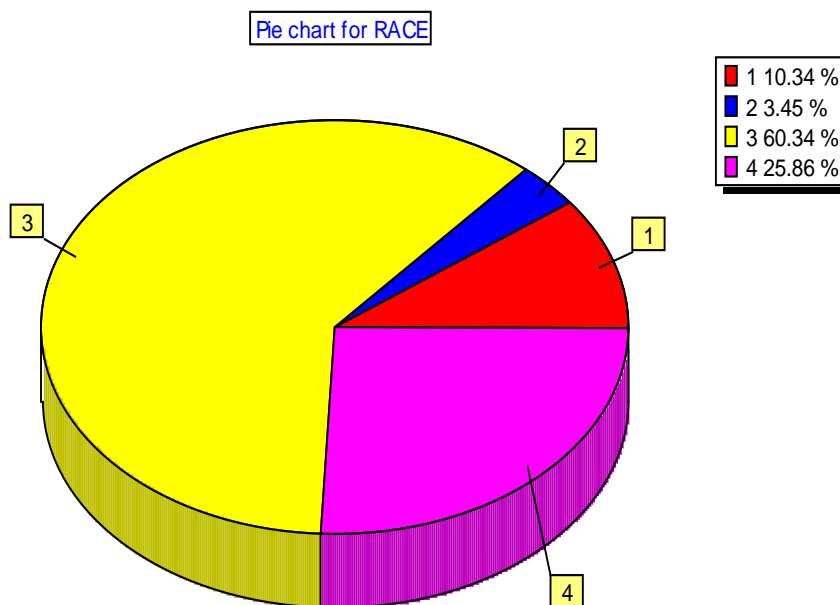
The pie chart above shows that 37 of the 58 respondents (64%) were male, and only 21 (36%) female.

### 6.2.2 Question 2: Race

**Table 6.2:** Frequency table of results for Question 2

Value	N	%
1 (Asian)	6	10.34
2 (Black)	2	3.45
3 (White)	35	60.34
4 (Coloured)	15	25.86
5 (Indian)	0	0.00
TOTAL	58	100.00

**Chart 6.2:** Pie chart of results for Question 2



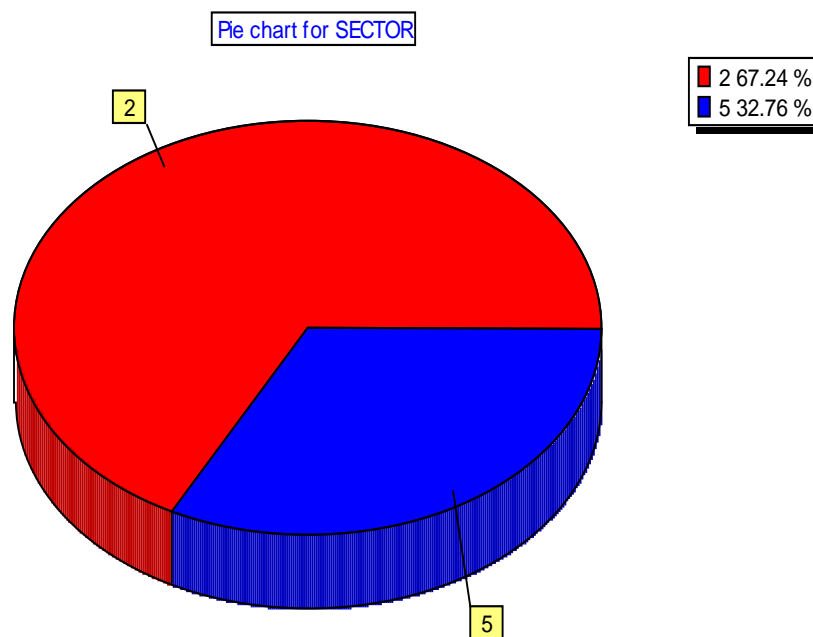
The results show that the majority (60%) of respondents were White, while 26% were Coloured, 10% Asian, and only 4% Black. There were no Indian respondents.

### 6.2.3 Question 3: Industry Sector

**Table 6.3:** Frequency table of results for Question 3

Value	N	%
2 (Manufacturing)	39	67.24
5 (Wholesale/Retail)	19	32.76
TOTAL	58	100.00

**Chart 6.3:** Pie chart of results for Question 3



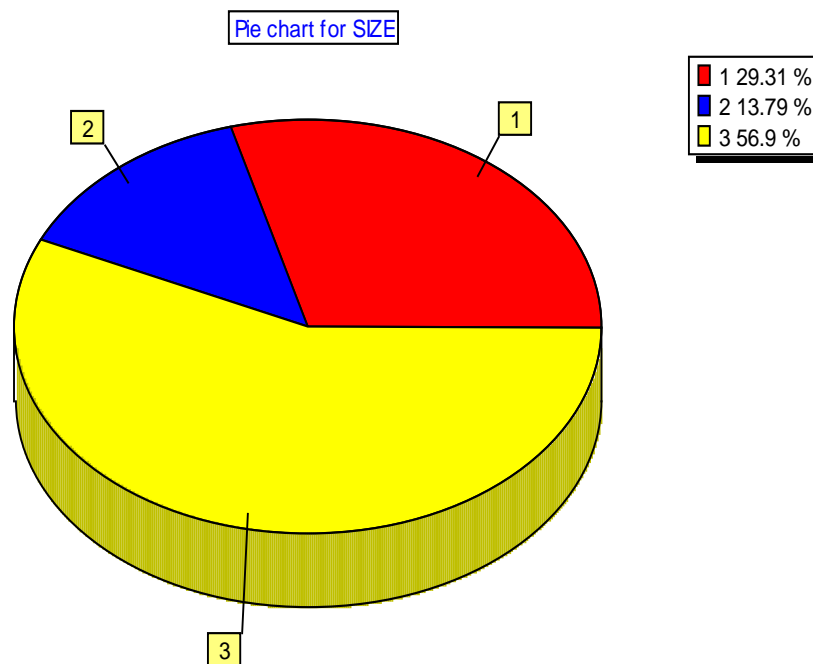
Two-thirds of the respondents were from the manufacturing industry (automotive manufacturers), and only one-third from the wholesale and retail trade (automotive component suppliers).

### 6.2.4 Question 4: Size of Organisation

**Table 6.4:** Frequency table of results for Question 4

Value	N	%
1 (1-99)	17	29.31
2 (100-500)	8	13.79
3 (501 plus)	33	56.90
TOTAL	58	100.00

**Chart 6.4:** Pie chart of results for Question 4



Nearly 57% of the respondents worked for a large organisation with more than 500 employees, while 29% of them worked for an organisation with between 100 and 500

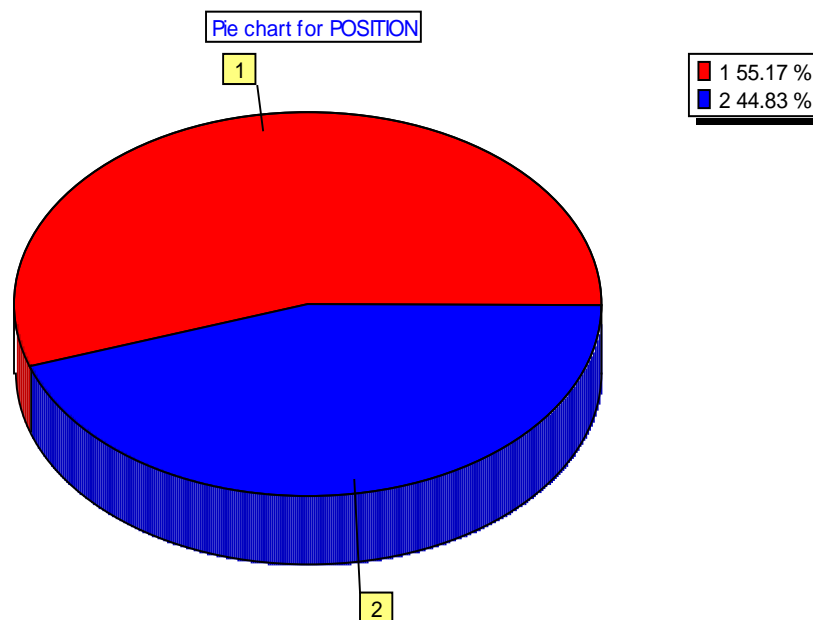
employees. Only 14% of respondents worked for a small organisation with less than 100 employees.

### 6.2.5 Question 5: What is your position in the company?

**Table 6.5:** Frequency table of results for Question 5

Value	N	%
1 (Middle)	32	55.17
2 (First-level)	26	44.83
TOTAL	58	100.00

**Chart 6.5:** Pie chart of results for Question 5



The respondents were fairly evenly distributed when it came to their position in the organisation, with 32 of the 58 (just over half) being in middle (unit) management positions, and the other 26 (45%) being in supervisory (first-level) management positions.

### **6.2.6 Question 6: What percentage of your week's working hours do you spend on the following managerial activities?**

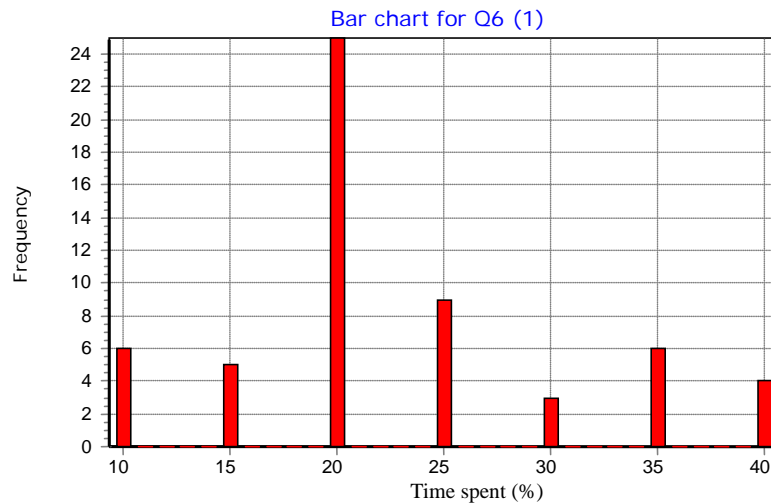
#### **6.2.6.1 Planning**

**Table 6.6** Frequency table of results for Question 6 (1)

Question 6 (1) – Time spent on Planning

Value	N	%
10%	6	10.34
15%	5	8.62
20%	25	43.10
25%	9	15.52
30%	3	5.17
35%	6	10.34
40%	4	6.90
TOTAL	58	100.00



**Chart 6.6:** Bar chart of results for Question 6 (1)

The above bar chart shows that a wide range of percentages were stated by the respondents as to how much time they spend on planning activities during the week, with 25 of the respondents (43%) indicating that they spend at least 20% of their working week doing planning.

Of more interest is the correlation table below that shows that 13 of those 25 respondents are middle managers, while the other 12 are first-level managers. This shows that the planning function seems to be evenly distributed among the two management levels.

**Table 6.7:** Cross-tabulation of results for Question 6 (1) and Question 5

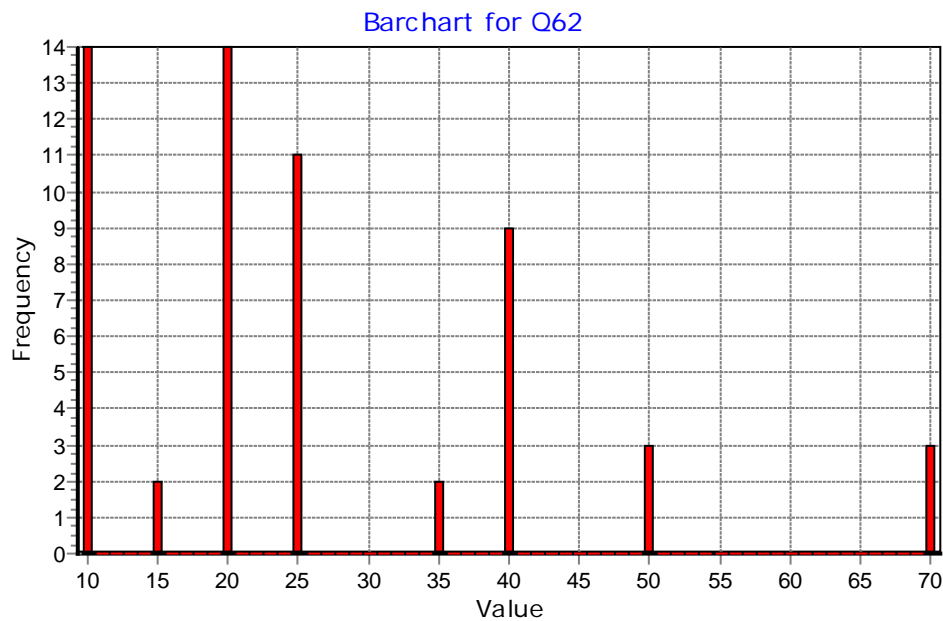
	Q6 (1) Time spent on Planning (%)							
	10.00	15.00	20.00	25.00	30.00	35.00	40.00	Total
<hr/>								
POSITION								
1 (Middle)	3	3	13	3	3	3	4	32
2 (First-level)	3	2	12	6	0	3	0	26
<hr/>								
Total	6	5	25	9	3	6	4	58
<hr/>								

### 6.2.6.2 Organising

**Table 6.8:** Frequency table of results for Question 6 (2)

Question 6 (2) – Time spent on Organising

Value	N	%
-----		
10%	14	24.14
15%	2	3.45
20%	14	24.14
25%	11	18.97
35%	2	3.45
40%	9	15.52
50%	3	5.17
70%	3	5.17
-----		
TOTAL	58	100.00

**Chart 6.7:** Bar chart of results for Question 6 (2)

The bar chart above shows that the majority of respondents (71%) spend 25% or less time a week on organising activities. Again, the correlation table below shows that the organising function is fairly evenly distributed between the two management levels, with 56% being middle managers and 44% being first-level managers.

**Table 6.9:** Cross-tabulation of results for Question 6 (2) and Question 5

	Q6 (2) Time spent on Organising (%)								
	10.00	15.00	20.00	25.00	35.00	40.00	50.00	70.00	Total
<hr/>									
POSITION									
1 (Middle)	14	0	9	0	0	6	0	3	32
2 (First-level)	0	2	5	11	2	3	3	0	26
<hr/>									
Total	14	2	14	11	2	9	3	3	58
<hr/>									

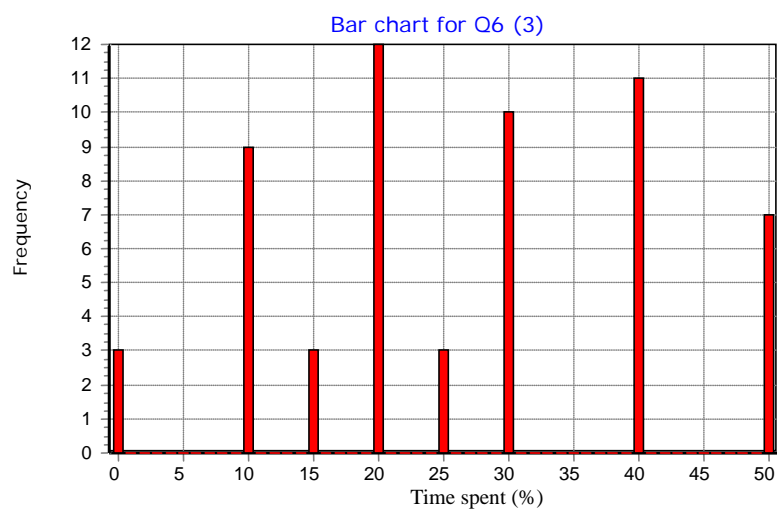
### 6.2.6.3 Leading

**Table 6.10** Frequency table of results for Question 6 (3)

Question 6 (3) – Time spent on Leading

Value	N	%
0%	3	5.17
10%	9	15.52
15%	3	5.17
20%	12	20.69
25%	3	5.17
30%	10	17.24
40%	11	18.97
50%	7	12.07
TOTAL	58	100.00

**Chart 6.8:** Bar chart of results for Question 6 (3)



There seems to be no real consensus regarding the amount of time spent per week on leading activities. Results ranged from 0% to 50%, and even the correlation table below showed no real correlation between the respondents' management position and the amount of time they spend on the leading function.

**Table 6.11:** Cross-tabulation of results for Question 6 (3) and Question 5

	Q6 (3) Time spent on Leading (%)								
	0.00	10.00	15.00	20.00	25.00	30.00	40.00	50.00	Total
-----									
POSITION									
1 (Middle)	3	6	3	3	0	4	8	5	32
2 (First-level)	0	3	0	9	3	6	3	2	26
-----									
Total	3	9	3	12	3	10	11	7	58
-----									

The only conclusion that can be drawn from this is that the time spent leading depends on the specific unit the manager is in, and that this varies between the different units in the organisation. What is of concern, though, is that 3 middle managers indicated that they do not spend any time on leading activities.

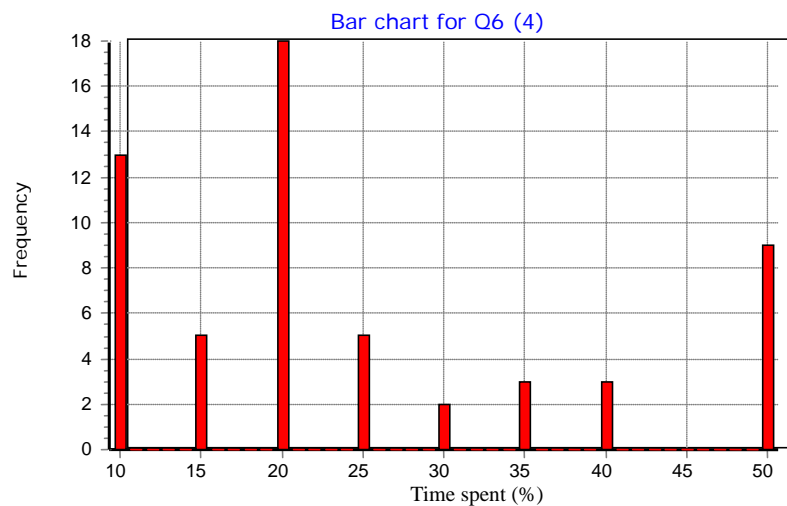
### 6.2.6.4 Controlling

**Table 6.12:** Frequency table of results for Question 6 (4)

Question 6 (4) – Time spent on Controlling

Value	N	%
10%	13	22.41
15%	5	8.62
20%	18	31.03
25%	5	8.62
30%	2	3.45
35%	3	5.17
40%	3	5.17
50%	9	15.52
TOTAL	58	100.00

**Chart 6.9:** Bar chart of results for Question 6 (4)



The bar chart for the controlling activity shows that more than half of the respondents (62%) feel that they spend 20% or less time per week on controlling activities. What

is of significance is the result of the cross-tabulation below, which shows that 20 of the 32 middle managers (62½%) spend 20% or less time on the controlling function, with only 12 (37½%) of them indicating that they spend between 35% and 50% of their time on this function.

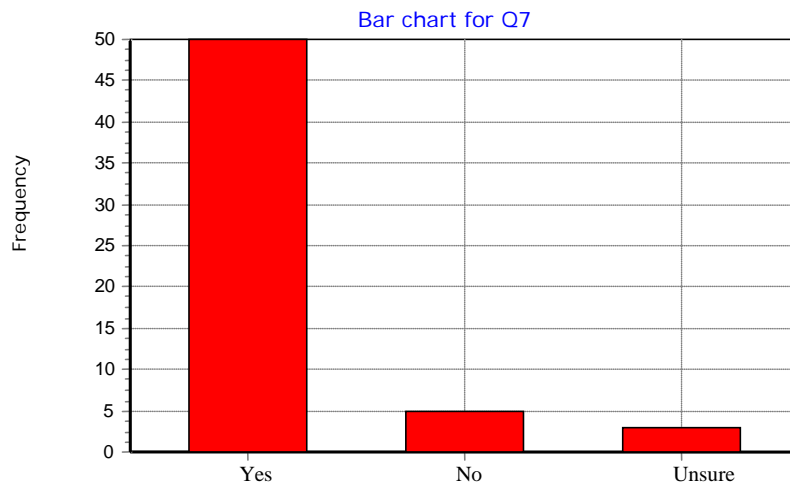
**Table 6.13:** Cross-tabulation of results for Question 6 (4) and Question 5

	Q6 (4) Time spent on Controlling (%)								Total
	10.00	15.00	20.00	25.00	30.00	35.00	40.00	50.00	
POSITION									
1 (Middle)	10	3	7	0	0	3	3	6	32
2 (First-level)	3	2	11	5	2	0	0	3	26
Total	13	5	18	5	2	3	3	9	58

### 6.2.7 Question 7: Do you think that you possess the necessary skills to manage a change initiative effectively?

**Table 6.14:** Frequency table of results for Question 7

Value	N	%
1 (Yes)	50	86.21
2 (No)	5	8.62
3 (Unsure)	3	5.17
TOTAL	58	100.00

**Chart 6.10:** Bar chart of results for Question 7

An overwhelming majority (86%) of respondents felt that they possess the necessary skills to manage a change initiative effectively, with 8% of them saying no, and 5% of them being unsure. The cross-tabulation below shows that the 3 respondents that felt unsure were first-level managers, presumably still relatively new in their positions.

**Table 6.15:** Cross-tabulation of results for Question 7 and Question 5

	Q7			
	Yes	No	Unsure	Total
-----				
POSITION				
1 (Middle)	29	3	0	32
2 (First-level)	21	2	3	26
-----				
Total	50	5	3	58
-----				



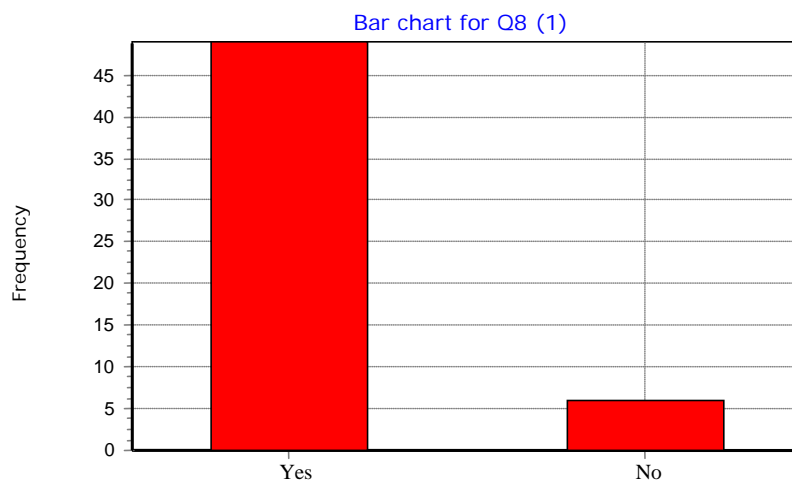
## 6.2.8 Question 8: At what levels are you involved with the strategic change process (current or past) in your company?

### 6.2.8.1 Identifying change initiatives

**Table 6.16:** Frequency table of results for Question 8 (1)

Value	N	%
1 (Yes)	49	89.09
2 (No)	6	10.91
TOTAL	55	100.00

**Chart 6.11:** Bar chart of results for Question 8 (1)



The chart above shows that 49 of the 55 respondents (89%) that answered this question, indicated that they are involved in identifying change initiatives. Of the 49

respondents that answered positively to this question, 32 of them (65%) are middle managers, as can be seen from the table below.

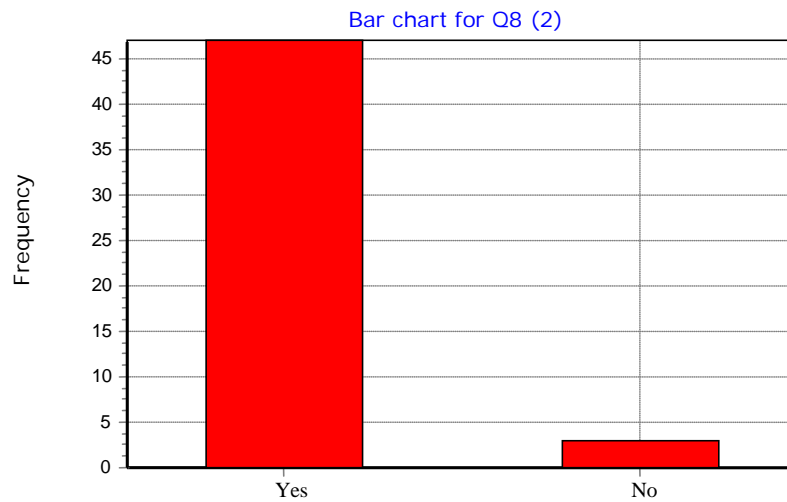
**Table 6.17:** Cross-tabulation of results for Question 8 (1) and Question 5

	Q8 (1) Identifying change initiatives			
	Yes	No	Unsure	Total
<hr/>				
POSITION				
1 (Middle)	32	0	0	32
2 (First-level)	17	6	0	23
<hr/>				
Total	49	6	0	55

#### 6.2.8.2 Implementation of change action plans

**Table 6.18:** Frequency table of results for Question 8 (2)

Value	N	%
-----		
1 (Yes)	47	94.00
2 (No)	3	6.00
-----		
TOTAL	50	100.00
-----		

**Chart 6.12:** Bar chart of results for Question 8 (2)

Only 50 respondents answered this question, of which 47 (94%) answered yes to whether they are involved in the implementation of change action plans. As can be seen below, only a slight majority (57% against 43%) of this group were middle managers. This seems to imply that both management levels are involved in the implementation of change initiatives in their units.

**Table 6.19:** Cross-tabulation of results for Question 8 (2) and Question 5

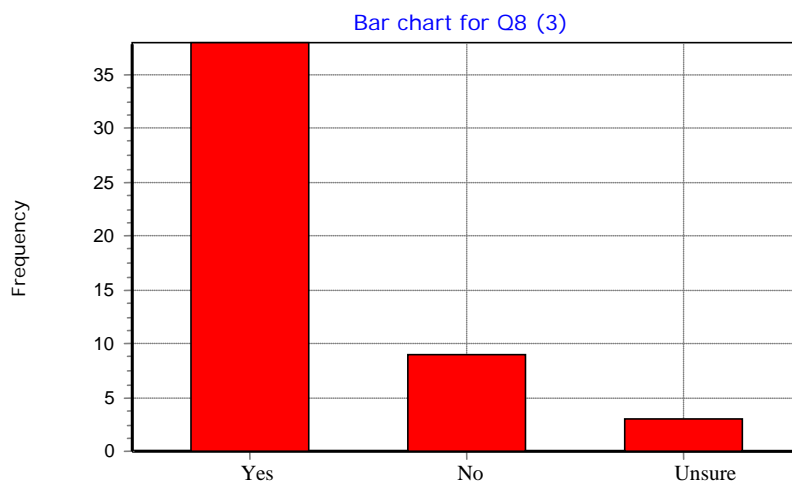
	Q8 (2) Implementation of change action plans			
	Yes	No	Unsure	Total
-----				
POSITION				
1 (Middle)	27	0	0	27
2 (First-level)	20	3	0	23
-----				
Total	47	3	0	50
-----				

### 6.2.8.3 Managing of implemented change action plans

**Table 6.20:** Frequency table of results for Question 8 (3)

Value	N	%
1 (Yes)	38	76.00
2 (No)	9	18.00
3 (Unsure)	3	6.00
TOTAL	50	100.00

**Chart 6.13:** Bar chart of results for Question 8 (3)



Again, only 50 of the 58 respondents answered this question, with 38 of them (76%) indicating that they are involved in managing the implementation of strategic change plans. What is of interest is that 63% of this group are middle managers, as shown by the table below.

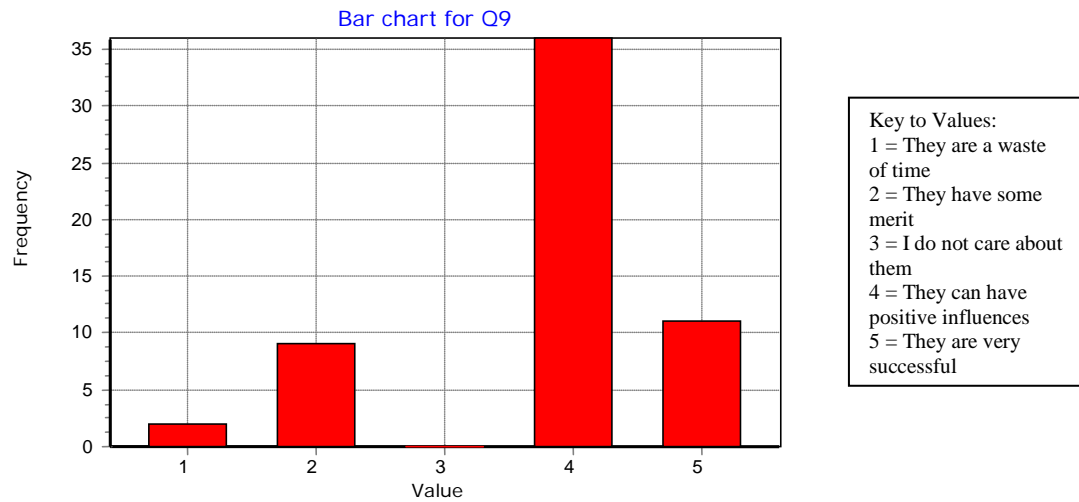
**Table 6.21:** Cross-tabulation of results for Question 8 (3) and Question 5

	Q8 (3) Managing of implemented change action plans			
	Yes	No	Unsure	Total
-----				
POSITION				
1 (Middle)	24	0	3	27
2 (first-level)	14	9	0	23
-----				
Total	38	9	3	50
-----				

### 6.2.9 Question 9: What is your opinion on the strategic change processes that are taking place/have taken place in your company?

**Table 6.22:** Frequency table of results for Question 9

-----		
Value	N	%
-----		
1	2	3.45
2	9	15.52
3	0	0.00
4	36	62.07
5	11	18.97
-----		
TOTAL	58	100.00
-----		

**Chart 6.14:** Bar chart of results for Question 9

Only a small percentage (19%) of respondents were negative regarding change processes in their organisations, with 81% of them answering that they can have a positive influence or that they are very successful. Two middle managers felt that it was a waste of time, while 5 middle managers and 4 first-level managers felt that it had some merit (see table below).

**Table 6.23:** Cross-tabulation of results for Question 9 and Question 5

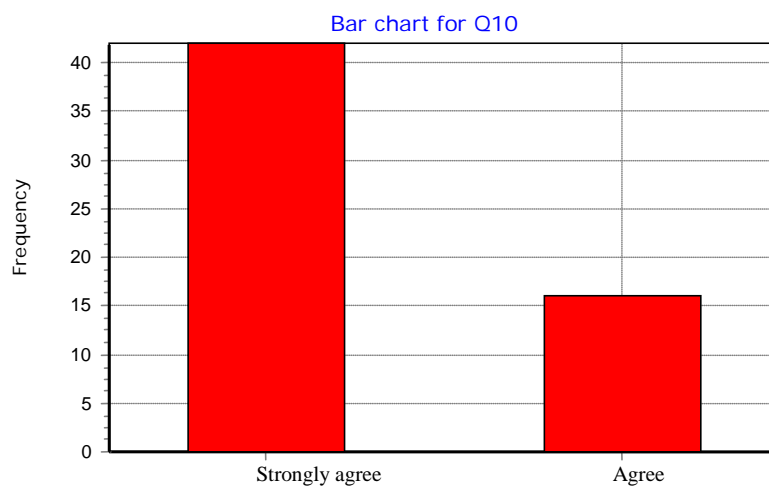
	Q9					
	1	2	3	4	5	Total
<hr/>						
POSITION						
1 (Middle)	2	5	0	17	8	32
2 (First-level)	0	4	0	19	3	26
<hr/>						
Total	2	9	0	36	11	58
<hr/>						

**6.2.10 Question 10: Please respond to the following statement: “Managing change is about managing people, and this demands knowledge of human motivation, how groups operate, and leadership.”**

**Table 6.24:** Frequency table of results for Question 10

Value	N	%
1 (Yes)	42	72.41
2 (No)	16	27.59
TOTAL	58	100.00

**Chart 6.15:** Bar chart of results for Question 10



All 58 respondents agreed that managing change is about managing people, with 72% strongly agreeing with the statement and the other 28% stating they agree with the

statement. No one answered that they were uncertain, that they disagreed, or that they strongly disagreed.

**6.2.11 Question 11: Which of the following activities do you practice on a regular basis with your employees?**

**6.2.11.1 Two-way communication**

**Table 6.25:** Frequency table of results for Question 11 (1)

Q11 (1) Two-way communication

Value	N	%
1 (Yes)	58	100.00
2 (No)	0	0
3 (Unsure)	0	0
TOTAL	58	100.00

All respondents answered yes to regularly practicing two-way communication with their employees.



### 6.2.11.2 Spend time on planning activities

**Table 6.26:** Frequency table of results for Question 11 (2)

Q11 (2) Spend time on planning activities

Value	N	%
1 (Yes)	42	76.36
2 (No)	8	14.55
3 (Unsure)	5	9.09
TOTAL	55	100.00

The majority of respondents (76%) indicated that they regularly spend time on planning activities, whilst 15% said they did not, and 9% answered that they were unsure of this.

### 6.2.11.3 Individual goal-setting and/or re-setting

**Table 6.27:** Frequency table of results for Question 11 (3)

Q11 (3) Individual goal-setting and/or re-setting

Value	N	%
1 (Yes)	44	83.02
2 (No)	6	11.32
3 (Unsure)	3	5.66
TOTAL	53	100.00

Again, the majority of respondents (83%) indicated that they are regularly involved in the setting/re-setting of individual goals with their employees, whilst 11% answered no and 6% said they were unsure.

#### **6.2.11.4 Give positive/negative feedback**

**Table 6.28:** Frequency table of results for Question 11 (4)

Q11 (4) Give positive/negative feedback

Value	N	%
1 (Yes)	52	94.55
2 (No)	0	0.00
3 (Unsure)	3	5.45
TOTAL	55	100.00

The overwhelming majority of respondents (95%) answered yes to this question, with only 5% answering that they are unsure.

#### **6.2.11.5 Delegation and follow-up on delegated tasks**

**Table 6.29:** Frequency table of results for Question 11 (5)

Q11 (5) Delegation and follow-up on delegated tasks

Value	N	%
1 (Yes)	52	89.66
2 (No)	6	10.34
3 (Unsure)	0	0.00
TOTAL	58	100.00

Nearly 90% of the respondents indicated that they do spend time delegating and following up on delegated tasks with their employees, with only 10% indicating that they do not.

#### **6.2.11.6 Identify appropriate work ethics and principles**

**Table 6.30:** Frequency table of results for Question 11 (6)

Q11 (6) Identify appropriate work ethics and principles

Value	N	%
1 (Yes)	50	94.34
2 (No)	3	5.66
3 (Unsure)	0	0.00
TOTAL	53	100.00

Again over 94% of respondents indicated that they do identify appropriate work ethics and principles with their employees, while 6% answered that they do not.

**6.2.11.7 Set an example in achieving objectives****Table 6.31:** Frequency table of results for Question 11 (7)

Q11 (7) Set an example in achieving objectives

Value	N	%
1 (Yes)	52	89.66
2 (No)	6	10.34
3 (Unsure)	0	0.00
TOTAL	58	100.00

An overwhelming majority of respondents (90%) indicated that they set an example for their employees in achieving objectives, but 10% of the respondents said they do not.

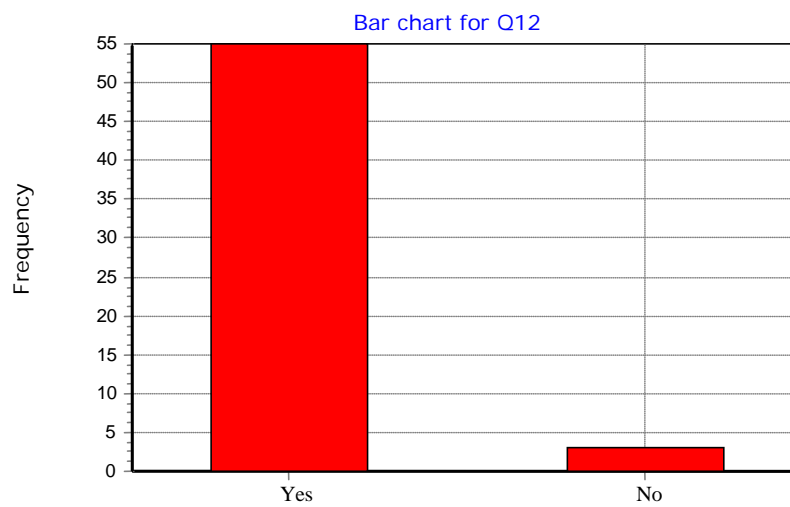
All seven these activities will be compared with the answers given by the respondents in Question 18 as it will show whether they possess the relevant characteristics needed to successfully manage a strategic change initiative.

### 6.2.12 Question 12: Do you think the strategic change process is a continuous one?

**Table 6.32:** Frequency table of results for Question 12

Value	N	%
1 (Yes)	55	94.83
2 (No)	3	5.17
TOTAL	58	100.00

**Chart 6.16:** Bar chart of results for Question 12



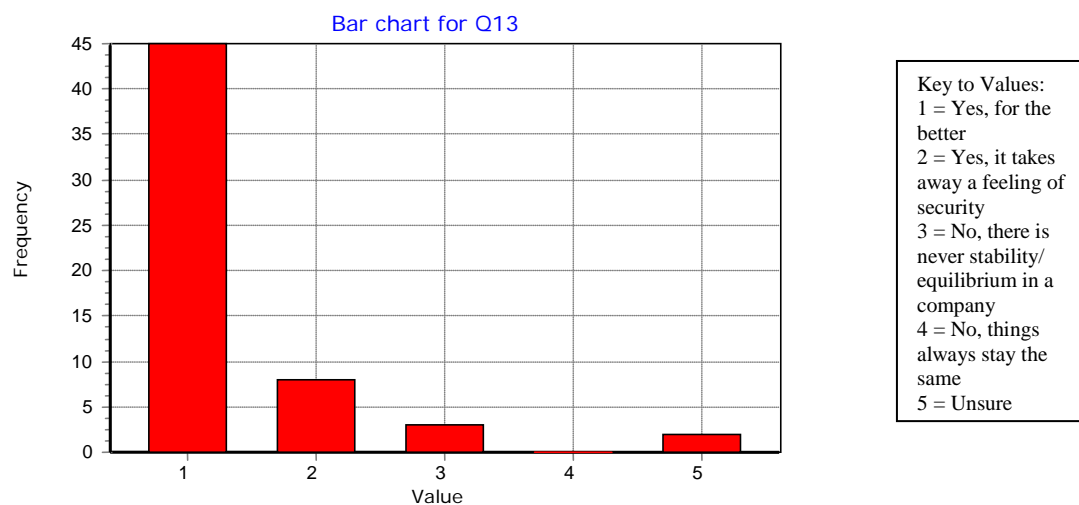
Nearly all the respondents (95%) agreed that the strategic change process is a continuous one.

### 6.2.13 Question 13: Do you think that change disturbs the stability/equilibrium in a company?

**Table 6.33:** Frequency table of results for Question 13

Value	N	%
1	45	77.59
2	8	13.79
3	3	5.17
4	0	0.00
5	2	3.45
TOTAL	58	100.00

**Chart 6.17:** Bar chart of results for Question 13



The majority of respondents (78%) felt that change disturbs the equilibrium in an organisation for the better, whilst 14% felt that it takes away a feeling of security. Of this group of 8, 6 of them were middle managers (see table below). Three of the first-

level managers felt that there is never stability in an organisation, whilst 2 first-level managers were unsure about whether change disrupts the equilibrium in an organisation. From this we can conclude that the impact of change is much more notable at the lower levels in the organisation, and that the first-level managers (who are closer to the staff on the ground) experience the instability first-hand.

**6.2.14            Question 14: In your opinion, are you able to create an environment where your subordinates can do the following?**

**6.2.14.1           Open themselves to new ideas and concepts**

**Table 6.34:**    Frequency table of results for Question 14 (1)

Q14 (1) Open themselves to new ideas and concepts

Value	N	%
1 (Yes)	58	100.00
2 (No)	0	0.00
3 (Unsure)	0	0.00
TOTAL	58	100.00

All 58 respondents indicated that they create an environment in which their subordinates can open themselves to new ideas and concepts.

### 6.2.14.2 Challenge old assumptions

**Table 6.35:** Frequency table of results for Question 14 (2)

Q14 (2) Challenge old assumptions

Value	N	%
1 (Yes)	52	94.55
2 (No)	3	5.45
3 (Unsure)	0	0.00
TOTAL	55	100.00

The majority of respondents (95%) agreed that they allow their subordinates to challenge old assumptions, with only 5% indicating they don't.

### 6.2.14.3 Adopt new assumptions

**Table 6.36:** Frequency table of results for Question 14 (3)

Q14 (3) Adopt new assumptions

Value	N	%
1 (Yes)	58	100.00
2 (No)	0	0.00
3 (Unsure)	0	0.00
TOTAL	58	100.00

All the respondents agreed that they create an environment whereby their subordinates can adopt new assumptions.



**6.2.14.4 Overcome their resistance to change****Table 6.37:** Frequency table of results for Question 14 (4)

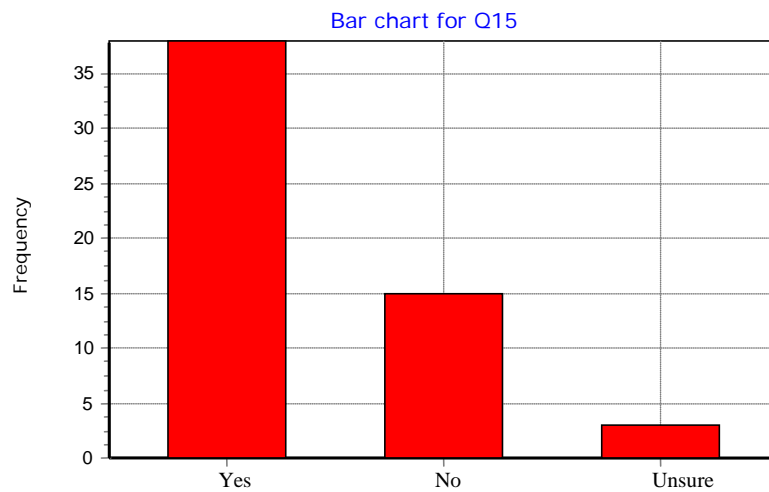
Q14 (4) Overcome their resistance to change

Value	N	%
1 (Yes)	58	100.00
2 (No)	0	0.00
3 (Unsure)	0	0.00
TOTAL	58	100.00

All the respondents indicated that they create an environment whereby their subordinates can overcome their resistance to change.

**6.2.15 Question 15: Is the management of strategic change initiatives an integral part of your responsibilities?****Table 6.38:** Frequency table of results for Question 15

Value	N	%
1 (Yes)	38	67.86
2 (No)	15	26.79
3 (Unsure)	3	5.36
TOTAL	56	100.00

**Chart 6.18:** Bar chart of results for Question 15

Two respondents did not answer this question. Of the rest who did, two-thirds (68%) felt that the management of strategic change initiatives are an integral part of their responsibilities, whilst 27% said no, and 5% being unsure. This seems to correlate with the third section of Question 8 where 76% of respondents indicated that they are involved in managing the implementation of strategic change initiatives. What is interesting to note is that in section 3 of Question 8 nine first-level managers indicated that they are not involved in the management of strategic change initiatives, and in this question, also nine first-level managers indicated that the management of strategic change is not an integral part of their responsibilities (see table below). We can assume that these are the same 9 people.

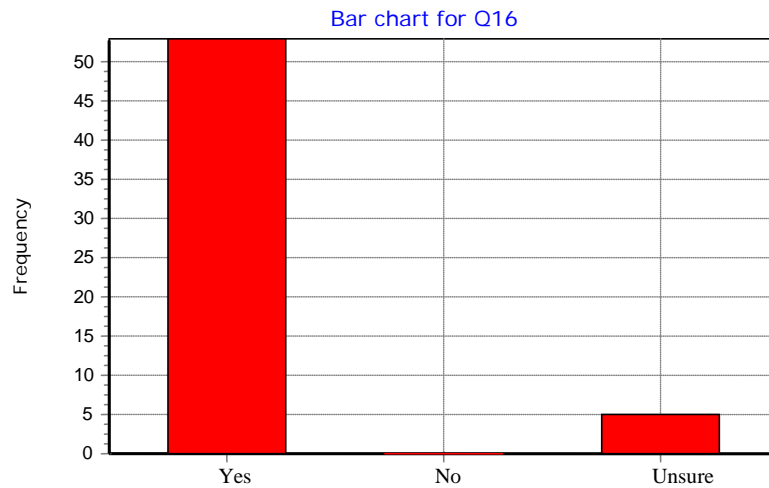
**Table 6.39:** Cross-tabulation of results for Question 15 and Question 5

	Q15			
	Yes	No	Unsure	Total
<hr/>				
POSITION				
1 (Middle)	24	6	0	30
2 (First-level)	14	9	3	26
<hr/>				
Total	38	15	3	56

**6.2.16      Question 16: Would you say that a globally competitive organisation is one in which the strategic change process is successfully managed?**

**Table 6.40:** Frequency table of results for Question 16

Value	N	%
-----		
1 (Yes)	53	91.38
2 (No)	0	0.00
3 (Unsure)	5	8.62
-----		
TOTAL	58	100.00
-----		

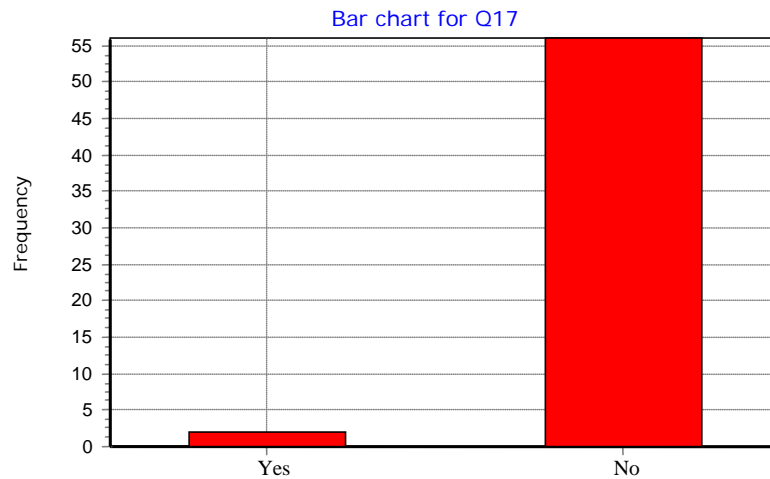
**Chart 6.19:** Bar chart of results for Question 16

A majority of 91% of respondents agreed that a globally competitive organisation is one in which the strategic change process is successfully managed. No one disagreed, but 9% of respondents felt unsure of this statement.

#### 6.2.17 Question 17: Does managing change put you under pressure with the result that it undermines your performance?

**Table 6.41:** Frequency table of results for Question 17

Value	N	%
1 (Yes)	2	3.45
2 (No)	56	96.55
TOTAL	58	100.00

**Chart 6.20:** Bar chart of results for Question 17

All but two respondents felt that managing change does not put them under pressure with the result that it undermines their authority. The two who disagreed were first-level managers (see cross-tabulation below), which once again emphasises that this level of management seem to be more under pressure when it comes to implementing strategic change initiatives than middle management is.

**Table 6.42:** Cross-tabulation of results for Question 17 and Question 5

	Q17			
	Yes	No	Unsure	Total
-----				
POSITION				
1 (Middle)	0	32	0	32
2 (First-level)	2	24	0	26
-----				
Total	2	56	0	58

**6.2.18            Question 18: Which of the following characteristics below would you say is necessary for a manager to successfully manage a strategic change initiative?**

**6.2.18.1            Communicate with and care for subordinates**

**Table 6.43:**    Frequency table of results for Question 18 (1)

Q18 (1) Communicate with and care for subordinates

Value	N	%
1 (Yes)	50	86.21
2 (No)	8	13.79
3 (Unsure)	0	0.00
TOTAL	58	100.00

The majority of respondents (86%) indicated that communication and caring is an important leadership characteristic, with only 14% disagreeing. The table below shows, however, that 8 respondents (14%) indicated that they have that characteristic (from Question 11), but do not believe it is necessary in order for a manager to be successful.

**Table 6.44:** Cross-tabulation of results for Question 18 (1) and Question 11 (1)

Q18 (1) Communication and Caring				
	Yes	No	Unsure	Total
-----				
Q11 (1)				
Yes	50	8	0	58
No	0	0	0	0
Unsure	0	0	0	0
-----				
Total	50	8	0	58
-----				

### 6.2.18.2 Own, maintain and feed the company's vision to subordinates

**Table 6.45:** Frequency table of results for Question 18 (2)

Q18 (2) Own, maintain and feed the company's vision to subordinates

Value	N	%
-----		
1 (Yes)	47	81.03
2 (No)	11	18.97
3 (Unsure)	0	0.00
-----		
TOTAL	58	100.00
-----		

Although 47 respondents (81%) agreed that creating a vision is an important leadership characteristic, only 31 (56%) indicated (according to Question 11) that they both possess that characteristic and see it as an important characteristic for the successful management of change (see Table 6.46 below).

**Table 6.46:** Cross-tabulation of results for Question 18 (2) and Question 11 (2)

	Q18 (2) Creating a vision			
	Yes	No	Unsure	Total
-----				
Q11 (2)				
Yes	31	11	0	42
No	8	0	0	8
Unsure	5	0	0	5
-----				
Total	44	11	0	55
-----				

### 6.2.18.3 Empower subordinates to follow their goals, and recognise success

**Table 6.47:** Frequency table of results for Question 18 (3)

Q18 (3) Empower subordinates to follow their goals, and recognise success

Value	N	%
-----		
1 (Yes)	50	86.21
2 (No)	8	13.79
3 (Unsure)	0	0.00
-----		
TOTAL	58	100.00
-----		

More than 86% of the respondents agreed that this is an important characteristic, with 77% of the respondents having indicated in Question 11 that they possess this characteristic, according to the table below.



**Table 6.48:** Cross-tabulation of results for Question 18 (3) and Question 11 (3)

Q18 (3) Empowerment of followers				
	Yes	No	Unsure	Total
-----				
Q11 (3)				
Yes	41	3	0	44
No	6	0	0	6
Unsure	3	0	0	3
-----				
Total	50	3	0	53
-----				

#### 6.2.18.4 Agree on targets with subordinates, monitor performance, and give feedback

**Table 6.49:** Frequency table of results for Question 18 (4)

Q18 (4) Agree on targets with subordinates, monitor performance, and give feedback

Value	N	%
-----		
1 (Yes)	49	84.48
2 (No)	9	15.52
3 (Unsure)	0	0.00
-----		
TOTAL	58	100.00
-----		

A large number of respondents (84%) saw setting targets as an important characteristic for a successful manager, and as per the table below, 78% of the respondents also indicated that they possess this characteristic.

**Table 6.50:** Cross-tabulation of results for Question 18 (4) and Question 11 (4)

Q18 (4) Setting standards of work performance				
	Yes	No	Unsure	Total
-----				
Q11 (4)				
Yes	43	9	0	52
No	0	0	0	0
Unsure	3	0	0	3
-----				
Total	46	9	0	55
-----				

#### 6.2.18.5 Promote self-responsibility in subordinates and offer continuous support

**Table 6.51:** Frequency table of results for Question 18 (5)

Q18 (5) Promote self-responsibility in subordinates and offer continuous support

Value	N	%
-----		
1 (Yes)	58	100.00
2 (No)	0	0.00
3 (Unsure)	0	0.00
-----		
TOTAL	58	100.00
-----		

All 58 respondents agreed that it is important to promote self-responsibility in subordinates and offer continuous support. The cross-tabulation with Question 11 (see below) shows that 52 of the respondents (90%) feel that they possess this characteristic.

**Table 6.52:** Cross-tabulation of results for Question 18 (5) and Question 11 (5)

Q18 (5) Coaching of followers				
	Yes	No	Unsure	Total
-----				
Q11 (5)				
Yes	52	0	0	52
No	6	0	0	0
Unsure	0	0	0	0
-----				
Total	58	0	0	58
-----				

#### 6.2.18.6 Set a work culture by sharing objectives and values with subordinates

**Table 6.53:** Frequency table of results for Question 18 (6)

Q18 (6) Set a work culture by sharing objectives and values with subordinates		
Value	N	%
-----		
1 (Yes)	50	86.21
2 (No)	8	13.79
-----		
TOTAL	58	100.00
-----		

A large percentage of the respondents (86%) agreed that this is an important characteristic, which is basically the same as the percentage of respondents (89%) that also indicated that they possess this characteristic (refer to the table below).

**Table 6.54:** Cross-tabulation of results for Question 18 (6) and Question 11 (6)

Q18 (6) Setting a work culture				
	Yes	No	Unsure	Total
-----				
Q11 (6)				
Yes	47	3	0	50
No	0	3	0	3
Unsure	0	0	0	0
-----				
Total	47	6	0	53
-----				

#### 6.2.18.7 Diagnose ineffective actions, assume responsibility, and act as role model

**Table 6.55:** Frequency table of results for Question 18 (7)

Q18 (7) Diagnose ineffective actions, assume responsibility, and act as role model		
Value	N	%
-----		
Yes	47	81.03
No	11	18.97
Unsure	0	0.00
-----		
TOTAL	58	100.00
-----		

Only 81% of the respondents indicated that they felt this was an important characteristic for the successful management of strategic change, but only 76% felt that they possessed this skill (see Table 6.56 below). Of the 11 respondents that said that this was not an important characteristic for a successful change manager, 8 of them (73%) were first-level managers (see Table 6.57 below).

**Table 6.56:** Cross-tabulation of results for Question 18 (7) and Question 11 (7)

Q18 (7) Self-management				
	Yes	No	Unsure	Total
-----				
Q11 (7)				
Yes	44	8	0	52
No	3	3	0	6
Unsure	0	0	0	0
-----				
Total	47	11	0	58
-----				

**Table 6.57:** Cross-tabulation of results for Question 18 (7) and Question 5

Q18 (7)				
	Yes	No	Unsure	Total
-----				
POSITION				
1 (Middle)	29	3	0	32
2 (First-level)	18	8	0	26
-----				
Total	47	11	0	58
-----				

The above tables show a very high correlation between the characteristics needed for the successful implementation of a change initiative, and the actual skills of middle and first-level managers in the automotive industry in the Eastern Cape region. It is clear that most managers know what is required of them to manage change, and they are involved in the activities necessary to engage and involve the staff reporting to them as well.

### **6.3 CONCLUSION**

The purpose of this chapter was to analyse and interpret the data obtained from the empirical study through the use of questionnaires. Empirical results were used to identify what the predominant characteristics of middle and first-level managers in the automotive industry are, as well as to ascertain their perception of characteristics required for managers to successfully lead strategic change initiatives. This was done against the backdrop of the theory, by using the characteristics identified in Chapter 4 as a basis for the measurement.

The next chapter will draw conclusions from the empirical results, as well as make recommendations based on the findings of this chapter.

## **CHAPTER 7**

### **CONCLUSIONS AND RECOMMENDATIONS**

INTRODUCTION	259
PROBLEMS AND LIMITATIONS OF THE STUDY	259
SUMMARY OF FINDINGS	260
RECOMMENDATIONS	267
FINAL CONCLUSION	271

### **LIST OF TABLES**

Table 7.1	Summary of results from questionnaire	264
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## **CHAPTER 7**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **7.1 INTRODUCTION**

The purpose of this final chapter is to reflect on the research project, and summarise the findings of the empirical component in order to see how the sub-problems have been solved. Besides highlighting the main findings, the problems that were experienced in the research process, and the limitations encountered, will be described. Finally, recommendations based on the findings will be presented.

#### **7.2 PROBLEMS AND LIMITATIONS OF THE STUDY**

There were no major problems in the execution of this study. However, the following minor problems relating to the collection of data were encountered:

- Not all the organisations identified as falling within the scope of the Eastern Cape Motor Industry agreed to partake in the study. However, nearly half of them did agree, and this population represented the major vehicle manufacturers as well as the smaller automotive component suppliers, so the researcher still believes that the sample was representative.



- There was a lack of cooperation and general no-care attitude when it came to completing the questionnaire, with the result that a low response rate was recorded. Even though the researcher used the Human Resources Manager (or another contact person) at each organisation to work through, in general the middle and first-level managers were reluctant to complete the questionnaires.

### 7.3 SUMMARY OF FINDINGS

In this section, the main problem and sub-problems are highlighted again, and added to that the actions which were taken to address them are described. The main findings of the empirical study are briefly discussed as well.

The main problem of this study was:

**What are the essential characteristics a leader in the automotive industry should possess in order to contribute optimally to the success of a strategic change process?**

The study was undertaken because of the demands of strategic change being placed on the automotive industry in recent times. Due to globalisation, technological innovation, and intense competition, change is essential for the survival and prosperity

of this industry. The pace of global, economic, and technological development in a dynamic environment makes change an inevitable feature of organisational life.

Goldratt (2001:32) is of the opinion that most managers recognise that in order to compete in today's increasingly competitive environment, it is essential that their organisation is continually improving. Organisational change calls for a paradigm shift and, whether it is welcomed or resisted, needs to be managed effectively.

Carnall (1999:105) states that managing change effectively requires an understanding of both what is and seems likely to happen and of how people react to change, and a skilful management performance. Leaders must take on more facilitative roles, as competencies in change management become critical to creating and sustaining effective organisations. Leaders need to encourage people to “collaborate, take risks, take responsibility and be accountable for the change process the organisation must continually undergo to maintain a leadership position in its industry”, according to Moran and Brightman (2000:3).

In order to resolve the main problem, sub-problems were identified and discussed in various chapters of this study. The sub-problems were as follows:

### **SUB-PROBLEM ONE:**

#### **What does a successful strategic change process entail?**

Chapter 2 summarised the literature study that was undertaken to identify the nature and characteristics of change. It also identified types and causes of change, and why change initiatives fail. It went on to show models of change and what the effects of change on the manufacturing industry are.

### **SUB-PROBLEM TWO:**

#### **What are the nature and characteristics of leadership?**

Chapter 3 addressed this sub-problem. The differences between management and leadership were explained, as well as the types of managers and their responsibilities. New managerial roles were discussed and also the skills for efficient management. Thereafter leadership was defined and the most common traits and competencies identified. This led to the identification of a generic set of leadership characteristics that were used as the basis for this study. The role of the leader in successful change management initiatives was discussed, as well as what effective leadership in the future will entail. Finally, challenges during times of change, and its effect on the South African automotive industry, were discussed.

### **SUB-PROBLEM THREE:**

**What demands does the strategic change process place on leadership, and what are the ideal leadership characteristics needed to contribute optimally to the strategic change process?**

Chapter 4 started off by explaining the necessity for change management and how change can be implemented successfully. The organisation's response to change (especially resistance of employees) was discussed in detail. The researcher then went on to identify the characteristics of effective change leaders and what the elements of a successful change management programme are. Finally, appropriate management activities for change were highlighted.

### **SUB-PROBLEM FOUR:**

**What are the predominant characteristics of leaders in the automotive cluster in the Eastern Cape region, and what is their perception of characteristics required for successfully leading strategic change?**

In order to resolve sub-problem 3, the results of the empirical study were reviewed to determine the characteristics of leaders in the automotive industry, and what they perceive the necessary characteristics to be in order to successfully manage change initiatives. For this purpose, the questionnaire contained the seven generic characteristics identified in Chapter 3, and respondents were asked to indicate, firstly,

whether they practice these activities on a regular basis with their employees, and secondly, which of these characteristics they would say are necessary for a manager to successfully manage a strategic change initiative. For ease of reference, Table 7.1 below shows a summary of the results received from the questionnaires.

**Table 7.1:** Summary of results from questionnaire (in %)

		<i>Male</i>	<i>Female</i>			
Question 1	Gender	64	36			
		<i>Asian</i>	<i>African</i>	<i>White</i>	<i>Coloured</i>	
Question 2	Race	10	4	60	26	
		<i>Manufact.</i>	<i>Wholes/retail</i>			
Question 3	Sector	67	33			
		<i>1 - 99</i>	<i>100 - 500</i>	<i>501 +</i>		
Question 4	Size	29	14	57		
		<i>Middle</i>	<i>First</i>			
Question 5	Position	55	45			
		<i>Planning</i>	<i>Organising</i>	<i>Leading</i>	<i>Controlling</i>	
Question 6	Time spent	20	20	20	20	
		<i>Yes</i>	<i>No</i>	<i>Unsure</i>		
Question 7	Possess skills	86	8	5		
Question 8	Identify change	89	11	0		
	Implement	94	6	0		
	Manage change	76	18	6		
		<i>Waste</i>	<i>Merit</i>	<i>No care</i>	<i>Positive</i>	<i>Successful</i>
Question 9	Opinion on change	3	16	0	62	19
		<i>Strongly agree</i>	<i>Agree</i>			
Question 10	Managing people	72	28			
		<i>Yes</i>	<i>No</i>	<i>Unsure</i>		
Question 11	Two-way comm.	100	0	0		
	Planning activities	76	15	9		
	Goal-setting	83	11	6		
	Feedback	95	0	5		
	Delegation	90	10	0		
	Work ethics	94	6	0		
	Set example	90	10	0		

Question 12	Continuous process	95	5	0		
		<i>For the better</i>	<i>No security</i>	<i>No stability</i>	<i>Stays same</i>	<i>Unsure</i>
Question 13	Disturbs equilibrium	78	14	5	0	3
		<i>Yes</i>	<i>No</i>	<i>Unsure</i>		
Question 14	Open to new ideas	100	0	0		
	Challenge old	95	5	0		
	Adopt new	100	0	0		
	Overcome resistance	100	0	0		
Question 15	Integral part	68	27	5		
Question 16	Globally competitive	91	0	9		
Question 17	Pressure to perform	3	97	0		
Question 18	Communication	86	14	0		
	Vision	81	19	0		
	Empowerment	86	14	0		
	Targets, feedback	84	16	0		
	Self-responsibility	100	0	0		
	Work culture	86	14	0		
	Role model	81	19	0		

An analysis of the results showed that all managers felt that they practice two-way communication on a regular basis, but only 86% of managers felt that this was a necessary characteristic for successful change management. All the respondents indicated that it is necessary to promote self-responsibility in subordinates and to offer continuous support, yet only 90% of them admitted that they practice this on a regular basis. For the other five characteristics the majority of respondents agreed that they practice it on a regular basis and that it is an important change management characteristic.

#### **SUB-PROBLEM FIVE:**

**How do the results in sub-problem 4 compare with the characteristics identified in sub-problem 3?**

The above results show that the generic characteristics identified in Chapter 3 is also applicable to change management initiatives, and that overall, the managers in the automotive industry are well prepared to successfully manage these initiatives. The empirical results further showed that managers' time is divided nearly equally between the activities of planning, organising, leading and controlling, but the leading activity, in general, took more of their time than the other three. An overwhelming majority of respondents felt that they possess the necessary skills to manage a change initiative effectively. When asked at what levels they are involved with the strategic change process in their company, 89% indicated that they are involved in identifying change initiatives, 94% said they are involved in the implementation of change action plans, whilst only 76% indicated that they are involved in managing the implementation of strategic change plans.

All respondents felt that they are able to create an environment in which their subordinates can open themselves to new ideas and concepts, challenge old assumptions (95%), adopt new assumptions, and overcome their resistance to change. The majority of respondents were positive towards the impact of change on their organisation, and all respondents agreed that managing change is about managing

people. Nearly all the respondents agreed that the strategic change process is a continuous one.

Only two-thirds of the respondents indicated that the management of strategic change initiatives are an integral part of their responsibilities, which is in line with the 76% that previously indicated that they are involved with the implementation of change action plans in their organisation. All but two of the 58 respondents indicated that managing change does not put them under pressure with the result that it undermines their performance, and a majority of 91% of respondents agreed that a globally competitive organisation is one in which the strategic change process is successfully managed.

#### **7.4 RECOMMENDATIONS**

In order to complete the study it is required that recommendations for the application of the research are offered and suggestions for further study in those areas analogous to the research problem made. The objective of this study was to identify the essential characteristics a leader in the automotive industry should possess in order to contribute optimally to the success of a strategic change process. In order to achieve this objective the researcher conducted an extensive literature survey, empirically determined both the characteristics of managers in the automotive industry and their



perception of the characteristics needed to successfully manage change initiatives, and concluded by presenting the results of the empirical study.

Based on the above, the researcher suggests the following recommendations regarding change leadership characteristics:

- When asked whether they thought they possessed the necessary skills to manage a change initiative effectively, 5 of the 26 first-level managers indicated that they did not think so or that they were unsure. This may indicate that these respondents were new to their positions, or that they simply have not attained the skill yet, in which case training or management development might be appropriate.
- Six of the 23 first-level managers that responded to the question of whether they are involved in the identification of change initiatives in their organisations, indicated that they are not involved at all; this against a total of 3 that indicated that they are, however, involved in the implementation of change action plans. This is a crucial element in reducing the resistance of staff towards the change initiative, and it will be beneficial for organisations to ensure that their managers who are closest to the staff on the ground have buy-in into the change initiative by getting them involved in the process from the beginning. It will be easier for them to implement the plan if they understand the necessity for it.
- A total of 9 out of 23 first-level managers indicated that they are not involved in the management of implemented change action plans, whilst all middle managers

indicated they are – this could possibly indicate that although the first-level managers are tasked with implementing the plan, they are not given the authority at the same time to manage it. A recommendation would be that the level of management that is involved with the implementation of a change plan is also the level that needs to manage the process.

- Eight out of the 58 managers indicated that they do not think that two-way communication is a necessary characteristic for a successful change manager. This is really the cornerstone characteristics of any successful manager, and one reason why the managers might feel this way is because they are not comfortable with interpersonal and communication skills. In a manufacturing environment many times “soft” skills (such as interpersonal and communication skills) are regarded as less important, but it is very necessary for successful change managers to practice this, and therefore Soft-skill Training is recommended for all management personnel.
- Nearly 20% of the respondents indicated that they do not think that creating a vision is an important change characteristic, and nearly 15% also indicated that they do not practice that activity on a regular basis. In order to drive a change initiative it is important to keep the vision in focus and expend all efforts in that direction. It is recommended that all levels of management are involved in the creation and maintenance of the organisation’s vision.
- A total of 16% of respondents did not agree that it is important to agree on targets with subordinates, monitor their performance, and give them feedback. This

correlates exactly with the 16% of respondents who earlier on indicated that they are not involved in managing the implementation of change action plans. Again, the recommendation is that all levels of managers are involved in the management of an activity they have been tasked to implement.

Lastly, during the course of this research, areas worthy of further research that are closely related to this study were identified. Therefore, further research in the following areas is recommended:

- Although the empirical part of this research was restricted to the automotive industry in the Eastern Cape region, similar surveys could be conducted in other geographical areas.
- Future surveys could include other aspects of strategic change, such as the implementation and management of strategic change.
- This study identified the characteristics needed to successfully manage a change initiative, and it would be beneficial to also investigate the appropriate management/leadership style that could be applied to managing change initiatives.

## **7.5 FINAL CONCLUSION**

The objective of this research study was to identify the essential characteristics necessary for the successful implementation of a strategic change initiative in the automotive industry in the Eastern Cape region. Having satisfied this objective by identifying seven generic characteristics, these were then tested against a sample of middle and first-level managers in the automotive industry. Overall, the conclusions that can be drawn from the results indicate that, in general, the managers in the automotive industry are well-equipped to implement strategic change initiatives, although attention can be paid to the skills of the first-level managers.

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## ANNEXURE A

**QUESTIONNAIRE ON LEADERSHIP AND CHANGE IN THE AUTOMOTIVE INDUSTRY**

Respondent number:

--	--	--

**\* Please make a cross (X) in the applicable numbered block in each question below, or fill in information in the open blocks as required. Thank you.**

1. Gender:

Male	1
Female	2

2. Race:

Asian	1
African	2
White	3
Coloured	4
Indian	5

3. Industry sector:

Mining	1
Manufacturing	2
Electricity, gas & water supply	3
Construction	4
Wholesale & Retail trade	5
Transport, storage & communications	6
Financial, insurance & real estate	7
Community, social & personal services	8
Agriculture	9

4. Size of organisation:

< 100 employees	1
100 - 500 employees	2
> 500 employees	3

5. What is your position in the company?

Middle Manager (unit/functional manager)	1
First-level Manager (Supervisor/Foreman)	2
Other (please specify):	3

6. What percentage of your week's working hours do you spend on the following managerial activities?

Planning	
Organising	

1-3

4

5

6

7

8-9

10-11

12-13



Leading	
Controlling	
	100%

14-15
16-17
18

7. Do you think that you possess the necessary skills to manage a change initiative effectively?

Yes	No	Unsure
1	2	3

8. At what levels are you involved with the strategic change process (current or past) in your company?

	Yes	No	Unsure
Identifying change initiatives	1	2	3
Implementation of change action plans	1	2	3
Managing of implemented change action plans	1	2	3

19
20
21
22

9. What is your opinion on the strategic change processes that are taking place/have taken place in your company?

They are a waste of time	1
They have some merit	2
I do not care about them	3
They can have positive influences	4
They are very successful	5

10. Please respond to the following statement:

**"Managing change is about managing people, and this demands knowledge of human motivation, how groups operate, and leadership."**

Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	2	3	4	5

23
----

11. Which of the following activities do you practice on a regular basis with your employees?

	Yes	No	Unsure
Two-way communication	1	2	3
Spend time on planning activities	1	2	3
Individual goal-setting and/or re-setting	1	2	3
Give positive/negative feedback	1	2	3
Delegation & follow-up on delegated tasks	1	2	3
Identify appropriate work ethics and principles	1	2	3
Set an example in achieving objectives	1	2	3

24
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12. Do you think the strategic change process is a continuous process?

Yes	No	Unsure
1	2	3

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13. Do you think that change disturbs the stability/equilibrium in a company?

Yes, for the better	1
Yes, it takes away a feeling of security	2
No, there is never stability/equilibrium in a company	3
No, things always stay the same	4
Unsure	5

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14. In your opinion, are you able to create an environment where your subordinates can do the following?

	Yes	No	Unsure
Open themselves to new ideas and concepts	1	2	3
Challenge old assumptions	1	2	3
Adopt new assumptions	1	2	3
Overcome their resistance to change	1	2	3

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15. Is the management of strategic change initiatives an integral part of your responsibilities?

Yes	No	Unsure
1	2	3

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16. Would you say that a globally competitive organisation is one in which the strategic change process is successfully managed?

Yes	No	Unsure
1	2	3

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17. Does managing change put you under pressure with the result that it undermines your performance?

Yes	No	Unsure
1	2	3

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18. Which of the characteristics below would you say is necessary for a manager to successfully manage a strategic change initiative?

	Yes	No	Unsure
Communicate with and care for subordinates	1	2	3
Own, maintain and feed the company's vision to subordinates	1	2	3
Empower subordinates to follow their goals, and recognise success	1	2	3
Agree on targets with subordinates, monitor performance, and give feedback	1	2	3
Promote self-responsibility in subordinates and offer continuous support	1	2	3
Set a work culture by sharing objectives and values with subordinates	1	2	3
Diagnose ineffective actions, assume responsibility, and act as role model	1	2	3

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**THANK YOU FOR YOUR COOPERATION!**

## ANNEXURE B

October 2007

Dear respondent

Re: Questionnaire

I would like to take this opportunity to thank you for assisting me in the empirical component of my Doctoral study on leadership and strategic change in the automotive industry. Please complete the attached questionnaire and e-mail back to me ([sanettea@hotelschool.co.za](mailto:sanettea@hotelschool.co.za)) or post a hard copy to P.O. Box 50369, West Beach, 7449. The questionnaire should not take you more than 10 minutes to complete, is completely confidential (you are not asked to fill your name in), and will assist me greatly in drawing conclusions and making recommendations for my study. Please answer all questions as honestly as possible.

Should you be interested in receiving a copy of my findings, please let me have your e-mail or postal address, and I will make sure that you receive a copy towards the end of the year. You will find a brief description of the topic on the following page, just to give you some background to the study. This will assist you in understanding the questions that are asked in the questionnaire. Please do not leave any questions out, choose an option that is closest to how you feel – where there is an “Unsure” option, this can be ticked should you really not be able to answer yes or no.

I trust that you will assist me in this research, as I see it as being very important for the continued advancement of the automotive industry. Thank you very much for your cooperation in this regard.

Yours sincerely,

Sanette Angloher  
(NMMU Doctoral student)

Tel. 021 555 6000 (w)  
Fax. 021 555 6020  
E-mail: [sanettea@hotelschool.co.za](mailto:sanettea@hotelschool.co.za)

## **AN EVALUATION OF LEADERSHIP CHARACTERISTICS REQUIRED TO MEET THE DEMANDS OF A STRATEGIC CHANGE PROCESS IN THE AUTOMOTIVE CLUSTER IN THE EASTERN CAPE REGION.**

Technological innovation, whether it is the product, itself, or the process of its production, is the engine which drives economic, social, and organisational change. According to du Toit (2000:8), technological differences within industries are becoming less important in terms of competitive advantage while the aspects of business that appear to be the greatest contributors to sustained competitive differential are, amongst others:

- Strategic insight
- A bias for action
- Excellent communication with all stakeholders
- An ability to embrace change

It is this last contributor that places strain on the leadership in an organisation. Du Toit (2000:8) states that every organisation and its leadership have its own history, experiences, place in its market and knowledge base of successes and failures. This leadership strives to read the nature and impact of the rapidly changing world on the organisation and sets out to attain dynamic, moving goals.

Du Toit further argues that in order to succeed, leadership must create an environment that is conducive to operating in a state of paradox, dynamic change and true empowerment. Moran and Brightman (2000:1) is of the opinion that mastering strategies for managing change is more important today since the rate of change is greater than at any time in history. The success of the individual organisation will remain critically dependent on its ability to compete. Increasingly competition is becoming global. The automotive industry is an example of this because foreign manufacturers operating in South Africa are importing their products into the country at prices that are lower than those that are locally manufactured or assembled.

Planning, implementing and coping with change is one of the main challenges facing modern managers. Ultimately, managing change is about managing people, and this demands knowledge of human motivation, how groups operate and leadership (Moran & Brightman, 2000:1). The leaders of tomorrow will be those who have seized the opportunities that change brings.

Carnall (1999:9) is of the opinion that the process of developing, implementing and managing strategic change in an organisation has become a key management challenge in the modern world. This process can also be called the strategic management of change, as the results of a strategic planning process will be the input to the strategic change process, or simply change management.

There has never been an age in which change did not take place. Today there is an increase in the unpredictability of many of the factors that cause organisations to change, and an increase in the speed with which organisations have to respond in order to stay in the game. Many organisations appear to be in an almost continuous state of change, as in the case of technological manufacturing industries, such as the automotive industry. The management of this change process is one of the key factors that distinguish the successful from the less successful organisations.

This research will set out to determine the demands of the strategic change process on leadership, and will identify the characteristics most conducive to the successful management of change in an organisation.

The automotive industry will be used as a sample to establish the above, as it has to cope with change at a rapid rate. The reason for this is twofold: Firstly, over the past two decades, the introduction of new technology has been one of the most common and important forms of organisational change. Secondly, managers operate increasingly in product markets that are global in nature and that are characterised by shifting competitive and technological advantages. Because of stiff global competition, the need for company-transforming decisions in the automotive industry is spreading.