If people want to change their environment, they need to change themselves and their actions – not someone else…Problems that never get solved, never get solved because managers keep tinkering with everything but what they do.

(Weick, 1979:152).
THE APPLICATION OF PASCALE’S CONSTRUCTIVE ‘CONFLICT PARADIGM’
TO CONSIDER TRANSFORMATION EFFORTS AT A SELECTED BANK, WITH
PARTICULAR ATTENTION TO THE ATM DIVISION

BY

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DECLARATION

“I, Gary Keith Coetzer, hereby declare that:

1. This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

2. This dissertation is being submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration.

3. This dissertation is the result of my own independent work/investigation, except where otherwise stated. Other sources are acknowledged by complete referencing. A reference list is attached.

4. I hereby give consent for my dissertation, if accepted, to be available for photocopying and for interlibrary loan, and for the title and summary to be made available to outside organisations.”

Signed: ........................

Date: 22 January 2001.
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SUMMARY

In applying Pascale’s (1990) constructive ‘conflict paradigm’ to consider transformation efforts at a selected bank, this study argues that transformation could be sustained if the organisation were to self-reflect on the paradoxes that are generated when constructive conflict is encouraged. Underlying this supposition is the notion of “disequilibrium” which supports creative tension within organisations and prompts inquiry and dialogue, leading to the new. Sustaining disequilibrium allows an organisation to develop the “requisite internal variety” in order to meet the challenges in its environment. Key to encouraging this form of organisational resilience to its environment is the nature of the organisation’s culture or context. Johnson’s (1998) “cultural web” is used to analyse the culture of the selected bank and “re-map” the culture in line with the bank’s transformation strategies. Pascale’s seven domains of contention are applied with particular emphasis on the ATM division in order to develop a profile of conflict in the organisation.
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CHAPTER 1

GENERAL INTRODUCTION AND PLANNING OF THE STUDY

1.1 A brief background to the main problem

_In Search of Excellence_, an important work by Peters and Waterman, was published in 1982. It based its findings on a study of forty-three “excellent” companies in the United States, all of which for twenty years had demonstrated superiority over competitors as measured by various financial yardsticks; each had been an industry leader in innovation and adaptability.

Only five years after the book’s publication, two-thirds of the companies studied had fallen from grace. Of the original forty-three, only fourteen were, in 1990, still regarded as “excellent” (Pascale, 1990:16).

This lead Pascale (1990) to question the conventional parameters that are used to identify and measure success. Pascale (1990:16) says that “[w]e can, of course, learn from excellent companies, but how to learn from them is far more complicated than might first be supposed”.

According to Watson (1994:13-14), the most significant effect of _In Search of Excellence_, has been to encourage in the language of modern managers, the use of such concepts as “corporate culture”, “changing the culture”, and
“managing through values”. This new culture-excellence style of thinking can also be seen as a partial return to some of the more humanistic concepts of management practice associated with, for instance, McGregor (1960) and Likert (1961) in the 1960s.

Peters and Waterman (1982) also criticised the dominant ‘rational/analytic model’ of thinking which characterised American business, for having encouraged “paralysis-induced-by analysis”, thus leading to inflexibility and inability to innovate through experimentation. The implication of In Search of Excellence was that we need to manage through broad values and culture, rather than through detailed plans and tight rules, for the world is too unpredictable and ambiguous a place for these latter methods of control to be viable.

Pascale (1990:23) suggests that our current managerial paradigm (or mindset) is therefore inadequate. Thus, we have no basis for our confidence that we know how to manage a firm in a fashion that sustains its vitality and that engenders adaptation. Pascale (1990) posits the use of constructive conflict as a means of fostering organisational vitality and adaptation.

In South Africa, Nova Bank an imaginary name given to the firm selected for this study, declined in competitiveness to such a degree that by 1996 it was experiencing cost-to-income ratios of close to 70 percent, thus forcing the
organisation to undertake major restructuring (*Circular to staff*, December 1996). Transformation efforts were revitalised a few years later, when Nova Bank merged with Ryland Bank (imaginary name) to become part of the Ryland Bank Holdings group.

Assuming that the mechanisms identified by Pascale’s (1990) research as sustaining success for firms in other countries are no different for those in South Africa, the scenario sketched for Nova Bank leads to the formulation of the main problem which will be addressed by this research:

How can transformative, constructive conflict be sustained at Nova Bank?

1.1.1 Sub-problems

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

- What are the transformational leadership issues that support constructive conflict?
- What are the obstacles to transformation and how can constructive conflict overcome these?

Based on the statement of sub-problems, the following issues emerge as areas of focus in this study:

- Interpersonal relations between managers and subordinates.
- Style of management.
• Empowerment of employees.
• “Soft” and “hard” aspects of the organisational culture.
• Mental models or “theories-in-use.”
• Organisational stability and “resilience.”
• Leadership.

1.2 The significance of the research

The research is unusually subtle in that it attempts to reconcile a “hard minds” managerial approach with a “soft minds” approach. A hard-minded emphasis on profitability only, more often than not spawns a short-term focus, and fosters organisations that treat their employees like robots. A common trait of hard-minded values is that they are linked to goals that are unambiguous and quantifiable. Realising them is often tied to the compensation of senior managers (Pascale, 1990:77; Ouchi, 1981:33-34).

In contrast, “soft-hearted” values are intangibles that pertain to higher-order ideals affecting employees (e.g., treating them with respect and dignity), customers (e.g., fairness), and society (e.g., making a social contribution). These are often treated with scant regard. Soft-hearted values are essential because they act as counterweight to tangible financial (and other such concrete) goals to which all else is sacrificed (Pascale, 1990:77; Ouchi, 1981:33-34).
These polarities are not so much dichotomies as two sides of the same coin. So often people tend to divide them into separate categories. A lack of imagination could prevent a person from doing both at the same time. This research attempts to describe a participant observer’s view on how a new managerial mindset could emerge to embrace this paradox in the organisational setting of the Automatic Teller Machine (ATM) division.

1.3 The context and aims of the study

People like Koopman (1991), a former managing director of Cashbuild, together with some scholars (Koopman, Nasser & Nel, 1987) who describe cultural transformation at Cashbuild and Du Toit (1996), who investigated the cultural change process at the University of Port Elizabeth, have provided important empirical knowledge relevant to the cultural context of organisations in South Africa. Given that “soft issues” such as cultural change usually merge around a zone of uncomfortable debate, it is understandable that these difficult issues have taken some time to be acknowledged as playing a significant role in organisations. Political overtones generated within the macro-culture by the country’s tumultuous history could have played a role in excluding this debate and shaping the complexion of organisational cultures in South Africa.

In this context it would therefore appear to make sense if banks in South Africa were not considered by many people, including their own staff, to be overly sensitive to the “soft” or “people issues” in their organisations. With or without
justification, banks are also criticised by the media and public for being greedy, lacking customer service ethics, and their staff, especially the managers, for being unapproachable and aloof to customer needs.

The aims of the research project would therefore be to highlight the relevance of cultural transformation in Nova Bank with the purpose of clarifying the organisation’s view of the challenges in its environment. Pascale’s constructive “conflict paradigm” would serve as the point of departure in this clarification process. These are also the professed aims of Ryland Bank, which are to transform the culture and structure of Ryland Bank Holdings’ group.

1.4 Research methodology used in the study

In this section a broad outline of the methodology that was followed in the study is described. It consists of a literature survey and an empirical study.

1.4.1 Literature survey

The Seven-S model, described by Pascale (1990), provides a comprehensive, theoretical perspective on the dynamics of conflict in organisations. Johnson’s (1998) cultural web, and the techniques of cultural mapping and re-mapping assist in identifying the forces that either block or facilitate change in organisations.
1.4.2 Empirical study

The empirical study consists of:

(a) Capability studies

An assessment was made of the existing unpublished results from Capability studies conducted among all Ryland Bank Holdings’ employees. These questionnaire surveys are exercised on a quarterly basis. The questionnaires explore staff views on the organisation’s capability in matters such as, culture, communication, change implementation and job structures.

(b) Analysis of the answers to an adapted questionnaire

Using a questionnaire adapted from Thomas (2000) and Du Toit’s (1996) questionnaire, the researcher was able to survey ideas and opinions in the bank’s ATM division in Port Elizabeth. This source enabled the researcher to map and re-map the culture in the organisation. The methodology used in administering the empirical survey is discussed in more detail in chapter 4.

(c) Content analysis of documents and documentary data

Information was gathered from internal documents relating to the organisation’s management history and policy statements such as its strategic plans.
(d) Participant observation

Being a staff member of Ryland Bank, the technique of participant observation was used. Many authors have noted the reactive effects relating to problems of bias and validity in the participant-as-observer role. For example, Vidich (1969: 71) calls attention to the possible distorting effects of selective perception and interpretation on the observer’s part.

Dalton (1967:87) finds that the intimacy of participant observation not only allows the investigator to impute motives more correctly, but also enables him to avoid pointless questioning and to get at the best informed respondents when he needs them later in the research. The researcher has time to build superior rapport before he asks disturbing questions; and his approach is sufficiently flexible to permit him to wait and see what the critical research questions are. In many cases, the established researcher is able to gain access to sensitive material that the more peripheral investigator usually never reaches.

According to Rosen, quoted in (Watson, 1994:6), the participant observer is an

...ethnographer [who] lives among the subjects and tries to learn the subjects’ rules for organisational life, to interact with them for a frequency and duration of time sufficient to understand how and why they construct their social world as it is and explain it to others.
To counteract a possible bias in the researcher’s views, his observations are tested in the empirical survey. The results of the literature survey and the empirical approach will be integrated into the network of the Seven-S model and the cultural web in order to develop a profile of conflict in the ATM division.
1.5 Contents and structure of the study

The study consists of the following chapters:

Chapter 1: General introduction and plan of the study

In this chapter the main problem investigated in the study was stated as being the need to determine how transformative, constructive conflict could be generated and sustained at Nova Bank in order to foster the organisation’s vitality and adaptability.

Chapter 2: Theoretical perspective

This chapter discusses the main concept or theoretical basis of the study. The aim is to integrate theory with practice on an ongoing basis. Thus for instance, a discussion of the Seven-S model and the cultural web included the researcher's own observations of the situation in the organisation.

Chapter 3: Organisational background and development of the ATM division

This chapter describes the organisation’s development linked to strategic concerns identified by its top management. The process is clarified by relating it to the theory of organisational evolution, Pascale's ideas on constructive conflict, and Mintzberg’s configurations in (Mintzberg, Quinn and Ghoshal, 1995).
Chapter 4:  Dynamics of the local branch: an empirical study

Using the 7-S framework as guide, this chapter describes the researcher’s own perceptions of the cultural context, particularly as it relates to constructive conflict in the ATM division. The information gathered from adapted questionnaires enabled the researcher to describe the existing and preferred culture in the division, and also enabled him to map and re-map this culture according to Johnson’s (1998) “cultural web.”

Chapter 5:  Conclusion and recommendations

According to Goss, Pascale, and Athos (1993:105), an organisation that has a clear understanding of its own assumptions about the past is often motivated to change the context in which it exists. This would require a shift in the organisation’s being and a powerful vision of the future. Reinvention therefore entails creating a new possibility for the future, one that past experience and current predictions would indicate is impossible.

The goal of this research project is to clarify some of these identity assumptions in Nova Bank and to suggest an approach for creating a new organisational context.
CHAPTER 2

THEORETICAL PERSPECTIVE

2.1 Introduction

In this chapter the theoretical basis or main concept of the dissertation is discussed. Selected concepts that are important in clarifying Pascale’s views on constructive conflict are defined, and an outline and discussion of the 7-S framework is provided. The significant role that culture plays in organisational life is clarified by the researcher’s use of the cultural web to map the culture in Nova Bank.

2.2 Definition of the selected concepts underlying Pascale’s approach

The researcher identified seven concepts underlying Pascale’s constructive conflict approach. These are fit, split, contend, transcend, disequilibrium, paradox and mental models.

2.2.1 Fit

According to Pascale (1990:24) and Porter (1996:70), “fit” pertains to an organisation’s internal consistency (unity). When an organisation hangs together, when its strategy is reinforced by its organisational structure, and this, in turn, is supported by its measurement and reward systems, its
style, its values, and so on, then the resulting coherence contributes greatly towards focus.

Expressed in Ryland Bank’s Business Philosophy is the important precept that the organisation should assume customer focus. This would entail that all business units synergise their efforts towards achieving the set goal. To facilitate the process, retail banking is being structured so that ‘back office’ activities aimed at serving an administrative focus is split off into operational centres, thus allowing banking halls to become areas for cross selling at seated service points i.e., customer focus (Circular to staff, January 1999).

2.2.2 Split

“Split” describes a variety of techniques for breaking a bigger organisation into smaller units and providing them with a stronger sense of ownership and identity i.e., diversity. Common among such techniques are the decentralised profit centres envisioned by Ryland Bank. Typically these entities are assigned responsibility for specialised products and markets (Pascale, 1990:24). Split is the process of ‘chunking’ units of the organisation into small, manageable profit centres that will have control over their revenues and costs and run as a business.

2.2.3 Contend
Fit contributes to coherence – but too much of it risks overadaptation. Split helps instill vitality and focus – but too much of it diffuses energy. That is where the third factor, “contend”, enters the equation. Contend draws attention to the presence and value of constructive conflict. The FID (facts, information, debate) and Decision-Making Mode processes espoused by Ryland Bank’s Business Philosophy are management tools that harness (rather than suppress) the contradictions that are inevitable by-products of organisations. The business philosophy was introduced in the organisation with the purpose of encouraging pervasive practical debate of business case scenarios. Organisations are, in the final analysis, interactions among people. These interactions therefore generate disagreements of one type or another (Pascale, 1990:24,49).

For the purpose of this study, contend will be defined as constructive interaction among members of an organisation with regard to perceived contradictions within their organisation and its environment.

2.2.4 Transcend

The term “transcend” is described as:

An approach toward management that can cope with the complexity entailed in orchestrating fit, split, and contend. This is not just an incremental increase in the difficulty of the management task. It requires a different mindset. It looks to the tension (or dynamic synthesis) between contradictory opposites as the engine of self-renewal. It is predicated on the notion that disequilibrium is a better strategy for adaptation and survival than order and equilibrium (Pascale, 1990:24).
In this study, transcend is defined as a management process requiring a new mindset in order to synthesise contending opposites in the organisation and thus ensure self-renewal.

2.2.5 Disequilibrium

Stability is assumed to be beneficial. When disruption occurs, an intuitive managerial response is generally to impose order as quickly as possible. Organisations are structured to reduce ambiguity; systematic procedures and a variety of other formal and informal mechanisms are employed to provide focus and coherence (Katz & Kahn, 1966; Miller & Rice, 1967).

However, according to Pascale (1990) and Stacey (2000), analogies to the natural sciences suggest that the most beneficial course of action to ensure long-term survival would be to foster disequilibrium. Far better than stability, Pascale (1990:109) suggests, is the attribute of resilience.

*Stability* can be defined as the capacity of a system to return to equilibrium after it has been disturbed; the more rapidly it returns, the less it fluctuates and the more stable it is. Resilience may be viewed as a “measure of the persistence of a system and its ability to absorb change and disturbance and still maintain the same relationship with other entities in its
ecosystem” (Smith, 1984:275). Resilience entails an adaptive strategy, not a stabilising one.

Pascale (1990:109) therefore concludes that these latter conditions more closely resemble today’s competitive situation. The picture emerging from the natural sciences suggests that for an entity to survive, it must not only be in relation to its environment (i.e., the earlier discussed notion of “fit”), but it must be ever-vigilant and adaptive.

Pascale (1990:53) posits seven contentions (based on the 7-S framework) that lead to the disequilibrium and creative tension that prompts enquiry. Inquiry and dialogue lead to the new. The seven contentions are:

- planned versus opportunistic strategy
- elitist versus pluralist structures in the organisation
- mandatory versus discretionary systems
- managerial versus transformational style of leadership
- individuality versus collegiality in the treatment of staff
- hard minds versus soft hearts in terms of shared values
- maximise (making more efficient, earning more profit from doing the same thing better) versus ‘meta-mise’ (transforming the problem or opportunity into the creatively new).

2.2.6 Paradox

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Paradox serves us by setting up polar opposites and affirming both sides. Two factors, mutual exclusivity and simultaneity, are essential for a genuine paradox.

Paradoxical qualities within an organisation have value because they force people to think outside the box, and to break away from convenient categories and patterns. The puzzle in a paradox serves as an impulse; it energises our minds to transcend the puzzle in search of a reconciling insight (Elbow, 1986; Pascale, 1990:110).

Peters and Waterman’s (1982) analysis of corporate performance in America suggested that excellent firms possess a variety of paradoxical characteristics such as simultaneous loose and tight controls, productivity through participation along with a bias for action (non-participation), autonomy and entrepreneurship along with “sticking to the knitting,” and so on. They concluded that excellent companies have learned how to manage paradox (1982:91).

According to Stacey’s (1993:245) “chaos theory” of organisation:

All organisations are paradoxes. They are powerfully pulled towards stability by the forces of integration, maintenance controls, human desires for security and certainty, and adaptation to the environment on the one hand. They are also powerfully pulled to the opposite extreme of unstable equilibrium by the forces of division and decentralisation, human desires for excitement and innovation, and isolation from the environment. If the organisation gives in to the pull to stability it fails because it becomes ossified and cannot change easily. If it gives in to the pull towards instability it
disintegrates. Success lies in sustaining an organisation in the borders between stability and instability. This is a state of chaos.

2.2.7 Mental models (paradigms)

Senge (1990:174) says that the best ideas and brilliant strategies fail to get put into practice by organisational decision makers, “...because they conflict with deeply held internal images of how the world works, images that limit us to the familiar ways of thinking and acting.” Our “mental models” (paradigms) determine not only how we make sense of the world, but how we take action. Argyris (1993:20) claims that people, although not always behaving congruently with their espoused theories, (i.e., what they say), do behave congruently with their “theories-in-use” (mental models).

Stated positively, in this study mental models will be defined as the most fundamental social and ideological assumptions that hold a group of people together and binds them in such a way that they can act purposefully. Stated negatively, mental models will be defined as the process of collective suppression of countervailing evidence.

2.3 The Seven-S model

The 7-S model was formulated by Pascale and Athos (1981), and Peters and Waterman (1982), together with the clients and consultants of Mckinsey & Company. The model is a framework of management that blends thinking about
style, skills, staff, and shared values with notions of strategy, structure, and systems into an interdependent, reinforcing network. The main features of the model are summarised in Figure 2.1.

The original diagramme, as illustrated in Figure 2.2, has superordinate goals (shared values) in the centre. These are what integrate, strategy, structure, and systems with style staff, and skills.
**Figure 2.1 The Seven-S model**

**Strategy**  Plan or course of action leading to the allocation of a firm’s scarce resources, over time, to reach identified goals

**Structure**  Salient features of the organization chart (i.e., functional, decentralized, etc.) and how the separate entities of an organization are tied together

**Systems**  Proceduralized reports and routinized processes (such as meeting formats) etc.

**Staff**  “Demographics” descriptions of important personnel categories within the firm (i.e. engineers, entrepreneurs, MBA’s, etc.). “Staff” is not meant in line-staff terms

**Style**  Characterization of how key managers behave in achieving the organization’s goals; also the cultural style of the organization

**Shared values**  The significant meanings or guiding concepts that an organization imbues in its members

**Skills**  Distinctive capabilities of key personnel and the firm as a whole

*Source: Adapted from Pascale (1990:42).*

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**Figure 2.2 The McKinsey Seven-S diagramme**

[Diagram showing the Seven-S model with nodes for Strategy, Structure, Systems, Superordinate, Staff, Skills, and Style, connected by arrows to represent the interrelationships.]
We are at the beginning of a “strategic era”. The silicon chip is to our time what the steam engine was to the industrial revolution. This means that we are awash with information; uncertain, ambiguous, imperfect information from which we have to make and assert our own meaning, which we then offer to customers. But meanings can only be generated if we create harmony and coherence – the Japanese call it _wa_, among all seven “S”s. The strategy has to be one for which the systems are in place and which the organization’s structure is capable of delivering. Staff must be capable of working the strategy through and must have the skills to learn through it and from it. This, in turn, will require the appropriate management style. The whole is orchestrated by superordinate goals to which all employees commit themselves, often using spontaneously improvised means of realizing these. The totality constitutes the organization’s culture, a pattern which is more or less harmonious.

However, corporate cultures are not usually harmonious. A very common condition is tension or conflict between what Athos calls “the cold triangle” and “the warm square.” (see Figure 2.2). The cold triangle consists of strategy, structure, and systems, while the warm square consists of staff, skills, style, and superordinate goals. A harmonious corporate culture succeeds in reconciling a “hard minds” (cold triangle) managerial approach with a “soft minds” (warm square) approach (Hampden-Turner, 1990:209-210).

### 2.3.1 Synthesising cold triangles and warm squares

Referring to the 7-S framework, Athos in Hampden-Turner (1990:211), says that an organisation works by the levers with which top people are comfortable and
would prefer to pull. He says they “pull” strategy, structure, and systems far more often than they “pull” the other elements in the framework. These other elements are typically given lip service and assigned to less influential departments such as personnel.

The results of Capability studies (October 2000) conducted among all employees in the bank indicate that the Ryland Bank Holdings Group may be characterised as one which focuses only on pulling the levers of ‘hard’/external aspects of the business at the expense of the ‘soft’/internal aspects. In placing its major energies on the market and external environment, the Group appears to be losing sight of its internal resources.

According to Greiner (1998:55-67), the tendency to focus only on pulling the ‘hard’ levers of the organisation may be because this approach had worked for it in the past. But as Greiner points out, each phase or evolutionary stage of the organisation is followed and preceded by a revolution or crisis stage which requires its own unique, creative response.

One of the phases identified by Greiner is that of “direction” which involves a period of sustained organisational growth in which a functional structure is introduced and communication becomes more difficult as the hierarchy of titles
and positions grows. A "crisis of autonomy" emerges as lower-level employees find themselves restricted by a cumbersome and centralised hierarchy.

During the phase of “direction” Nova Bank applied the necessary creativity that enabled it to become a market leader in South Africa. In order that the organisation moves on to its next evolutionary stage, it must find a new solution to the problem that has emerged and not simply follow the solution that had worked in the past. To a great extent the bank has already achieved success in its efforts to overcome this problem of autonomy by pulling all the aforementioned ‘hard’ levers of organisational design. This is particularly evident in the growth and development of profit centres (still to be discussed) which encouraged a considerable degree of staff autonomy and a sense of ownership in their business units (Ryland Bank Annual Report, 1999). However, no corresponding emphasis has been placed on the so-called ‘soft’ or people development issues within the organisation. A creative response to these issues would require reflective introspection, a tendency as Argyris (1992) and Kotter (1996) point out, most successful companies are loath to engage in. Kotter (1996:27-29) claims that success tends to lead to an “overmanaged, underled” corporate culture where honest self-analysis in the search for solutions is not encouraged.

It is argued, for the purposes of this study, that the coherence needed to generate meaning in an information era is less likely if there are only three levers to pull rather than seven, and if the human side of the enterprise is largely
neglected. This dissertation therefore asserts that excellent organisations have managed to synthesise cold triangles and warm squares. These firms combine tightness with looseness, competition with cooperation, top-down direction with bottom-up participation, and productivity achieved through people (Peters & Waterman, 1982).

The next section deals with the complex issue of corporate culture.

2.4 What is culture?

Hill (1999:79) defines culture as “a system of values and norms that are shared among a group of people and that when taken together constitute a design for living.” By values are meant: “…abstract ideas about what a group believes to be good, right, and desirable [i.e]…how things ought to be.” By norms are meant: “…the social rules and guidelines that prescribe appropriate behavior in particular situations.”

It is important to distinguish between the broader culture of the nation, and culture inside the organisation. The first is called the “macroculture” and the second “corporate culture”. This research discusses the corporate culture.

2.4.1 Corporate culture

Corporate culture is a wide area of discourse. This study therefore attempts to capture its essence by firstly, contrasting predominant managerial approaches as
part of a particular mental model or “mindset” and secondly, contrasting a set of espoused shared values in Nova Bank with its enacted values. The compilation of observations demonstrating enacted values in the bank, was conducted by the researcher himself using Johnson’s (1998) “cultural web” and is reported on in section 2.4.2.

(a) Managerial mindsets

For Pascale (1990) the point of departure is that an existing managerial mindset (or paradigm) is inadequate. He says that when assessing the limitations of an old mindset, and puzzling over what a radical new mindset might contain, the Japanese managerial approach affirms its superiority over the predominant Western style. Contrasting notions of scientific management (as described by Taylor in 1915) and the modern thinking underlying Japanese management amplifies this point. Taylor once wrote:

Hardly a competent workman can be found who does not devote a considerable amount of time to studying just how slowly he can work and still convince his employer that he is going at a good pace. Under our system a worker is told just what he is to do and how he is to do it. Any improvement he makes upon the orders given to him is fatal to his success (Pascale, 1990:27).

Compare Taylor’s words, which accounts for the dominant situation in many modern firms, with those of Konosuke Matsushita – founder and, until his death, leader of one of Japan’s largest firms, Matsushita Electricity Ltd – and the hidden mindset becomes discernible:

We are going to win and the industrial West is going to lose out; there’s not much you can do about it because the reasons for your failure are
within yourselves. Your firms are built on the Taylor model. Even worse, so are your heads. With your bosses doing the thinking while the workers wield the screwdrivers, you’re convinced deep down that this is the right way to run a business. For you the essence of management is getting the ideas out of the heads of the bosses and into the hands of labour. We are beyond your mindset. Business, we know, is now so complex and difficult, the survival of firms so hazardous in an environment increasingly unpredictable, competitive and fraught with danger, that their continued existence depends on the day-to-day mobilization of every ounce of intelligence (Pascale, 1990:27).

The researcher considered whether the Taylorist managerial model is the dominant mindset in Nova Bank. This will be further discussed in section 2.4.2 and in chapter 4.

(b) Shared values

A managerial model is supported by a system of shared values. Deal and Kennedy (1982) suggest that shared values affect organisational performance by acting as an informal control system that tells people what is expected of them. More specifically, shared values affect performance in three main ways:

- Managers and others in the organisation pay particular attention to whatever is regarded as being important in the corporate value system.

- Managers lower down the line make better decisions because they are guided by their perception of the shared values.

- People work harder because they are dedicated to the cause.

According to top management views, Nova Bank is attempting to transform its old culture by encouraging a new set of values and actions in the organisation.
These values range from individuality to community focus (Table 2.1). Their corresponding set of desired actions are respect for individual differences.

Table 2.1  A new set of desired values and actions in Nova Bank

<table>
<thead>
<tr>
<th>VALUE</th>
<th>SUGGESTED ACTIONS</th>
</tr>
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| Individuality     | • Always respect the unique differences of people  
|                   | • Encourage colleagues to think and act differently to achieve better results  
|                   | • Dare to be different  
| Respect for ideas | Ideas are welcome  
|                   | • Never stand in the way of a good idea  
|                   | • Take responsibility for bringing new ideas to the organisation  
|                   | • Challenge the old way of doing things  
|                   | • Share information and accept new ideas (each of us is a teacher and a student)  
|                   | • Invite customers to be critics  
| Family            | • Colleagues are Nova Bank family members – they need support, encouragement and help  
|                   | • Treat everyone with care and consideration  
| Nurturing and Supporting | Everyone is important  
|                   | • Everyone, without exception, deserves to be treated with dignity and respect  
|                   | • Encourage and motivate others to make all staff and customers feel special  
|                   | • Train and support fellow staff members whenever possible  
|                   | • Encourage and give recognition to colleagues when a job is well done  
| Hospitable        | Welcome our customers with warmth and courtesy  
|                   | • Treat every customer as a guest  
|                   | • Make each customer feel special  
|                   | • Know the answers to questions [or find the answer if you don’t]  
|                   | • Focus on sensible, simple solutions to improve a customer’s financial life – every experience should end in a helpful solution  
| Down to earth     | Simple rules that work  
|                   | • Reduce complexity wherever possible –  
|
Community focus at the point of contact, in our communication and in our processes

- Look for ways to add value for somebody
- Know what is important in your community and be a champion for it

Source: Adapted from Nova Bank News (September 2000).

divergent thinking and respect for differences in the case of individuality and adding value and support in the case of community focus.

2.4.2 The cultural web

A desired set of professed values and actions are not very useful to an organisation if there are blockages in its existing culture preventing the transformation. As Argyris, Putnam, and Smith (1985) have argued, the values the organisation espouses may in fact be in contradiction to its basic assumptions or “theories-in-use.” Therefore, it is not possible to discern an organisation’s culture from an examination of its values.

The “cultural web” (Johnson, 1998) can be used as a descriptive and analytical device to understand the relationship between strategy and the enacted and espoused organisational culture. The purpose of “cultural mapping” (discussed next) is to highlight blockages to implementing strategy and stimulate thinking about means of implementation.

(a) The value of cultural mapping

There are a number of purposes to mapping organisational culture:
It disturbs the status quo by questioning that which is taken for granted; thus bringing to the surface issues which were never challenged. If the taken for granted is never challenged, change would be difficult to effect.

- It exposes barriers to change.
- It identifies linkages in organisational culture that are resistant to change.
- It provides a basis to explore any changes that need to occur in order to deliver a new strategy.
- This, in turn, can be used to consider whether the changes identified can be managed. In this way practical ideas for implementing strategic change can be developed (Johnson, 1998:139).

(b) Components of the cultural web

According to Johnson (1998:137) a cultural web consists of a number of components. These are: the paradigm, stories, symbols, rituals and routines, power structures, control systems, and organisational structures.

(1) The paradigm

The researcher posits the view that operating cultural assumptions in Nova Bank, and particularly ATM division are broadly supported by O'Toole’s (1995:87) summation of the characteristics of ‘command-and-control’ leadership in non-crisis situations. These characteristics are as follows:

- People are by nature evil and self-interested; therefore, they must be controlled.
• Progress comes from discipline, order, and obeying tradition.
• Order arises from leadership.
• There can be only one leader in a group.
• The leader is the dominant member of the group.
• Dominance is based on levels of testosterone (high levels of which translate into a willingness to make tough decisions).
• Leadership is the exercise of power.
• Any sign of weakness will undercut the leader’s authority.
• Might makes right (the leader is, by definition, worthy of loyalty).
• Loyalty, effort, and change can be commanded successfully.

Other operating assumptions suggested by the researcher as being cogent are:

• Never trust a banker, particularly if he/she is a subordinate.
• Never question the boss.
• Only ‘lively,’ extrovert and assertive people make good leaders.
• ‘Every man for himself’ (i.e., survival of the fittest).

(2) Stories

Stories are told by members of the organisation which embed the present context in its organisational history and flag up important events and personalities (Johnson, 1998:141). Some of the stories that the researcher identified in respect of Nova Bank are:

• Nova Bank employees are known to work hard and play hard.
• The former chief executive officer (CEO) of the ATM division was so devoted, that whenever he visited an ATM site and saw that the lobby floor was littered, he picked up the litter himself.
• Servicemen returning from the Second World War joined the bank and proved to be excellent administrators, they became managers who encouraged a particular brand of discipline in the bank. People became managers because they were good administrators (Nova Bank News, December 1996).

• According to a view expressed by the current CEO of Nova Bank, during these culture-building times, an employee would stand to attention like a soldier when he spoke to a senior manager on the telephone (Nova Bank News, December 1996).

(2) Rituals and Routines

Routines are the ways that members of the organisation behave towards each other, and therefore link different parts of the organisation. These are the ‘way we do things around here’. The rituals of organisational life point to what is important in the organisation, i.e., reinforce the ‘way we do things around here’ (Johnson, 1998:141).

The credo: “Don’t say what the boss doesn’t want to hear,” is the guiding precept that determines the rituals and routines in the ATM division’s Port Elizabeth branch. A typical ritual would play itself out in monthly staff meetings during which the top three (especially the area manager) would pontificate while the rest remain silent, speaking only when spoken to.
When they offered a comment, in many cases it would be just to paraphrase what the area manager had already said.

The rituals played out during these sessions are typical of the vignette described in De Lorean’s account of a meeting at General Motors in the 1970s (Wright, 1979:39). De Lorean’s book documents the organisational reasons for GM’s managers’ inability to perceive, let alone challenge, the outmoded assumptions that held them prisoner during a time when there were radical changes in their operating environment.

De Lorean says that Richard Terrell, then-vice chairman of the board, was “the master of the paraphrase,” able to parrot the views of the chairman and big boss, Richard Gerstenberg. According to De Lorean, the following was a typical dialogue:

Gerstenberg: Goddamnit. We cannot afford any new models next year because of the cost of this federally mandated equipment. There is no goddamn money left for styling changes. That’s the biggest problem we face.
Terrell (after waiting about 10 minutes): Dick, goddamnit. We’ve just got to face up to the fact that our number one problem is the cost of this federally mandated equipment. This stuff costs so much that we just don’t have money left for styling our new cars. That’s our biggest problem.
Gerstenberg: You’re goddamn right, Dick. That’s a good point.

O’Toole (1995:181) points out that this hypothetical dialogue illustrates the essence of a behavioural problem found in most organisations. People in
groups form fixed ideas and all of the forces within the group conspire to protect those notions, no matter how outmoded or inaccurate they may be.

In the organisation’s broader culture, the celebration of recognition rituals (Deal and Kennedy, 1982:72) generates a certain degree of excitement when someone is awarded for doing well and exemplifies the values that the bank seeks to preserve. These values, more recently, relate to the rewarding of outstanding customer service and individuals involved in the prevention of fraud, but in the 1980s and early 90s salespeople were celebrated as the cultural heroes. No expense or time was spared in the recognition ceremonies, which included drama and entertainment.

To some extent, the bank tended to channel this proclivity to enjoy drama and entertainment (i.e., such as roadshows) as a way to publicise its transformation ideals within the Group.

(4) Symbols

According to Johnson (1998:141), symbolic aspects such as logos, offices, cars and titles; or the type of language and terminology commonly used, become a short-hand representation of the nature of the organisation.

As in most other big organisations, managers in the ATM division benefit from the usual array of privileges which include smart offices, free
newspaper and business magazine subscriptions, an entertainment and motor vehicle allowance and free golf club membership schemes; privileges that usually set them apart from ordinary subordinates.

During the 1980s and early 90s, golfing weekenders, annual conferences and party bashes, were arranged for managers in Nova Bank. These events were organised on a scale surpassing the ceremonies enjoyed by salespeople.

In the ATM division the nature of discourse (i.e., dialogue) may be characterised as supporting a Taylorist view, or the earlier described ‘command-and-control’ paradigm. This must be contrasted with the ‘official’ discourse encapsulated in the new desired values and actions of Nova Bank. The latter approach is based on ideas of empowerment, supported by democratic humanist theories of work motivation. This discourse is however so tentative and remote from the workaday world that it becomes almost totally insignificant to the employee.

(5) Control systems

Control systems are the formalised measurement and reward systems that monitor and focus attention on activity, therefore emphasising what is important in the organisation (Johnson, 1998:141).
The most important thrusts of the ATM division is to maintain 98 percent availability of all its ATMs, ensure efficient and cost-effective cash management procedures, and to provide an excellent ATM image to the general public. These processes are strictly monitored at all times. Ryland Bank introduced an interesting incentive scheme across the whole Group in which each staff member, working in a team, evaluates and scores his/her own performance.

(6) Power structures

*Power structures* are associated with the key constructs of the paradigm. The most powerful managerial groupings in the organisation are likely to be the ones most associated with core assumptions and beliefs about what is important (Johnson, 1998:141).

The philosophy behind “the rule of the few” which was described in Plato’s *Republic*, may also be used to describe the modern-day “guardians” or managerial power elite of Nova Bank. These managers, like Plato’s guardians

...hold their positions not by dint of ownership, heredity, force, or election. Instead, in theory at least, they are a meritocratic elite who sit atop their hierarchies thanks to their manifest virtues – their skill, talent, intelligence, experience, and wisdom (O'Toole, 1995:183).

The power structure described by O'Toole is held together by shared assumptions, the common cultural values of a power elite. O'Toole
(1995:182) points out that although such a structure is necessary for efficient and effective co-operation, paradoxically it is also a prime source of resistance to change.

2) Organisational structure

The formal organisational structure, or the more ‘loose’ informal ways in which the organisation works, is likely to reflect power structures and delineate important relationships, thus once again emphasising what is important in the organisation (Johnson, 1998:141).

The Taylorist orientation is reflected in power relationships within the ATM division and supported by the organisational structure. It appears that Ryland Bank is driving the whole empowerment debate, however, this debate is seldom understood or ‘bought into’ by the management of Nova Bank.

The ATM division’s head office is therefore not seen as performing the role of strategic initiator and implementor of empowerment policies in its subordinate units. Encouraged by these loose decentralised arrangements, and the head office’s indifferent attitude, the Taylorist orientation continues to structure power relationships between bosses and subordinates in the local branch.
2.4.3 Identifying the culture

According to Deal and Kennedy (1982:107) the biggest single influence on a firm’s culture is the broader social and business environment in which it operates. After examining many firms and their environments, they were able to identify four general categories or types of cultures. These categories are determined by two factors in the marketplace: the degree of risk associated with the firm’s activities, and the speed at which firms – and their employees – get feedback on whether decisions or strategies are successful.

Here only the process culture is discussed, as this generic culture is typical of the banking environment.

The process culture

This environment is characterised by low-risk and slow-feedback (i.e., no single transaction will make or break the company). Employees in this instance get virtually no feedback, as a result, they have no idea how effective they are until someone blames them for something (Deal & Kennedy, 1982:119). Lack of feedback forces employees to focus on how they do things, not what they do. As Deal and Kennedy (1982:119-120) put it:
...small events take on major importance – a certain telephone call, that snippet of paper, or the section head's latest memo. People in these cultures tend to develop a 'cover your ass' mentality. The most trivial event becomes the subject for a memo. They describe the incident in minute detail, giving the best explanation for their actions. Then they copy the world with it. Those fellow sufferers who receive the memo don't want to acknowledge that they've missed anything. So they send an answer, often as detailed as the original. Everything goes into a file so they can prove that they didn't make the mistake, should someone mention it five years from now.

The values in this culture focus on the technical perfection of working out the risks and pinning down the solution. In other words, getting the process and the details right.

2.4.4 Transcending the “psychic prison”

Using the metaphor to describe organisations as “psychic prisons,” Morgan (1997:215) claims that human beings have a knack for getting trapped in webs of their own creation. He says that

...organisations are ultimately created and sustained by conscious and unconscious processes, with the notion that people can actually become imprisoned in or confined by the images, ideas, thoughts, and actions to which these processes give rise.

The metaphor helps one to understand that organisations are socially constructed realities, but that these constructions are often attributed an existence and power of their own which allows them to exercise a measure of control over their creators (Morgan, 1997:215; Smircich & Stubbart, 1985:141). Thus, the enacted values in Nova Bank originated from the military discipline that administrator/managers brought to the bank. They
entrenched an orderly value system of ‘salute and obey.’ But, as Morgan (1987:217) warns:

All the forces that help people and their organizations create the shared systems of meaning that allow them to negotiate their world in an orderly way, can become constraints that prevent them from acting in other ways...i.e., strong corporate cultures can become pathological.

Nova Bank’s managers need to discover ways to “re-map” (Johnson, 1998) their organisation’s culture so that it is capable of both creating its environment and responding to environmental demands. The first step according to Thompson and Strickland (1996:300) is to determine which facets of the existing culture are strategy-supportive and which facets are not. Management must then come up with some concrete actions to modify the existing cultural environment to the preferred culture so that there is a stronger fit with strategy. One such re-mapping aspect would, for instance, entail that the development of individual competence as a bank manager in the twenty-first century becomes broader than possessing only an administrative capability.

In order to renew, the organisation would need to “self-transcend.” According to Pascale (1990:109), self-transcendence may be viewed as the capacity of an organisation to change its point of view and therefore explore its situation from a different angle. Put another way, it needs to develop the ability “to jump over its shadow” (Smith, 1984:290). As Smith, quoted in Pascale (1990:109) puts it:
For a social entity such as an organization to reflect on itself, it must have a system representing both itself and the context in which it is imbedded. That’s where nonequilibrium comes in. A social system that promotes paradox and fosters disequilibrium (i.e., encourages variation and embraces contrary points of view), has a greater chance of knowing itself (as the by-product of continually reexamining its assumptions and juggling its internal tensions). This in turn generates a reasonable likelihood of being aware of the context in which it operates.

2.5 Conclusion

In this chapter seven concepts of Pascale’s constructive conflict paradigm were identified in order that they be properly understood and integrated in a discussion of Ryland Bank. An important distinction was drawn between the bank’s espoused values and enacted values or espoused mental models and the actual “theories-in-use” (Argyris, 1992). It was argued that contention generated a healthy “disequilibrium,” inducing the constructive conflict that is required to facilitate the identification of enacted values and “theories-in-use.” Once these were identified it was possible to determine how the organisation’s culture could be “re-mapped” (Johnson, 1998) so that there is a stronger fit with its desired strategy and espoused values. This process of re-mapping will be tested empirically in chapter 4.

In the next chapter the organisational background of Nova Bank and the development of its ATM division is discussed.

. CHAPTER 3
ORGANISATIONAL BACKGROUND OF NOVA BANK AND DEVELOPMENT OF THE ATM DIVISION

3.1 Introduction

In this chapter a brief overview is given of the organisational background in Nova Bank and the development of the ATM division, one of the envisaged profit centres of Ryland Bank. The researcher also attempts to clarify the circumstances that led to the emergence of a new strategy for the bank, and identify those cultural elements profiled in the previous chapter, that are blocking organisational change. Mintzberg et al’s (1995) configurations of organisational design serve as an important analytical tool in this overall exercise.

3.2 The organisational background

The old multidivisional structure and the new profit centre concept that is driving change in Nova Bank, is discussed here.

3.2.1 The multidivisional structure

Nova Bank was originally structured according to the multidivisional (the so-called classic M-form) company, with a central head office, and decentralised headquarters in each province of the country. Bartlett & Ghoshal (1999:1) point out that the M-form type organisation emerged in the 1920s and became the dominant corporate mode in post-War years.
The reason why this structural form proved to be so powerful, was because it defined a new set of management roles and relationships that emphasised the decentralisation of responsibility to operating divisions whose activities were planned, coordinated and controlled by a strong corporate management – the central head office – which also made the company’s entrepreneurial decisions about resource allocation (Bartlett & Ghoshal, 1999:4).

Kanter (1983:75) claims that the M-form organisational structure is counterproductive to a firm’s efforts to innovate. The segmented structures, and the segmentalist attitudes that it generates “make the very idea of innovation run against the culture grain, there is a tension between the desire for innovation and the continual blocking of it by the organization itself”. Social systems like this can create double binds. Many executives feel they are simultaneously exhorted to exercise initiative and undermined from doing so – a condition known as “learned helplessness” (Pascale, 1990:238).

According to Johnson and Scholes (1999:406-407) the main advantage of the M-form structure is that each division is able to concentrate on the problems and opportunities of its particular business, thus encouraging the ownership of strategy by divisional staff. In this way the division’s
competencies and the processes of innovation can be focused on a particular product group, technology, customer or market need. The main disadvantages are associated with the complexities involved in ensuring co-operation if there are too many divisions. Other disadvantages are possible confusion over locus of responsibility (centralisation/devolution confusion), conflict between divisions and the fear that some divisions may grow too large.

3.2.2 Circumstances leading to the transformation of the M-form structure

Judging by the emphasis on cost-to-income ratio, Nova Bank, like all other banks, has been facing increasing pressure to remain competitive (*The South African Banking Review*, 1999:24-26). In the early to mid-90s, Nova Bank’s performance began to decline, which resulted in a significant drop in its share price towards the end of 1995.

The Bank’s returns were being diluted by a high cost-to-income ratio in excess of 66%. To become competitive, the bank realised this would have to be reduced to below 60% in line with international trends. The high costs were being incurred by an excessive head office support structure. The head office, comprising numerous divisions of which Systems and Support was the largest, diluted the profits being generated by the branches (*Nova Bank newsletter*, no 1. 1997).
The profits in the branch network were also becoming problematic due to branches offering a complete spectrum of products to all sectors of the market. This resulted in many unprofitable products having to be sustained and staff expertise being thinly spread. Branches were unable to focus on specific products or market segments. The branches were attempting to become everything to everyone by serving the emerging market through to high net-worth individuals and businesses.

According to Porter (1985:16), firms attempting to pursue unspecific strategies and goals will tend to become “stuck in the middle”. In pursuing this direction, the bank lost a lot of profitable business to its competitors and was unable to sustain good service levels to its own customer base. Staff morale began to wane (Nova Bank newsletter, no 1. 1997).

3.2.3 Strategic opportunism

Pascale (1990:142,144) uses “Hegelian dialectics” to synthesise a new approach, called “strategic opportunism,” which he derives from planning and opportunistic (emergent) views on strategic development. Hegelian dialectics claims that one entity (called a “thesis”), when juxtaposed with its opposite (“antithesis”), can generate a new configuration that both includes and transcends the foundational elements. Before considering what happened in this regard, a distinction needs to be made between two types of strategic paradigms that apply to management.
Firstly, there are business paradigms through which a firm defines its position in the marketplace with respect to technology, products, and customers. Secondly, there are paradigms that are organisational or managerial. These pertain to assumptions concerning how one inspires and co-ordinates collective activity; they involve a person’s deep-seated assumptions about human beings at work, and his/her expectations concerning their capabilities (Pascale, 1990:54).

In 1996, the opportunity for strategic change arose when the managing director (MD) of Nova Bank resigned under a cloud of controversy. He had been with the bank for 40 years (Nova Bank News, December 1996). For some time before this, Nova Bank had been undergoing strategic drift (Johnson & Scholes, 1999: 79) and the general opinion as observed by the researcher at that time was that top management in the bank was in desperate need of being restructured so that the organisation could take a new strategic direction. Thus, amongst staff there was in Mintzberg’s (1994) terms, a convergence of emergent views regarding what strategic actions the bank needed to take in order to re-establish profitability. During the former MD’s reign strategic matters were only discussed amongst private circles in the top management structures of the bank. In 1996, the new MD promised to change this calculating style of strategic planning to what Mintzberg (1994) calls a committing approach.
In 1997 and 1998, by means of large and open discussion meetings with staff, staff circulars and bulletins, and industrial theatre roadshows, the MD attempted to convey the new strategic vision of the bank. Specific dates and targets were set for each phase of the transformation process. The transformation process outlined the following strategic plan:

- Branches would become sales and service outlets (cost centres) and be based on the current profit centre concept.
- Processing/administration would be centralised.
- The major business units would become profit centres (standing alone and empowered and backed up by their own support services) with own balance sheet and profit and loss.
- Sales people in branches, as well as corporate distribution would report to business units, not branches.
- Branches to be converted from universal outlets serving all products to all customers to segmented delivery channels providing products and services to selected market segments in terms of customers’ primary needs.
- The credit function would be centralised and automated for all people.
- There would be a stronger responsibility to ensure that strategic cross sell takes place across all the business units.
- There would be separate business units for each market segment (Circular to staff, December 1996).

The key overall vision of the bank was therefore: “To be the leading bank in South Africa again” (a position held by the bank until the early eighties). It thus set out to:

- Improve the Group’s share of the financial services market.
- Raise service levels to be the best of all banks.
- Reduce costs by changing its operating structure.
During the restructuring process there were rumours to the effect that Nova Bank would merge or be taken over by either another major banking group in South Africa, or a banking consortium from some East Asian country. However, rumours were finally put to rest, when Ryland Bank formally merged with Nova Bank to form one single entity – the Ryland Bank Holdings group.

3.2.4 The profit centre concept (split)

The bank has steadfastly maintained its evolutionary course towards the establishment of dedicated profit centres. A consequence of this restructuring process was that the provincial head offices were done away with. In the old organisational structure there was a lot of unnecessary overlapping functions co-ordinated between the respective provincial headquarters and a centralised national head office (Circular to staff, December 1996).

Despite their obvious weaknesses however, the regional headquarters did foster a degree of horizontal integration between the various divisions in the old structure, thus creating local resources of pooled knowledge and expertise. These integrating activities have been made very difficult due to the restructuring process which aims to divide or “chunk” the Group into about 70 small focused profit centres (Nova Bank newsletter, vol 1. 1999).
These envisaged units would be completely autonomous, have no central overheads, and through an owner-manager culture, be able to create their own challenges. Thus, according to Bartlett and Ghoshal (1999:7), in this structure entrepreneurial activities could be much more widely distributed than in most contemporary firms or indeed in the classic M-form structure.

3.2.5 The macro-environment of the profit centre concept

A study by Deloitte and Touche (1996) on the future of retail banking forecast that due mainly to changes in technology banks would, amongst other things, lose their monopoly as centres for money transmission. Retail banking would therefore in years to come, disaggregate into an interlinked portfolio of activities with three broad categories:

- **Product Formulators**: Within retail banking there would increasingly be divisions or stand-alone companies which focus on formulating products such as home loans or savings, for delivery either direct to clients or to intermediaries.

- **Customer Gateways**: There would be an opportunity for an intermediary to capitalise on superior customer knowledge and efficient delivery channels to sell and service a range of products to individual customers through a range of delivery channels of the customer’ choosing. In Nova Bank these different segments or groups comprise corporate, business, commercial, private, and all consumers, i.e., home owners, vehicle buyers etc.

- **Industry Servicers** (*Delivery Channels*): Increasingly the support functions which were woven into the fabric of the bank would be seen as peripheral
supporting activities, and spun off to either separate divisions within a bank or to third party “outsource” providers. This would eventually create an industry for bank services, with new providers offering a broad range of support activities. In Nova Bank these delivery channels consist of the branches, ATMs, internet, call centres, and video banking.

The abovementioned activities form part of the functions and responsibilities of the profit centres in Ryland Bank’s group structure. These profit centres would in future need to justify their existence in the Group by performing their activities effectively, and within profitable guidelines.

3.2.6 Horizontal integration (fit) – the key to making the profit centre concept work

Encouraging too much split can, according to Pascale (1990:60) result in the emergence of sub-unit superstars. These superstar elites are specialised organisational units with proximity to power and/or superior competence when compared to competitive benchmarks. By the same token however, it is highly desirable that certain functions be regarded as “elite” in that they represent the organisation’s distinctive capability (when compared to like functions of competitors). Building a core competence therefore involves performing different activities from rivals’ or performing similar activities in different ways (Johnson & Scholes, 1999:160). Pascale (1990:60) suggests that it is important to ensure that two or more such
elites exist, and that they are complementary and hold one another in check. He terms this condition *pluralist*.

Ryland Bank, with its superstar status, has in the circumstances, provided the *paradoxical embrace* in solving the ‘organisational dialectic’ which would ensure that, for the foreseeable future at least, pluralist interrelationships are maintained between the various sub-units in the Group. The bank’s promising position was confirmed by the *Corporate Research Foundation* (1998) who evaluated its quality of management, human resources, innovation and growth potential – finding most of these to be excellent. The organisation’s prominence was also confirmed by reports that it will be the world’s first bank to introduce an electronic currency in South Africa (*Sunday Times*, 11 June 2000:4). Electronic currency provides the glue that would encourage cross selling which is beneficial to the group. Thus, it would be in Ryland Bank’s own interest to ensure that pluralist relations are encouraged between sub-units within the Group so that each entity may leverage off each other to the benefit of all. The rationale of this approach is supported by the “juggerniche” philosophy (discussed next). According to Pascale’s (1990:143) reasoning, in resolving this “dialectic” between elitist versus pluralist relations, Ryland Bank would be performing the role of an *interdependent superstar*. 

lxxv
The pluralist structural arrangement creates a greater need for powerful horizontal integration processes to ensure that the entire organisation benefits from the specialised resources and expertise developed in its entrepreneurial units. Ryland Bank claims that it is able to meet the challenges of horizontal integration in the new banking environment by combining the advantages of being both “big” and “small”, and designing these advantages into a new corporate structure, termed “juggerniche” (Figures 3.1, 3.2 and 3.3).
So u r c e : A d a p t e d f r o m R y la n d B a n k d i s c u s s i o n d o c u m e n t s ( J u l y  1 9 9 8 ) .

Simply put, the “juggerniche” is able to retain the advantages synonymous with big company “muscle” yet also achieve “tailor-made” businesses able to compete with niche players in the market. Combining the best of these
two worlds has given rise not only to Ryland Bank’s Business Philosophy, but also to its Statement of Strategic Intent.

The creation of small, autonomous but interdependent business units results in a portfolio of empowered niche businesses (Figure 3.1). This ensures a profit focus and eliminates cross-subsidisation so that only the divisions that are profitable or have the potential to be profitable survive. However, “niche players” risk relying on limited activities and cannot leverage off other entities. The “juggernaut” (Figure 3.2) overcomes this problem by providing the large infrastructure, technology and client base so that specialist sub-units may benefit from it. However, the juggernaut lacks focus and struggles to control its overheads. The advantages of niche players and the juggernaut are synthesised to form a new entity called the “juggerniche” (Figure 3.3). An analogy to this process would be to convert a conventional army to a group of small guerilla armies (profit centres) that work together.

3.3 Mintzberg’s configurations

According to Mintzberg in Mintzberg et al., (1995:351) the configuration of an organisation is the detailed design consisting of a number of building blocks and co-ordinating mechanisms. He suggests that there are six pure configurations which can be adopted, or that may emerge to fit the context which different types of organisations face. Before considering these
configurations, it is necessary to describe, firstly, the building blocks of which they consist and, secondly, methods by which these building blocks are co-ordinated within the various configurations.

3.3.1 The six building blocks of organisations

- **The operating core**, where basic work is performed – the factory floor, the banking hall, the operating theatre.
- **The strategic apex**, where the general management of the organisation occurs.
- **The middle line** – all those managers who stand between the strategic apex and the operating core.
- **The technostructure** – staff analysts who design the systems whereby the work processes of others are delivered and controlled. Included here are engineers, accountants and computer specialists.
- **The support staff**, who support the work of the operating core, such as secretarial, clerical and technical staff, and catering.
- **The ideology or culture** of the organisation, consisting of the values, beliefs and taken-for-granted assumptions.

3.3.2 The co-ordinating mechanisms

- **Mutual adjustment** is possible through informal contact between people in the operating core. This is very common in small, simple organisations where people work closely and informally together. It is
also common in very complex situations, such as research and development projects.

- **Direct supervision** through the hierarchy. Work is supervised by instruction from the strategic apex, through the middle line to the operating core.

- **Standardisation of work processes** through systems that specify how work should be undertaken. It is usually the task of the analysts in the technostructure to design and develop these systems.

- **Standardisation of outputs** occurs when product or service specifications are implemented. This is particularly important where responsibility for separate activities are divided within the organisation. Many companies, including Nova Bank, are now developing *service level agreements* between divisions in order to clarify the parameters of service expected from, for example, ATM operations in the rural and metropolitan retail outlets.

- **Standardisation of skills**, including knowledge and competencies. This is an important co-ordinating mechanism in many professional service organisations (private and public sector). So the operating core of a professional service such as a hospital or an architect’s practice functions smoothly because the operators share the same core knowledge and competencies through their professional training.

- **Standardisation of norms**, where employees share the same core beliefs. This is particularly powerful in many voluntary organisations.
3.3.3 Configurations in practice

The choice of configuration to support a firm’s strategies is best thought of as being determined by the matching of the configuration to the firm’s strategic situation using two design parameters: the building blocks and co-ordinating mechanisms. This match is likely to emerge over time as an organisation finds ways of adjusting to the context in which it is operating. Figure 3.4 summarises the key features of Mintzberg’s (1995) six configurations in terms of the circumstances or situations to which each is best suited and also the modus operandi of the organisation, which is determined by its building blocks and co-ordinating mechanisms.

This study singles out the divisionalised and adhocracy configurations, because they tend to typify the modus operandi of Nova Bank and Ryland Bank respectively. Nova Bank’s multidivisional structure emerged largely in response to diversity in the products, technology and markets of the organisation. Figure 3.4 indicates that the key part (i.e., building block) of the organisation is the middle-line. The middle line consists of all those managers who stand between the strategic apex and the operating core. The co-ordinating mechanism is the standardisation of outputs, which are specified for the various divisions by the corporate centre. This specification of outputs might be generic, such as overall profit performance, and might be found when financial control is the
management style. In contrast, in organisations closer to strategic control, these specifications are more likely to be expressed as a series of performance indicators, such as market share, efficiency ratios and cost-to-income ratios (Johnson & Scholes, 1999:435). The external environment of the divisionalised structure is simple and static and characterised by diversity.

Figure 3.4 Mintzberg’s six organisational configurations

<table>
<thead>
<tr>
<th>CONFIGURATION</th>
<th>SITUATIONAL FACTORS</th>
<th>DESIGN PARAMETERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ENVIRONMENT</td>
<td>INTERNAL</td>
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<td></td>
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<tr>
<td>Simple structure supervision</td>
<td>Simple/dynamic</td>
<td>Small</td>
</tr>
<tr>
<td></td>
<td>Hostile</td>
<td>Young</td>
</tr>
<tr>
<td>Machine Standardisation bureaucracy</td>
<td>Simple/static</td>
<td>Old</td>
</tr>
<tr>
<td></td>
<td>Large</td>
<td>Regulated tasks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technocrat control</td>
</tr>
<tr>
<td>Professional Standardisation bureaucracy</td>
<td>Complex/static</td>
<td>Simple systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional</td>
</tr>
<tr>
<td></td>
<td></td>
<td>control</td>
</tr>
<tr>
<td>Divisionalised Standardisation</td>
<td>Simple/static</td>
<td>Old</td>
</tr>
<tr>
<td></td>
<td>Diversity</td>
<td>Very large</td>
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<td></td>
<td></td>
<td>Divisible tasks</td>
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<tr>
<td></td>
<td></td>
<td>Middle-line control</td>
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<tr>
<td>Adhocracy adjustment</td>
<td>Complex/dynamic</td>
<td>Often young</td>
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<td></td>
<td></td>
<td>Operating core</td>
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<td>Support staff</td>
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<td></td>
<td></td>
<td>Complex tasks</td>
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<tr>
<td></td>
<td></td>
<td>Expert control</td>
</tr>
<tr>
<td>Missionary Standardisation</td>
<td>Simple/static</td>
<td>Middle-aged</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Middle-aged</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Often ‘enclaves’</td>
</tr>
</tbody>
</table>
The adhocracy configuration typifies organisations like Ryland Bank, whose competitive strategy is largely concerned with innovation and change in order to stay in tune with its environment. This configuration is highly organic, relying on direct interaction between workers in the operating core and a management style that assists and promotes this “mutual adjustment.” The external environment is complex and dynamic.

3.3.4 Reinforcing cycles

Chandler (1962) suggested that structures, configurations and controls tend to follow strategy. However, Johnson and Scholes (1999:480) point out that in reality, this is not an accurate description of the relationship between strategy and these factors. They claim that it also works in the opposite direction: that is, organisations operating in particular configurations tend to seek out strategies which best fit this configuration and reject those that require change. This view is supported by Pascale (1990:100) and Miller (1990), who claim that configurations found in practice tend to be very cohesive, robust and difficult to change.

Source: Adapted from Mintzberg et al., (1995).
The tendency of an organisation to seek out strategies that ensure stability and equilibrium is regarded by Pascale (1990:51) as being maladaptive. He posits the notion that an organisation requires “internal variety” to cope with external change. “Internal variety” is most often experienced within organisations as contention. The main thrust of this idea is to proclaim that internal differences can widen the spectrum of an organisation’s options by generating new points of view. This, in turn, can promote disequilibrium; under the right conditions self-renewal and adaptation occurs.

According to Johnson and Scholes (1999:480), *reinforcing cycles* are created by the dynamic interaction between the various factors of the environment, organisational configuration and systems. Reinforcing cycles tend to preserve the status quo. Figure 3.5 shows two examples of these cycles.

The *divisionalised* organisation typifies a configuration that is adopted in stable/diverse environmental conditions and can help create a position of segmental or market leadership. This can underpin a positioning of differentiation focus (for example ATMs and home loans) requiring the standardisation of performance level outputs, which, in turn, are well supported by a reactor culture (i.e. rigid and forced to adjust). This culture seeks out stable parts of the environment and the whole cycle is self-
perpetuating. A similar reinforcing cycle can occur with the *adhocracy*, as seen in Figure 3.5.

Johnson and Scholes (1999:483) point out that none of this may be a problem for the organisation – in fact, the matching of these various organisational issues to each other may prove to be a source of great strength to the organisation. However, it is also likely to be an explanation why *strategic drift* is so common.

The organisation may need the capability to “break out” of these reinforcing cycles if it is to survive and succeed in the future.
Source: Adapted from Johnson & Scholes (1999:482).

3.4 Culture and the blocking of transformation in Nova Bank

Unger (1987:277-312) describes the broader societal circumstances in which people move from historical situations of complete subjugation towards partial emancipation, and thus the capability to achieve, within time, a greater degree of liberation. He terms the empowering momentum of these forces that are activated by transformation efforts “negative capability.” Negative capability was generated with the structural changes
that took place in Nova Bank, but transformation efforts are bouncing off walls of cultural rigidity.

Cultural rigidity in Nova Bank finds its origins emerging from, what was described in chapter 2 as, the managerial style practised by an administrator-leader corps who ran the bank after the Second World War. Ex-servicemen were made managers simply because they ran the bank administratively. If they did this well, they were promoted. There was no focus on customer service, and questioning the boss was the last thing that anyone would do. This particular way of doing things became the norm.

3.4.1 Implications of the culture in the development of ATM division

Paradoxically it was this military-like emphasis on administrative efficiency that enabled a group of managers to drive the successful transformation of ATM division, one of the envisaged profit centres of Ryland Bank. An independent operational analysis conducted in 1996 by National Data Systems (NDS) highlighted several areas where Nova Bank’s ATM network availability was negatively affected. These were:

- Fragmented organisational structure
- Lack of ownership and accountability for poor ATM network performance
- Poor network monitoring
• Lack of meaningful information reporting
• No structured cash management programme (NDS report, 1996).

A new vision and set of strategies were developed, and in 1997 a corps of managers meeting criteria of competence was chosen to drive the process forward. The vision was that Nova Bank’s ATM division, once the industry leader in South Africa, must be turned around to its foremost leadership position. The most important strategic thrusts of the ATM division is to maintain 98 percent availability of all its ATMs, ensure efficient cash management procedures, and provide an excellent ATM image to the general public. These processes would be strictly monitored at all times.

In 1999 things started to come together for the ATM division. This is borne out by a dramatic improvement in statistics relating to SASWITCH revenues. These SASWITCH receipts are fees that are paid to Nova Bank by other banks when their customers use the bank’s ATMs. After being in a negative position for many years revenues have started to increase by December 1998 (see Figure 3.6), and since then record revenues were recorded almost every month. Thus, in December 1996 a loss of R 1,2 million was recorded, as opposed to a positive net SASWITCH gain of R 737 thousand in December 1998. In December 2000, a record of R 5,6 million was achieved. Consistent improvement in net SASWITCH revenue is an indication of the business unit’s success.
Although in terms of the ‘hard’ elements in the 7-S model the ATM division is leading the way in its efforts to become a fully-fledged profit centre, in terms of the model’s ‘soft’ elements, its organisational structure is still characterised by authoritarian top-down decision-making and control. The total staff complement consists of 156 members, of whom 25 are managers. The staff complement includes a number of operations supervisors who are distributed amongst the six regions of the ATM division. They, together with the managers, exercise high levels of authority and control in the regional branches of the division. This dissertation argues that in their efforts to achieve administrative
efficiencies and operational excellence, these leaders, particularly in the Eastern Cape, have been driving strategic goals with military-like enthusiasm.

A few of the managers who were appointed to set up the new ATM division held senior positions in the regional head offices which were closed down. They were used to running things on their own terms in these former headquarters and brought a particular brand of efficiency to the ATM division. However, apart from the incremental improvements in efficiency that they have helped engender, they may also have engendered an overemphasis in managerial control in the ATM division.

According to Chonko (1982), it is generally held that the greater the inherent ambiguity in an individual’s job, the greater the need for supervision to avoid conflict and stress. Thus, in areas such as research and development as well as medical and production work, there is a need for frequent contact and a high degree of co-ordination between superior and subordinates. In ATM division the work is of such a standardised and specialised nature that the narrow spans-of-control that exist between superiors and subordinates (approximately five subordinates to each manager) seems inappropriate in the circumstances. Narrow spans-of-control like this may lead to the equilibrium conditions that Pascale (1990) has described as not being particularly conducive to constructive conflict.
3.5 Conclusion

Pascale (1990:83) suggests that “overdetermination” (taking a good thing too far) can create unhealthy imbalances in organisational life. Thus, “[p]harmacists know that too big a dose of the ‘right’ medicine inevitably becomes a ‘destructive’ remedy.” Overemphasis of discipline as a method to achieve control in order to obtain high levels of efficiency and stability leads to overdetermination, which kills balance and eliminates healthy levels of tension and resilience in organisations. In this study it is asserted that, unfortunately as a consequence of the drive to achieve its strategic goals, a scenario of authoritarian overdetermination in manager-subordinate relations has emerged within the ATM division.

This authoritarian management style and other related issues are examined in more detail in chapter 4.
CHAP T E R 4


Big men must know thoroughly what it is like to be small men and small men must know what it is like to be big men.

J.R.R. Tolkien

4.1 The importance of context

It was suggested in chapter 3 that negative capability – described as being a certain degree of momentum that induces partial emancipation - may have been generated by attempts to resolve a split/fit paradox within the organisation. However, ‘true liberation’ or complete transformation, is only achieved once the organisational context has been reinvented. According to Goss, et al., (1993: 98), a context determines the social behaviour or culture of an organisation. It is the underlying assumptions and invisible premises on which its decisions and actions are based. To reinvent itself, an organisation must therefore first uncover its hidden context.

In this chapter the researcher makes use of empirical information in order to assist in uncovering the dynamics of such a context. Using participant observation as a methodological approach, transformation issues are examined as they relate to the ATM division in Port Elizabeth. How are these issues perceived, interpreted and acted upon by people, especially management in the local branch? How do the people in ATM division relate
or identify with the rest of the organisation? The researcher utilises the 7-S framework to assist in the search, as it imposes an important observational discipline upon the whole investigation process. Questionnaires are used to test these observations and to assist in mapping and re-mapping the organisational culture.

4.1.2 The managerial style as shaper of context

In this section of the study it is argued that the managerial style is an important shaper of the context or culture in ATM division. Here the researcher sketches a profile of the area manager in the Eastern Cape, who headed up the regional ATM division since 1997 to the year ending 2000, and describes his style of management as being similar to Harold Geneen, a folk hero in American management. It is argued that this style is antipathetic to all “soft” ideals that Ryland Bank may seek to introduce. Typically, the management style of the area manager is dictatorial, an approach very similar to the management style that was prevalent in the old provincial head offices and many of the retail outlets of Nova Bank. This style is identified with what Pascale and Athos (1981:59) claimed to be the typical American approach to management around the time they were writing.

Geneen, was an archetypal American boss, who managed International Telephone and Telegraph for nearly two decades, and by his retirement in
1979 his name was famous among American executives. According to Pascale and Athos (1981:61), there were important and interrelated elements in Geneen’s management approach. Three of these elements are relevant to the management style discussed here. The first was his quest for “unshakeable facts.” To make sure that he got those facts, the second aspect of Geneen’s approach centered on his use of large structured meetings as the focal point of his decision-making process. Geneen made his meetings face-to-face confrontations in order to ensure the reliability of his information and test the soundness of proposals. This got most of the “true facts” on the table. Thirdly, Geneen imposed a variety of rewards and pressures to ensure his total command.

The almost unlimited power enforced by this managerial approach enables the area manager to indulge his personal idiosyncrasies. These include his tendency to form a clique of favourite staff members from whom he expects loyalty. Like-mindedness is therefore an important consideration in deciding who gets to work in ‘his team’.

This suggestion that the area manager’s personality is an important factor in shaping the context of relations in the branch, is supported by a growing view in social science literature claiming that people - in this instance, managers - tend to enact their worldviews within an organisation, or any other social institution (Sabel, 1982; Unger, 1987; Watson, 1994). These
shaping processes are equivalent to what Giddens (1984) calls “structuration.” The manager’s initiative (“agency”) is not simply constrained by the circumstances in which it is practised (“structure”); it may equally be enabled. The structures and circumstances in which managers find themselves partly shape what they think and do, yet managers also shape those thoughts and circumstances. Watson’s (1994:29) *In Search of Management* points out that unlike occupations such as those of, for instance, a scientist, accountant or pilot, the manager has no clear occupational identity. Management is therefore an activity “in search of itself.” This search by the manager for individual identity becomes a *shared worldview or ethos* (Sabel, 1982; Smircich & Stubbart, 1985:141) of management when a dominant paradigm, such as Taylorism, becomes the guiding perspective in his thinking. The researcher argues that the area manager is entrenching his own personal brand of Taylorist *structuration* in the local branch.

4.1.3 The ATM division’s hierarchy as shaper of context

This study argues that the “soft” philosophy of empowerment and cultural change is unlikely to take root and easily grow in a working environment as the one described above. Except for the “hard” elements in Ryland Bank’s philosophy, there has been a distinct disregard by ATM division and its area manager of any aspects dealing with staff empowerment. This was made evident for instance, by the area manager’s efforts to *control*
empowerment initiatives in the “do it” group (self-directed work team) which will be discussed later. Furthermore, staff empowerment may have been ignored because there has not been any specific directives from higher up ATM division’s hierarchy suggesting that soft issues be addressed. Perhaps however the main reason why staff empowerment was not addressed may have been because the practical relevance of this set of issues to the workaday lives of employees is not fully understood.

Although the ATM division is leading the way in its efforts to become the model example of a fully-fledged, focussed profit centre, its organisational structure is driven by top-down decision-making and control. As can be seen in Figure 4.1, there are basically four reporting levels in the hierarchy: the service managers and operations supervisors who report to the area managers, who, in turn, report to the chief managers, who report to the chief executive officer. The chief executive officer reports further up the line.

Figure 4.1 The organisation chart of ATM division
Source: Researcher’s own construction.

To accommodate the complexity involved in co-ordinating technology, products and markets, these hierarchical reporting structures may be necessary, but as argued in chapter 3, in the local branch they induce an overemphasis in managerial control that encourage the equilibrium conditions Pascale (1990) and Stacey (2000) warn against.

4.2 Resolving the “dialectic”: applying Pascale’s “vectors of contention” to examine themes of conflict in ATM division

To further this investigation, Pascale’s (1990) “dialectic” leading to the Seven Vectors of Contention approach is introduced. This approach provides the disciplinary framework to guide the investigation. In Figure 4.2, Pascale (1990:143) puts forward seven contentions (based on the 7-S framework) that lead to the disequilibrium and creative tension that prompts inquiry. This contention is presented schematically in the form of a “dialectic.” The central idea is that one entity (which is called a “thesis”), when juxtaposed with its opposite (“antithesis”), can generate a new configuration that both includes and transcends the foundational elements. The researcher uses this framework of seven contentions to examine themes of conflict in the ATM division.

Figure 4.2 The vectors of contention: resolving the “dialectic”
<table>
<thead>
<tr>
<th>7-S's</th>
<th>Thesis</th>
<th>Antithesis</th>
<th>Synthesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Planned</td>
<td>Opportunistic</td>
<td>Strategic Opportunism</td>
</tr>
<tr>
<td>Structure</td>
<td>Elitist</td>
<td>Pluralist</td>
<td>Interdependent</td>
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<tr>
<td>Superstars</td>
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<tr>
<td>Systems</td>
<td>Mandatory</td>
<td>Discretionary</td>
<td>Regulated Latitude</td>
</tr>
<tr>
<td>Style</td>
<td>Managerial</td>
<td>Transformation</td>
<td>Enlightened Discipline</td>
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<tr>
<td>Staff</td>
<td>Collegiality</td>
<td>Individuality</td>
<td>Socialized Activists</td>
</tr>
<tr>
<td>Shared Values</td>
<td>Hard Minds vs Soft Hearts</td>
<td></td>
<td>Compassionate</td>
</tr>
<tr>
<td>Pragmatism</td>
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<tr>
<td>Skills</td>
<td>Maximize</td>
<td>&quot;Meta-mize&quot;</td>
<td>Evolving Excellence</td>
</tr>
</tbody>
</table>

*Source: Adapted from Pascale (1990:143).*
4.2.1 Planned versus opportunistic strategy: strategic opportunism

According to Watson (1994:7), the participant observer should not only represent the existing views of those who are studied, but he should also engage with those views by asking questions about institutions and practices which are taken for granted. Thus, rather than being a neutral fly-on-the-wall, by engaging in this form of “reflexivity,” he could contribute to a critical and emancipatory use of social science.

The opportunity to engage in such an approach presented itself when the newly appointed chief executive officer (CEO) of ATM division visited the Port Elizabeth office in October 2000. A prior announcement to the staff had intimated that this highly qualified female comes from a non-banking background, and is a strong believer in ‘total quality’ management.

Unlike the previous chief executive officer, she appeared more approachable and engaged with the staff in open discussion. The question posed by the researcher to the new CEO was: How seriously do Nova Bank regard the constant practice of cardswopping, given that more and more customers are giving the bank a bad reputation by telling their stories to the press?

Her reply was a regurgitation of what she had been told the bank was already doing in this regard. In the meeting, her views were also supported
by the chief manager (coastal), who was more intimately involved with the problem.

Briefly put, the approach followed by the bank with regard to cardswopping and ATM vandalism was to liaise more closely with the police and criminal justice departments in the hope of facilitating criminal arrests and reforming criminal conviction procedures. However, this involves a lengthy struggle and the chances of achieving a satisfactory result are minimal, given that these departments are currently under-resourced and therefore not meeting expected standards. The real question was: What is ATM division doing with its own resource network to prevent cardswopping? The question was in fact intended as such, and that was how the chief executive officer interpreted it.

Two weeks after the meeting, the chief executive officer announced that ATM Network would consider removing the card cancelling facility from its ATMs, as this procedure (although well used by Nova Bank customers) was being abused by cardswoppers in order to defraud people. A survey would be conducted amongst the bank’s customers to test their views on the decision.

This sketch of inquiry and answer describes an example of an existing planned strategy towards solving a cardswopping problem being exposed to contention and consequently shown to be ineffective. The opportunity
for strategic change was provided when someone who was not constrained by “learned helplessness” (referred to in section 3.2.1) had a new perspective on the problem and felt empowered to do something about it. As Smircich and Stubbart (1985:137) point out: “Many, if not most, really novel and exciting new strategies that invade an industry are perpetrated by outsiders who do not know the rules.”

The purpose of this illustration is to indicate an instance of ineffective strategy and was not motivated by the researcher in order to deny the value in management’s efforts to work more closely with the police and justice departments. It is a sensible, but long-term approach. The significance of the illustration is to show how transcendental insight could be enabled by the emergence of a new perspective induced by contention, thus demystifying a difficult problem and encouraging a proactive solution. Even though removing the card cancel facility may not deter cardswoppers (for they may find a new modus operandi) the effort to solve the problem at least indicates commitment by the bank to customer focus.

4.2.2 Elitist versus pluralist structure: interdependent superstars

In section 3.2.6 it was suggested that Ryland Bank could be described as attempting to perform the integrative role between its various sub-units; a role which Pascale (1990) terms as that being characteristic of an “interdependent superstar.” The “juggerniche” business philosophy
supports such a role. Before the merger, Ryland Bank was one of the smaller and more innovative banks that experimented with split and fit concepts in South Africa (Corporate Research Foundation, 1998). It is well suited therefore to be playing this integrative role with the break-up of the larger Nova Bank group into specialised business units.

The need for measures that encourage integration appears to be perceived in higher levels of the organisation as witnessed by the creation of a broad portfolio of task forces, teams and committees (Nova Bank News, October 2000). However, according to Bartlett and Ghoshal (1999:12), this vital integration process requires intensive interaction with and support from middle managers in the organisation. They drive the linking and leveraging capabilities of the organisation by means such as internal benchmarking, best practice identification and technology transfer. The middle managers’ pivotal horizontal linkage role should be supported by a top management that creates a value-based context to support and reward collaborative behaviour.

Operational level structures such as service level agreements (SLAs) - between, for instance, ATM division and ATM-holding branches which relate to expected performance standards and the sharing of ATM revenues - and metropolitan branch structures (MBS) (i.e., branch networks arranged into ‘catchment’ areas or local markets under the leadership of specific
management teams) have induced a measure of horizontal integration within Nova Bank. However, in this study it is argued that the purposes of these structural measures have not been fully understood or ‘bought into’ by middle and lower level managers in the organisation. This half-hearted conceptualisation of organisational objectives by managers shapes and reinforces the segmentalist attitudes of staff in the divisions.

This segmentalist attitude was clearly communicated by an employee in ATM division when he suggested to the researcher that he (the researcher) should stop attempting to assert a point that was opposed by a powerful clique in the office. The problem involved some confusion about how to evaluate the performance of each member who had been involved in an incentive scheme introduced by Ryland Bank. The dispute was brought to life by the researcher’s insistence that each member in the team be allowed to assess his/her own performance finally, after being evaluated by the team. The principles of individual integrity and trust being the guidelines to this incentive scheme was made clear in a message to all staff by the chief executive officer of Ryland Bank in a satellite television broadcast a few days earlier.

Attempting to negate the significance of the CEO’s views, and supporting the dominant view of the group (which was also purported to be ATM division’s management stance) regarding the evaluation of this scheme, the aforementioned staff member drew an analogy between the authority of
a regimental sergeant major and the generals higher up in the military hierarchy. He claimed that rarely was the authority of generals perceived as being more relevant to the soldier as was the authority of the regimental sergeant major. He therefore confirmed that the central understanding of staff in the local branch of ATM division was that of a segmentalist approach. Thus, the authority of an ‘outsider’ to the ATM division, such as that of the chief executive officer of a bank, was perceived as being less relevant than the boss in one’s own division.

4.2.3 Mandatory versus discretionary systems: regulated latitude

The systems management in ATM division has been a steadfast, disciplined progression of incremental improvements, which has tilted toward the mandatory ‘control’ extreme. Cash management and control procedures, the ATMs’ image, network availability and monitoring, the ATMs’ fault detection and correction, and many other procedures and processes have greatly improved since the local branch was formed in 1997. A vital contribution to this improvement in efficiency and service was the installation of a world class ATM monitoring system (Annual Review to Staff, 1998).

Viewed overall however, the main factor driving the success of ATM division has been a strategic process identified by Johnson and Scholes (1999: 54) as the command view. In this process it is really the chief
executive officer that is the dominant character. He drives and sets the vision and modifies the strategies, whilst a group of managers under his command implement these strategies with authority and efficiency. Using Pascale’s (1990) terms, in this study it is argued that although for the most part this process was constructive and necessary, certain aspects in the way that it was implemented may have become “overdetermined.”

In fact, this overdetermination could, at times, develop awkward proportions. Periodic arrangements are made whereby the chief executive officer, chief manager (coastal), together with the service manager and area manager would visit the local branch and Eastern Cape area. These visits were prearranged, and therefore allowed the local managers and managers in the retail outlets the time to ensure that their ATMs are neat and clean. A good report could sometimes result in improvements for the promotional prospects of leaders in ATM division. The Port Elizabeth branch uses a contracted cleaning firm and they were usually contacted and asked to make a special effort during these visits.

The visits usually have a constructive purpose in that the image and performance of ATMs get assessed, and the identification of new sites and the relocation of others are discussed. However, these visits have a tendency to take on the overriding aspect of military-like, ATM image inspections.
After a number of these inspection visits and a list of good reports, management in the local branch started to develop a careless confidence. Another prearranged visit was made to the branch and this time the contract cleaner was not informed beforehand. The end result was a bad report.

What followed was a heaping of scorn and blame by the area manager on the custodians because it was always assumed that they had accepted ownership of their ATMs, which included such responsibilities as image monitoring and “housekeeping.” The main thrust of the verbal scolding was that this failure had resulted from people whom it had been a mistake to trust and to allow them the latitude to use their own discretion.

There were a few positive outcomes that emerged from this learning experience. This was, amongst others, that the custodians did accept more responsibility by focusing more attention on image and “housekeeping” duties. However, there were also a number of negative consequences. Firstly, another form, the ATM site inspection form, was given to the custodians to complete, thus forcing them to inspect their ATMs. This could have been interpreted as another indication that they were not trusted. Secondly, they were humiliated and given the blame for what went wrong. This caused feelings of resentment. Thirdly, nothing
was done to improve the more complex reasons that were preventing them from feeling that they could genuinely be regarded as having true “ownership” of the ATMs.

It is incidents like this and in monthly staff meetings where nobody is allowed to question the boss that the emphasis on control and lack of discretionary latitude in the exercise of staff empowerment is revealed. This propensity was also revealed when the area manager refused to relinquish control over staff empowerment initiatives (discussed later), such as the “do it” group (self-directed work team) and the share incentive scheme project that was introduced by Ryland Bank.

4.2.4 Managerial versus transformational style: enlightened discipline

In section 4.1.2 the researcher described a managerial style that was similar to the approach adopted by the area manager in ATM division. The researcher also attempted to point out that the area manager’s search for his own identity as a competent manager, may have been influenced by the prevailing shared world views in management. This study argues that these shared world views, such as Theory X (McGregor, 1960) and Taylorism, as well as the organisational culture (Deal & Kennedy, 1982) perspective, may have assisted in framing this identity search and these views were a powerful shaping influence in the local branch.
Supporting the views of Deal and Kennedy (1982), the researcher argues that with 25 years’ service in the bank, the area manager’s style of management is likely to be strongly influenced by the organisational culture itself. Deal and Kennedy (1982:120-121) provide a perfect description of the behaviour of survivors and heroes in the process culture. They say:

If process people don’t know where or when they will be attacked, they try to have all of their flanks covered. But caution in this culture isn’t personal, rather it becomes related to the end product. So, how neatly and completely workers do something is more important than what they do. If the pink slip isn’t filled in correctly, the world comes to a standstill. ...People who are valued in this culture are those who are trying to protect the systems integrity more than their own...The real survivors learn to live within this artificial world. They are orderly, punctual, attend to detail, and survive on their memories. They carry out procedures as they are written down without asking whether they make sense in the real world.

This emphasis on neatness and detail, punctuality and orderliness, the unquestioning adherence to procedure, and above all, the unshakeability of facts, are all important elements that make up the character and style of management of the area manager.

This study supports the view that most of these characteristics describe an excellent administrator/manager role, but argues that these characteristics do not provide a holistic picture of an effective leader. According to Peters and Waterman (1982:287), effective leaders are simultaneously able to cope with potentially conflicting ways of managing - attention to detail and
attention to ideas. In this sense they are “master[s] of two ends of the spectrum.”

Johnson and Scholes (1999:531-533) put it like this:

- In strategy creation, they have an ability to undertake or understand detailed analysis, and at the same time be visionary about the future. In achieving organisational credibility for a strategy, they need to be seen as having insight about the future, and yet action oriented about making things happen.
- In challenging the status quo in an organisation, they need an ability to maintain credibility and carry people with the change, while attacking the taken-for-granted and current ways of doing things.
- In communicating strategic intent, they need an ability to encapsulate often quite complex issues of strategy in everyday ways which people can understand.
- In consolidating strategy, and making it happen, they need an ability to maintain performance of the organisation while breaking down old assumptions and old ways of doing things, which potentially could jeopardise the efficiency of the organisation.

These are challenging tasks, demanding the abilities to cope with ambiguity, to demonstrate flexibility, insight and sensitivity to strategic context, and to relate to others. Thus, when more often than not, all that is required from managers in the organisation is to ‘get on with business of managing’ and show it in the profit margin that results.

Therefore, in the context of this research it is argued that transformation focused on ‘soft’ issues become non-issues in the ATM division with a managerial approach driven by the need to establish ‘command-and-control’ leadership. Perhaps the solution is to encourage more sensitivity towards transformation issues amongst managers. Westley, quoted in
Watson (1994:214) argues that “middle managers” want to be included in what she calls “strategic conversations” not only because it strengthens their political power through giving them access to powerful coalitions, but because it gives them access to “organisational sensemaking.” She says:

The difference in experience between receiving a directive without access to the framing rules which underlie that directive, and entering into a strategic conversation where frames are open to negotiation would be akin to the difference between being the fly caught in the web and the spider who spins the web.

Middle managers, she says, need to be involved in the making of meanings in organisations, “if organisations want a middle management group that is responsive as opposed to paralysed.”
4.2.5 Collegiality versus individuality in staff matters: socialized activists

The researcher argues that it is sometimes easy to gain the notion that a strong sense of shared purpose and communitarianism is shaping the workaday lives of people in Nova Bank. The communicators of ‘reality’ in this bank are frequently adept at creating a charming sense of confidence, giving the idea that cultural transformation is alive and well and everything seems to be on track. One such view of ‘reality’ would be the espoused set of values and actions featured in Table 2.1, on page 25. However, it is the experience of the researcher that many people in the organisation view such attempts in public relations with cynicism. Unfortunately, this cynicism also exists because, looming over the heads of many employees, is the ever-present threat of retrenchments and job insecurity brought on by constant organisational restructuring processes.

Since the merger, Ryland Bank has been conducting a quarterly Capability Study (May, 2000) to determine staff attitudes towards ten factors in the organisation. These ten factors are:

- **Client needs**
  Examines the extent to which the organisation is perceived as market oriented and client focused.

- **Job structure**
  Examines the degree of employee satisfaction or dissatisfaction with job structure and content.

- **Leadership**
  This factor examines the management style and leadership of the organisation and the extent to which leaders are facilitating employee performance.
• Organisational goals
Ascertains the extent to which employees understand and identify with the overall purpose and strategic direction for the future.

• Teamwork
Considers the degree of teamwork amongst employees and whether current group processes inhibit or facilitate work performance.

• People management
Assesses formal human resource management practice and its effectiveness in ensuring the competence and utilisation of the organisation’s people for future growth and development.

• Organisational climate
Aspects of the climate such as morale, motivation, conflict handling, and decision making, for example, exert a positive or negative influence on the work performance of employees. This factor examines these aspects of the organisation.

• Change implementation
Measures the extent to which understanding and/or resistance to existing or proposed changes exist amongst employees.

• Culture
Examines the extent to which the organisation has guiding values, beliefs and attitudes that effectively unite its people in a common sense of purpose.

• Communication
This factor examines the effectiveness of the various communication channels in the organisation.

Since the Capability Study’s implementation in 1999, poor overall scores across the organisation have been recorded in the following categories: Job structure, People management, Organisational climate, Culture, Teamwork, Leadership and Communication. Scores in the other categories were satisfactory (Nova Bank News, October 2000).
Of the 31 questions completed by all staff, nine of these questions have consistently delivered poor scores. They are the extent to which:
- staff get regular constructive feedback concerning their division/branches performance,
- staff are involved in the strategic planning process,
- people are considered to be the single most important resource in the division/branch/organisation,
- people support and use vigorous open debate to come to the best decision,
- all staff are given equal opportunity,
- the division/branch is empowered,
- people understand the Ryland Bank Banking Group Culture,
- people feel they can discuss concerns without fear of repercussion, and
- the working environment encourages creativity and innovation (Nova Bank News, October 2000).

The results of the Capability Study (October, 2000) confirmed and validated the previous findings which indicated that real successes were gained in reforming the organisation to meet the demand of its market and external environment. However, this was achieved at the cost of not developing its internal human resources to ensure that it met market demands both now and in the future (Nova Bank News, October 2000).
In order to encourage alignment with Ryland Bank’s goals, efforts were made by the bank to introduce some form of staff participation in the self-directed work teams (“do-it groups”) already referred to in 4.2.3. The staff incentive scheme mentioned in 4.2.2 was also introduced to encourage team members to set goals within their groups and work individually towards achieving them. Group facilitators were appointed to each group and three-day training workshops were held in order to give guidance to these facilitators. Group members were expected to set work-related targets for themselves and discuss these targets with others in the group. After each viewing of a televised broadcast regarding aspects of the organisation’s transformation, group members were also expected to discuss amongst themselves issues that needed to be clarified. These issues could be forwarded to a Clearing House in need of clarification.

In the local branch of the ATM division it became clear to the researcher that the employee empowering objectives of the “do-it” group and the incentive scheme initiative were not fully appreciated by the area manager. The area manager sought to control developments from the start and appointed the sales and service manager to facilitate these meetings. Because of his power to sway opinions within the group, his presence at these meetings normally resulted in a discussion of the facts as the area manager viewed them.
In the meetings it was clear for the researcher to see how easily the group became aligned to the organisation’s purposes as the area manager viewed these. According to Harrison (1995:169), this process of achieving “a degree of alignment” by surrendering individual identities to an ‘organisation’ or boss, must be distinguished from a process whereby the individual expands his or her individual purpose to include the organisation’s purpose.

Harrison (1995:169) relates the former process to what May (1969) calls the *daimonic*. The daimonic is that aspect of humankind which seeks to express itself and to have an impact on the world, no matter what the cost or consequences. The daimonic may be found in high-performing groups and organisations. But as Harrison (1995:169) puts it:

...even high-performing organizations have their inhumanities. They burn people out; they take over people’s private lives; they ostracize or expel those who do not share their purposes...It seems to me no accident that many of our most exciting tales of high-performing, closely-aligned organizations are either literally or metaphorically “war stories.” War is the ultimate expression of unbridled will in the pursuit of “noble” ends.

People in groups seem to find one another’s *daimons*, as they may have done in the closely-aligned organisational setting in the local branch. Stated positively, this process may encourage concerted action much like the transcendent values that leaders call on to unite their organisations and give common direction to the group. Stated negatively, the process
could encourage a sharing of the same set of presuppositions that mutually confirm each other’s interpretation of experience. This may result in the “collective suppression of countervailing evidence” (O’Toole, 1995:169).

Harrison (1995:170-171) argues that a powerful concept that is missing or understated in much contemporary writing about high-performing organisations is the concept of “attunement,” meaning a resonance or harmony among the parts of the system, and between the parts and the whole. He suggests that as the concept of *alignment* speaks to one of *will*, so that of attunement summons up the mysterious operations of *love* in organisations: the sense of empathy understanding, caring, nurturance, and mutual support.

Support for the views of O’Toole and Harrison are emerging from a new philosophy of the organisation. Writing on the “unimagined” future organisation, Handy (1997:379) says that:

Power, in the new organizations, comes from relationships, not from structures. Those who have established reputations acquire authority which was not handed down from above; those who are open to others create positive energy around themselves, energy which did not exist before. Love, or, to give it a more corporately respectable title, “unconditional positive regard,” may not make the world go around, but it can certainly release unsuspected potential. This makes for an untidy world but one with its positive side.
Socialized activists are able to match the need for organisational alignment in terms of its mission, goals and values with the need for attunement or harmony between the parts of its system and between the parts and the whole (Harrison, 1995:170-171; Pascale, 1990:161).
4.2.6 Hard minds versus soft hearts in terms of shared values: compassionate pragmatism

Notwithstanding the emotional appeal of such humanistic terms as “teamwork,” “attunement” and “love,” in this study it is argued that in the ATM division work relations have a decidedly hard-minded cast. If measured in terms of such criteria as those questions that had performed poorly in the Capability Study, such as for instance: Are all staff given equal opportunity? Are people considered the most important resource in the division? and Do people feel they can discuss concerns without fear of repercussion?; then the most probable answers of “no” to these questions would confirm the correctness of this hard-minded assumption.

However, following the appointment of the new chief executive officer to ATM division in September 2000, intimations of what might be a change in approach have been witnessed. This, for instance, was evidenced when she personally thanked each staff member for his/her contribution towards continual success in growing the division’s net SASWITCH income. Small gifts and free dinners were also given to each staff member in this celebration of success. A difference was also evident in her management approach, which was to encourage staff participation in strategy formulation and was briefly alluded to in section 4.2.1.
According to Pascale (1990:170) *compassionate pragmatism* entails *enacting* values rather than espousing a set of value statements to which nobody aspires. This process would probably imply a reversal of the way things are normally conducted in most firms, as in many instances the espoused value statements are the easiest to formulate and usually the first to be professed.

4.2.7 Maximize versus “meta-mize” in terms of skills: evolving excellence

Pascale (1990:235) believes that ultimately, organisational vitality and adaptiveness depend on “learning.” He says that fit, split, contend, transcend, and the domains of contention are only vehicles by which firms drive themselves into the self-examination that true learning entails. He defines two types of learning: little “I” learning (incrementally improving upon a base of prior performance) and Big “L” learning (shifting the context of the baseline itself). This distinction relates to the terminology *maximize* and *metamize*. Little “I” learning maximizes; Big “L” learning meta-mizes.

This study argues that in ATM division most of the learning has been of the little “I” variety. In fact, much of the division’s success has emerged from maximizing operational efficiencies in this respect. According to Pascale (1990:236-237) eight specific factors influence an organisation’s capacity for learning:
1. The extent to which an elite group or single point of view dominates decision-making
2. The extent to which employees are encouraged to challenge the status quo
3. The induction and socialization of newcomers
4. The extent to which external data on performance, quality, consumer satisfaction, and competitiveness are cultivated or suppressed
5. The equity of the reward system and distribution of status and privilege
6. The degree of empowerment of employees at all levels
7. The historical legacy and folklore
8. The integrity of contention management processes – particularly with respect to surfacing hard truths and confronting reality

A positive outcome emerging from the area manager’s hard confrontational-style approach in his search for “unshakeable facts” has been the development of a strong sense of accountability amongst ATM division employees. This accountability has, to a degree, developed almost by default because it became part of the employee’s strategy to defend him/herself against the area manager’s approach. ATM custodians have, for instance, developed an inclination to search for facts relating to ATM business scenarios and generally be more observant in their working environments so as to enable them to field the difficult questions posed by the area manager. This study suggests that this is little “I” learning, because it is basically motivated by fear of embarrassment and does not encourage the self-fulfilling and self-motivating learning that comes from a feeling of being empowered.

The study therefore argues that it is Big “L” learning that is lacking in ATM division. Mintzberg (1989) and Schön (1991) have shown how management
is not only a science, but more importantly is also an “art” in which the
manager exercises his/her intuitive judgement and skills. The latter
approach predates and is a more powerful approach than the scientific
approach, which was developed by Taylor. Schön (1991:241) says that in
management as in other fields, “art” has a two-fold meaning:

It may mean intuitive judgement and skill, the feeling for phenomena
and for action that I have called knowing-in-practice. But it may also
designate a manager’s reflection, in a context of action, on
phenomena which he perceives as incongruent with his intuitive
understandings.

This crucially important art of knowing-in-practice that the area manager
has been able to refine over the years has tended to remain private and
inaccessible to others in the local branch. The inability to impart this
knowledge, according to Schön (1991:243), is part of a wider problem
shared by many managers who are seldom able to “reflect on their
reflection-in-action.” Moreover, because awareness of a person’s intuitive
thinking usually grows out of practice in articulating it to others, managers
often have little access to their own reflection-in-action. Since they cannot
describe this reflection-in-action they cannot teach it to others. Yet one of
management’s most important functions is the education of their
subordinates.

Also contributing to this lack of Big “L” learning is the ‘command-and-
control’ paradigm (discussed on pages 27 and 28) which, confirming
Argyris’ (1992:26) views, tends to encourage relations among staff that are
characterised by “win-lose” political game playing. The researcher argues that in the ATM division’s local branch these games involved the maximising of winning (being an ‘indispensable’ member in the boss’ team) and the minimising of losing (being an outsider). The political game-playing involved in win-lose relationships, and the area manager’s inability to recognise (by self-reflection) the implications of his actions which encouraged this behaviour amongst employees, did not help to bring about the disequilibrium conditions required for learning to take place.

Related to this inability to self-reflect is the “defence routines” that organisations or the people in its divisions inadvertently put in place in order to avoid themselves or the organisation from experiencing embarrassment (Argyris, 1986). Embarrassment and self-reflection encourage Big “L” learning. Argyris (1986) suggests an approach similar to the cultural “mapping and re-mapping” techniques developed by Johnson (1998) in order to uncover organisational defence routines and thus self-reflect on these.

In the next section the researcher explains how an attempt was made to facilitate a mapping and re-mapping exercise of the organisational culture of ATM division.

4.3 Originating a cultural web
According to Johnson (1998:139) a cultural web can be used to map and re-map an organisation’s culture. Ideally the best approach to follow in this process would be to select groups of twelve to fifteen managers from the same organisation. These participants should have been part of a workshop discussing strategy development for their organisation and possess a real understanding of the strategic issues facing the organisation, as well as having some responsibility for implementing strategy. Members should be encouraged to develop their own ideas when building a web of their organisation. As part of this exercise examples of other cultural webs can be used to stimulate ideas. As there is a danger of participants copying the elements of an existing web, members should be asked to note down examples of each of the elements as they see it for their own organisation.

After generating individual views, the workshop would then be split into groups of 4 to 5 members. The members of each group would then debate and brainstorm their ideas. The aim of this exercise would be to find a common aspect of organisational culture. Once every group concludes their analysis, they present their views to the workshop at large (Johnson, 1998:140).

Owing to some practical difficulties the researcher was unable to gather together a group of managers at any time. The researcher therefore approached a group consisting of three individuals in the local ATM division and attempted to explain to them the conceptual basis of the cultural web, its links to strategy development
in the organisation and how organisational culture can constrain strategy development and impede strategic change. The participants were then asked to list examples of each of the aspects of the web, as they perceived it in their own organisation. The researcher noted all examples and compiled a collection of the most frequently mentioned issues. He then compiled a questionnaire, which listed the most common issues identified in each element of the web. The group consisting of three individuals, were then given the questionnaire (see Annexure 4.1) and asked to highlight four issues under each element that they felt strongly pertained to the organisation. From the results of this survey, the researcher was then able to develop a cultural web for the organisation (see Figure 4.3).

Figure 4.3 ATM division's current cultural web
Source: Constructed from Annexure 4.1.

The content of figure 4.3 will be discussed in a comparison between a re-mapped web and the current web in section 4.4.1.

Stories
- Retrenchment
- Growth in net SASWITCH revenue
- Poorly trained staff
- Lack of trust and respect

Control Systems
- Gasper monitoring
- ATM availability statistics
- ATM image housekeeping
- Cash optimisation management
4.3.1 “Legitimate” and “shadow” themes in the construction of the web

The researcher argues that a comparison between the web he constructed in chapter 2, and the web in figure 4.3, brings the role of legitimate and shadow themes to the fore. Stacey (2000:376) maintains that:

If there is one thing everyone knows about life in organisations, or any other grouping of people for that matter, it is this: it is not possible to talk freely and openly to just anyone, in any situation, about anything one likes, in any way one chooses, and still survive as a member. Relationships impose powerful constraints on what it is permissible to say, to whom and how.

He adds that:

There is another thing that everyone knows about life in organisations and it is this: it is sometimes quite acceptable to act but quite unacceptable to discuss freely and openly the reasons for doing so. Alternative reasons that cover up the ‘real’ reason are disclosed instead. This is the basis of the distinction I make between legitimate and shadow themes that organise relationships in organisations.

Legitimate themes are what people feel able to talk about openly and freely. They organise conversations in which people give acceptable explanations of their behaviour or give acceptable explanations of the behaviour of others.

Shadow themes are conversations in which people feel less able to give acceptable explanations of their own actions and behaviour, or the actions and behaviour of others. They are the kind of conversations that people would only engage in informally in small groups with people who are known and trusted. Thus, shadow themes organise what people do not feel able to discuss freely and openly. The interplay between legitimate and shadow themes in their conversations made the researcher’s attempts to assist the group in constructing the web a tricky task. Mostly group members were on an informal one-to-one basis, willing to discuss certain issues quite openly with the researcher. These discussions involved some of the issues in the ‘command-and-control’ approach to management identified by the researcher’s web. However, what Argyris (1993:20) had pointed out as being common group behaviour in organisations, the researcher was able to confirm in his perception of what may have constituted a low-trust group situation; thus, members were reluctant to discuss shadow themes and made the “undiscussability” of these issues “undiscussable.”

The researcher argues that group members therefore sought to ‘legitimise’ the conversation by framing their answers in non-committal, generalised terms. Such answers were for instance: “In general employees are not trusted,” and “Management in general is autocratic.” The researcher
further contends that the legitimate themes elicited from employees by following the above approach, is also elicited by the organisation’s formalised Capability Study questionnaire.

By following the above approach, employees involved in the group exercise were confirming the views of Argyris (1993), who found that in many organisations no-one needed to be confronted or embarrassed by their actions or behaviour and employees became “skilful” at “covering-up” their unconscious shadow themes. These organisational “defensive routines” overprotect individuals or groups and inhibit them from learning new actions.
4.4 Re-mapping the culture
The process of re-mapping using the cultural web is similar to that of mapping organisational culture. The aim is to re-map the web, but this time to represent how culture would be if it complemented the strategy successfully (Johnson, 1998:147). The same process was repeated, but this time participants were asked to list four of the issues in each element of the re-mapped web (see Annexure 4.2). From the results of this survey, the researcher was then able to compile a re-mapped cultural web for the organisation (see Figure 4.4).

4.4.1 The value of re-mapping organisational culture

- It provides an idea of the extent to which the present culture is an obstacle and also the level of change required.
- It creates an environment for doing things differently from the accepted norm, but in line with the desired strategy, thereby creating the context in which people can experience change and see its benefits.
- Mapping the sort of structures, systems, routines, rituals and symbols which, desirably would support a new strategy can give clues to what might be helpful to change (Johnson, 1998:147).
The differences between the existing culture and the re-mapped culture of ATM division are indicated as follows:

Rituals and routines
The existing culture highlights the present rituals of group cohesiveness, powerfully influenced by the area manager. The social club, staff meetings and the Christmas party are important routines. The re-mapped culture is also geared towards social cohesiveness but is more tolerant and supportive of individual diversity. Increased feedback from customers is
essential in maintaining customer focus and the need to reward employees for individual effort needs to be established as an important routine.

Symbols
In the existing culture being a good team member – which could also be construed as unquestioning obedience, or not ‘making waves’ – must be distinguished from being a good team member in the re-mapped culture. Here the individual would be co-operative, but also able to speak his/her mind without fear. In the existing culture absenteeism (due to illness or for whatever other genuine reason) is simply not tolerated. Loyalty is demanded and personal considerations are of little importance when requesting time off. In the re-mapped culture there must be a balance between the personal and the organisation’s demands. In the current culture title and grade are important determinants of status and salary. Managers may also feel slighted if they are not invited to the bank’s cricket suite. In the re-mapped culture what you know is more important than who you know, and living out the brand values (i.e., respect for individuality, ideas and hospitality) is an important test of one’s character.

Power structures
The re-mapped web indicates the desire for participative leadership and employee empowerment. This differs from the existing leadership style, which is autocratic. The current commitment by employees to incremental improvements in efficiency continues to be an important issue in the re-mapped culture.

Organisational structure
In the re-mapped culture the emphasis is on teamwork and inter-branch/departmental collaboration and flat structures. This contrasts with the existing mechanistic driven structure and top-down instruction-giving procedures and processes. Ownership and accountability are important issues in the profit centre structure.

Control systems
The existing culture emphasises control by means of the ATM monitoring system, the ATM image housekeeping procedures, and the ATM availability statistics and cash optimisation procedures. Although these are important measures, the re-mapped culture is geared towards establishing an ethos of empowered ‘ownership’ of ATMs. Good performance needs to be rewarded.

Stories
The existing culture is characterised by fear of retrenchment, a lack of trust and lack of respect shown by managers towards subordinates, and poorly trained staff in some divisions in the organisation. However, a positive sign in ATM division is the growth in net SASWITCH revenue. The re-mapped culture encourages open, constructive debate of the business
case (without fear of repercussions), continued growth in net SASWITCH revenue, trust and respect for fellow employees, and employee development (through training and empowerment).

Paradigm
The current culture is that of subordinates feeling disrespected and distrusted by management. The fear of retrenchment also exists although employees are committed to improving efficiency. The re-mapped culture allows for open debate of the business case, celebration of success, trust and respect for fellow employees and the team approach to work relationships.

With the possibility of strategic change in mind it is important to diagnose the organisational culture from many perspectives so that we know which aspects of the culture to change. Therefore, apart from the cultural web, already analysed here, in the next section the organisational culture model is also analysed.

4.5 The organisational culture model

According to Rowe, Mason, Dickel, Mann, and Mockler (1994:473), the various combinations of organisational values and orientations produce four types of cultural environments within which organisations function (see Figure 4.5). These are the quality culture, the productive culture, the supportive culture and the creative culture.

Figure 4.5 The organisational culture model

<table>
<thead>
<tr>
<th>Achievement (open system)</th>
<th>Quality Culture</th>
<th>Creative Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Effective Planning</td>
<td>Innovation</td>
</tr>
<tr>
<td></td>
<td>Problem Solving</td>
<td>Entrepreneurship</td>
</tr>
<tr>
<td>Performance (controlled system)</td>
<td>Productive Culture</td>
<td>Risk Taking</td>
</tr>
<tr>
<td></td>
<td>Efficiency</td>
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<td></td>
<td>Consistency</td>
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<td></td>
<td>Procedure</td>
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<td></td>
<td>Rituals</td>
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<table>
<thead>
<tr>
<th>Supportive Culture</th>
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<tr>
<td>Teamwork</td>
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<td>Co-operation</td>
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<tr>
<td>Growth</td>
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</tbody>
</table>
The organisation’s values and orientation combine to bring about a particular environment. For example, valuing the achievement of individuals leads to the development of a quality culture if there is a strong technical orientation or a creative culture if there is a more social focus. When organisational values and norms stress performance, a technical orientation leads to a productive culture, whereas focus on interpersonal competency brings about a supportive/co-operative culture (Rowe et al., 1994:474).

The four cultures have different characteristics. The productive culture emphasises efficiency and consistency, whereas the quality culture nurtures the growth of employees within the organisation through effective planning and problem solving. The productive culture tends to employ many rigid procedures and rules, whereas the quality orientated organisation is more

Source: Adapted from Rowe et al., (1994:473).
flexible in its approach. The creative culture type of organisation tends to be innovative and entrepreneurial, which is inclined towards risk-taking. Change is more easily accomplished in this type of culture and most organisations would like to have a creative culture. The supportive culture produces an environment characterised by teamwork, cooperation and reinforcement (Rowe et al., 1994:475).

4.5.1 Utilising the organisational culture model to analyse the culture of the ATM division

Using Du Toit’s (in Thomas, 2000) adapted questionnaire on diagnosing organisational culture, the researcher attempted to diagnose the culture of the local ATM branch. Du Toit’s adapted questionnaire had been reduced from fifteen to nine questions by Thomas (2000) in order to facilitate the survey process. This proved to be a useful adjustment, as it facilitated the survey procedure involved in this study. The questionnaires (see Annexure 4.3) were then handed out to ten individuals in the branch. Five questionnaires were returned to the researcher. Of these, two were completed incorrectly. The results of the questionnaires were statistically analysed by the researcher. These results can be viewed in Figure 4.6.

Figure 4.6 Organisational culture profile for ATM division
From the organisational culture profile it is possible to deduce that on average staff in the local branch would prefer, (1) a much less productive culture than the perceived existing one, (2) a slightly less quality culture, (3) a less supportive culture, and (4) a greatly improved creative culture.

The productive culture identified in the organisation is typical of a firm that emphasises efficiency, consistency, is driven by rigid procedures and is resistant to change. People in the branch have a strong respect for quality culture, which nurtures the growth of employees within the organisation through effective planning and problem solving and is receptive towards change. Staff would prefer less of a supportive, co-operative culture.

In the researcher’s view this finding is surprising, but could perhaps be explained by referring to Stacey’s (2000:377) account of ideology, which can either be “official” or “unofficial.” The distinction between legitimate and shadow themes (discussed in section 4.3.1) is intimately related to official and unofficial ideology. Ideology legitimises a conversation and sustains the current power relations that make conversation feel natural, acceptable and safe. This official ideology may exert a powerful influence on what may or may not be freely spoken about. However, it need not necessarily determine what may or may not be done. Despite the official ideology, people may act in ways consistent with unofficial ideologies,
even though they cannot talk about how their actions are justified by unofficial ideologies. In ATM division, the official ideology of ‘command-and-control’ discouraged talk of a supportive, co-operative culture, although ‘unofficially’ people did tend to act supportively and in a co-operative manner.

Finally, the results indicate that there is a strong desire for a creative culture. The creative culture is typical of an organisation that Ryland Bank espouses to be, which tends to be innovative and entrepreneurial and is inclined towards risk-taking and the initiation of change (Rowe et al., 1994:475).

4.6 Conclusion
Three approaches were used to analyse the organisational context of the ATM division: the seven vectors of contention, the cultural web (mapping and re-mapping) and the organisational culture model. These approaches enabled the researcher to throw some light on the complex issues involved in cultural transformation. Thus, for example, using the cultural web and assisted by a questionnaire, the researcher surveyed opinions in the local branch and was able to identify certain blockages to transformation. Positive elements such as the commitment to incremental improvements in efficiency were also identified in the cultural context of the ATM division. Analysis of opinions expressed in the organisational culture model survey indicated that there is a strong inclination towards a creative culture in the branch. However, the researcher’s own observations had indicated that some people in the branch had behaved in ways contradictory to this professed inclination. The researcher believes that these apparent contradictory assumptions may be a reflection of the theories-in-use concept, which tends to reveal contradictory behaviour in the professed aspirations of people.
CHAPTER 5

FINAL CONCLUSION AND RECOMMENDATIONS

This study has no value for the bank. We know what our internal policies are. Why don’t you do a study on our competitor?

Comment of a senior manager in the ATM division after reading the research proposal

5.1 Introduction

According to Goss et al., (1993:98), for a firm to reinvent itself, it must first uncover its “hidden context,” which is the organisation’s social behaviour or culture. These writers point out that many senior managers don’t have the courage, or see the need, to throw away the context they have created.

In defence of these managers however, Goss et al., (1993:99) argue that it is easy to look for the root cause of declining competitiveness and not see it. The researcher suggests that as the epigraph to this chapter indicates context alters what we see, usually without being aware of it. The Capability Study’s finding shown on page 81 of this dissertation, is that Nova Bank had achieved success in reforming the organisation to meet the demand of its market, but this was at the cost of failing to develop its internal human resource. Self-reflection on soft issues, as argued by the researcher in chapter 2, was something that did not come naturally to people in Nova Bank. It was therefore easier to focus on issues outside the bank when looking for reasons for declining performance.

Goss et al., (1993:100) cite author Mae Brown, who defines insanity as doing the same thing again and again but expecting different results. These writers say that “[w]ith no awareness of the power of context, we continue to beat our heads against the same wall.” They argue that what is missing in the ability of senior managers to master the process of reinvention in their organisations, is the willingness to “…journey into a largely unfamiliar and uncomfortable territory, the territory of being.”

Goss et al., (1993:101) argue that to many ‘practical’ people who are used to getting on with the business of “doing things,” notions of being “…smacks of something philosophical or, far worse, theological and therefore has presumably little relevance for managers.” But these writers claim that an organisation’s being determines its context and its possibilities. They assert that remarkable shifts in context can happen only when there is a shift in being.

Thus, Goss et al., (1993:101) point out that managers are selected and promoted on their ability to do something, “…to get things done,” but
being entails that managers must create a new context and alter actions. As they put it:

When you fundamentally alter the context, the foundation on which people construct their understanding of the world, actions are altered accordingly...Being alters action; context shapes thinking and perception...Context sets the stage; being pertains to whether the actor lives the part or merely goes through the motions.

This dissertation has attempted to explain the hidden context that is blocking the emergence of a new context. It was suggested that constructive conflict is the best means of surfacing these blockages so that transformation efforts could succeed.

The main problem of this study was defined in chapter 1 as: How can transformative, constructive conflict be sustained at Nova Bank? and the sub-problems as:

- What are the transformational leadership issues that support constructive conflict?
- What are the obstacles to transformation and how can constructive conflict overcome these?

Before discussing the recommendations concerning possible solutions to the main problem and sub-problems, some of the important issues that were highlighted in the study are revisited.

5.2 Final conclusion

Chapter 2 sought to establish the theoretical underpinning of the study. A number of concepts which form the basis of Pascale’s (1990) constructive ‘conflict paradigm’ were discussed. Important amongst these is the concept of disequilibrium, which states that for an organisation to survive in today’s competitive conditions it must develop the attribute of resilience. Resilience is a picture emerging from the natural sciences and is used by Pascale (1990) and Stacey (2000) to suggest that by fostering disequilibrium, an organisation can remain in relation to its environment by being persistently vigilant and adaptive. Disequilibrium – a state poised between order and disorder – is encouraged by contention, which leads to paradox and development of the new.
Culture was defined as a measure of the organisation’s mindset, and in this study it is positively described as a willingness to encourage disequilibrium. However, the researcher argued that unfortunately, in Nova Bank, the dominance of a Taylorist, ‘command-and-control’ mindset, did not sufficiently establish the organisational environment for disequilibrium to emerge. Although a set of espoused values promised the possibility of establishing the right tone for disequilibrium to emerge, the researcher’s own experience of existing enacted values in Nova Bank, was that the organisation would need to self-reflect in order to recognise its own true culture.

Chapter 3 gave a perspective on the organisational background of Nova Bank and the emergence of the ATM division. The concepts of fit, split, and transcend were explained in relation to the organisation’s evolving profit centre focus. It was argued that this evolving structure was encouraging disequilibrium, in the sense that it engendered an owner-manager culture in the organisation’s inter-dependent, specialist sub-units. Thus, as Bartlett and Ghoshal (1999:7) pointed out, in this structure entrepreneurial activities could be much more widely distributed than in most contemporary firms or indeed in Nova Bank’s classic M-form structure. Support for the profit centre concept came from Ryland Bank’s “juggerniche” philosophy.

It was argued that the transformative momentum (negative capability) generated by the organisational change was bouncing off walls of cultural rigidity. According to the view of the present chief executive officer of Nova Bank, a particular brand of cultural rigidity was inculcated within the organisation by a group of ex-soldiers who joined the bank and became managers after the Second World War.

Pascale (1990) and Miller (1990) argue that cultural rigidity ensures that an organisation seeks out strategies that support its current operating configuration and rejects those that require change, i.e., it encourages reinforcing cycles (Johnson & Scholes, 1999:480-483). These cycles produce stability and equilibrium; conditions that are not conducive to
creating the “requisite internal variety” to cope with external change. “Internal variety” is often experienced within organisations as contention; the purpose of contention being to generate new points of view so that the spectrum of an organisation’s options can widen. The researcher asserted in section 3.4.1 that unfortunately, a situation of authoritarian “overdetermination” in manager-subordinate relations appeared to be characterising the existing scenario in Nova Bank, and particularly as he experienced it in the ATM division. This situation did not therefore appear to be encouraging the practice of contention.

Chapter 4 sought to uncover the nature of the cultural context in the local branch of ATM division. It was argued that this context was largely determined by the managerial style of the area manager. It was also contended that this style is implicit in the Taylorist and ‘command-and-control’ views, which was characteristic of the management approaches in the organisation. These approaches may have been responsible for generating overdetermination in authoritarian manager-subordinate relations.

Seven themes of constructive conflict (guided by the 7-S model) were examined in relation to the organisational context of the ATM division. In certain instances, narratives of incidents in the local branch of the division were presented in order to illustrate the conflict themes. In the researcher’s view, one of the incidents involved in demonstrating a narrative theme (strategic opportunism) was the clearest illustration in this study of the process of disequilibrium. The narrative described certain actions that resulted in the emergence of new strategy with regard to cardswopping. The illustration showed how new perspectives were generated during a routine staff meeting which was made different in a sense by the presence of the new chief executive officer, who encouraged a degree of ‘radical’ contention. This contention created some disorder and paradox, leading to self-reflection and the development of the new.

Apart from the seven vectors of contention approach (discussed above), the cultural web (mapping and re-mapping) and the organisational culture model approaches were also used to analyse the cultural context of ATM division. These approaches enabled the researcher to clarify certain issues with regard to cultural transformation by assisting in identifying certain blockages to change. These blockages were mostly implicit in the hidden mental models of ATM division’s employees. With the assistance of questionnaires and that of certain employees who participated in a practical group exercise, the researcher was also able to offer some contextual explanations of the hidden mental models that may have surfaced in the exercise.

The next section discusses a few recommendations that would assist in solving the main and sub-problems.
5.3 Recommendations
The recommendations consist firstly, of a discussion of a set of seven dimensions that seem to characterise the cultures of successful organisations that produce profits through people. The researcher critically assessed these dimensions in Nova Bank. Secondly, three concrete interventions are suggested in order to sustain the transformation process, and thirdly, the researcher suggests a presentation of the entire study in a series of in-house workshops and provides a detailed agenda and action plan for the workshops’ implementation. Fourthly, suggestions for further research are discussed.
5.3.1 The importance of managing people effectively

According to O’Toole (1995), current management philosophy advocates an outmoded Machiavellian approach to running organisations: leaders are told that they can only accomplish their goals by being tough, manipulative, dictatorial, or paternalistic as the situation requires. O’Toole proposes a new vision of leadership in the business world, one that is rooted in moral values and a consistent display of respect for all followers. He claims that when leaders truly believe that their prime goal is the welfare of their followers, they get results.

Citing Rosener, who in a controversial article argued that male leaders are more likely than female leaders to use their power in the organisation to lead by “command and control,” O’Toole (1995:138) says that by contrast, female leaders get “subordinates to transform their own self-interest into the interest of the group through concern for a broader goal.”

People, and how they are managed, are therefore becoming more important because many other sources of competitive success – product and process technology, protected or regulated markets, access to financial resources, and economies of scale – are less powerful than they once were.

Noting one particular example as an illustration of this viewpoint, Pfeffer (1994:14-15), describes the success history of Southwest Airlines, a firm in
the United States. In order to determine their degree of influence on the firm, Pfeffer examined each of the abovementioned traditional competitive factors, but he came to the conclusion that much of Southwest’s success could only be ascribed to its very productive and very motivated work force.

Competitive advantage through people is becoming more important because the success, such as that achieved at Southwest, can be sustained and can not readily be imitated by competitors. This is so, because the success that comes from managing people effectively is often not as visible or transparent as to its source. “We can see a computerized information system, a particular semiconductor, a numerically controlled machine tool. The culture and practices that enable Southwest to achieve its success are less obvious” (Pfeffer, 1994:15).

Pfeffer (1998) provides both quantitative evidence and qualitative case examples of firms ranging from Volkswagen to Apple Computer, United Airlines, and banks in the United States and Germany, to prove a direct correlation between good people management and profits. He claims that the culture and capabilities of an organisation – derived from the way it manages its people – are the real and enduring sources of competitive advantage. From these various studies and case examples, Pfeffer (1998: 64-65) is able to extract a set of seven dimensions that seem to characterise most of the organisational culture systems that produce profit through people. They are:

1. Employment security.
2. Selective hiring of new personnel.
3. Self-managed teams and decentralization of decision making as the basic principles of organizational design.
5. Extensive training.
6. Reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels.
7. Extensive sharing of financial and performance information throughout the organization.

Pascale, Millemann and Gioja (1997) affirm Pfeffer’s (1998) views by arguing that most firms have not yet come to terms with the insight that
culture is as strategic as its product and market initiatives are in attempting to gain a competitive advantage. Pascale et al., (1997:129) claim that there are four vital signs, that enable an organisation to determine the overall health and adaptability of its culture. The four vital signs provide a working definition of culture and reveal what is important to be know about the operating state of any firm:

Power. Do employees believe they can affect organizational performance? Do they believe they have the power to make things happen?

Identity. Do individuals identify rather narrowly with their professions, working teams, or functional units, or do they identify with the organization as a whole?

Conflict. How do members of the organization handle conflict? Do they smooth problems over, or do they confront and resolve them?

Learning. How does the organization learn? How does it deal with new ideas?

Essentially, there are three concrete interventions that will restore a firm to vital agility and keep it in good health. These are: incorporating employees fully into the process of dealing with the most pressing business challenges, leading from a different place so as to galvanise and maintain employee involvement and constructive conflict, and instilling mental disciplines that will make people behave differently and then help them sustain their new behaviour into the future (Pascale et al., 1997:134). The three interventions are discussed in more detail in section 5.3.3.

5.3.2 Assessing the seven practices in Nova Bank
In this section, the researcher assesses the seven dimensions of a successful culture, as they are perceived in relation to the broader culture of Nova Bank.

Employment security
One of the most widely accepted propositions, according to Pfeffer (1998:65), is that innovations in work practices or productivity improvement are not likely to be sustained over time when workers fear that by increasing productivity they will work themselves out of their jobs. There are many additional long-term benefits that follow from employment assurances besides workers’ free contribution of knowledge and their efforts to enhance productivity. One such set of benefits is the costs that are avoided when layoffs put important strategic assets on the street for the competition to employ.
Constant organisational restructuring in an attempt to achieve Ryland Bank’s lean staff ratios and pressure to reduce the bank’s cost-to-income ratio has resulted in many staff retrenchments in Nova Bank. The consequent job insecurity has resulted in low staff morale where people are perceived "... to carve out private patches of turf where they can exercise responsibility, protect themselves, and keep the world at bay [i.e., thus encouraging narrow identities]” (Pascale et al., 1997:129).

Selective hiring
Organisations serious about obtaining profits through people will make the effort to ensure that they recruit the right people in the first place. The following list summarises the main points about how to go about selective hiring to build a high performance organisation.

- Have a large number of applicants per opening.
- Screen for cultural fit and attitude – not for skills that can be readily trained.
- Be clear about what are the most critical skills, behaviors, or attitudes crucial for success; isolate just a small number of such qualities and be as specific as possible. Simply seeking “the best and brightest” frequently doesn’t make sense.
- Use several rounds of screening to build commitment and to signal that hiring is taken very seriously.
- To the extent possible, involve senior people as a signal of the importance of the hiring activity.
- Close the loop by assessing the results and performance of the recruiting process (Pfeffer, 1998:74).

Self-managed teams and decentralisation of decision making as basic elements of organisational design
Organising people into self-managed teams is a crucial component of virtually all, high performance management systems. Teams offer several advantages. Firstly, teams substitute peer-based control for hierarchical control of work. Team-based organisations also are largely successful in having all of the people in the firm feel accountable and responsible for the operation and success of the firm not just a few in senior management positions. Secondly, teams permit employees to pool their ideas to come up with better and more creative solutions to problems. Thirdly, by substituting peer for hierarchical control, teams permit removal of layers of hierarchy and absorption of administrative tasks previously performed by specialists, avoiding the costs of having people whose sole job it is to watch people watch people who watch other people who do the work (Pfeffer, 1998:74-79).

Attempts to set up a self-managed team in the local branch of ATM division was unsuccessful, perhaps because of management interference which did
not allow a skilled facilitator to emerge within the team. The researcher
believes that a self-managed team would be the ideal organisational unit
that could function successfully in the ATM division but status differences,
narrow spans of authority and control, and tight job specifications are
currently preventing this from happening.

High compensation contingent on organisational performance
Some relationship exists between what a firm pays and the quality of the
work force it attracts. The level of salaries sends a message to the firm’s
work force – they are truly valued or they are not (Pfeffer, 1998:80). Pfeffer,
argues that contingent compensation also figures importantly in most high
performance work systems. Such compensation can take a number of
different forms, including gain sharing, profit sharing, share ownership,
pay for skill, or various forms of individual or team incentives (1998:84).

Ryland Bank introduced a share incentive scheme in which employees
were required to meet and discuss within their teams appropriate individual
goals that could contribute towards improving the profitability of their
respective divisions or departments. Shares were allocated to individuals
on the basis of their performance in meeting the targets they set for
themselves.

Owing to the fact that job specifications were so narrowly defined in ATM
division and scope for improvements thus rather restricted, and also
perhaps because of management interference, team members at first
struggled to set goals for themselves. However, as management began to
assume less control over the team’s development, progress was made and
the awarding of shares was perceived by all those involved in the team to
be handled with fairness.

Training
Virtually all descriptions of high performance management practices,
according to Pfeffer (1998:85), emphasise training, and the amount of
training provided by commitment as opposed to control-oriented
management systems is substantial. Training is an essential component of
high performance work systems because these systems rely on front-line
employee skill and initiative to identify and resolve problems, to initiate
changes in work methods, and to take responsibility for quality (Pfeffer,

Reduction of status differences
According to Pfeffer (1998:90) organisations perform at a higher level when
they are able to tap the ideas, skill, and effort of all their people. One way
in which they do this is by organising people in work teams. But neither
individuals nor teams will feel comfortable or encouraged to contribute
their best efforts if the organisation has sent signals that they are not both
valuable and valued. In order to help make all organisation members feel important and committed to enhancing organisational operations, most high commitment management systems attempt to reduce the status distinctions that separate individuals and groups and cause some to feel less valued.

This is accomplished in two principle ways – symbolically, through the use of language and labels, physical space, and dress, and substantively, in the reduction of the organisation’s degree of wage inequality, particularly across levels (Pfeffer, 1998:90).

Substantial status differences exist in Nova Bank between manager/subordinate relations in regard to job, authority and wage differentials. These status differences could be attributed to the bank’s system of job specifications, which draw a distinction between complex and less complex tasks, or levels of responsibility associated with these tasks. However, in the researcher’s view, the inappropriateness of some of these status distinctions becomes clear when making a comparison between the levels of complexity and responsibility associated with some positions. This inappropriate distinction is made clear, for instance, judging by the complexity and responsibility levels involved in that which is currently considered to be one of the junior positions, an ATM custodian, compared to these same criteria associated with (as it is presently constituted) the ATM service manager’s job.

Owing to improvements in the provision of systems’ information relating to ATM availability, cash optimisation procedures and other procedures optimising the effectiveness of the network, the ATM custodian’s job has been able to evolve into a situation where he/she is able to exercise on-the-spot decisions assisted by real-time information. Thus, there are fewer decisions that are necessary to make on the custodian’s behalf by people further up the hierarchy.

Sharing information
Information sharing is an essential component of high performance work systems for two reasons. Firstly, the sharing of information on things such as financial performance, strategy, and operational measures conveys to the organisation’s people the message that they are trusted. Secondly, even motivated and trained people cannot contribute to enhancing organisational performance if they don’t have information on important dimensions of performance and, in addition, training on how to use and interpret that information (Pfeffer, 1998:93-94).

One reason why most firms are loath to share information about their operations and financial performance with their staff is that information, according to this rationale, constitutes power and sharing information
diffuses that power. Another reason for not sharing information more widely with the work force is managers', fears that information will leak out to competitors, creating a disadvantage for the organisation (Pfeffer, 1998:95).

Supporting Pfeffer’s argument regarding the development of trust relationships through sharing information with the work force is Fox (1974), who advocates the building of discretionary powers into work arrangements so as to bring about “institutionalized high trust relations.” Fox (1974) argues that distrust is “…embodied in the rules, roles and other policies and arrangements” which some people make for others. His key argument is that the greater the degree of discretion extended to people in their work, the greater will be the sense of trust between people and the greater the sense of personal involvement.

5.3.3 Concrete interventions
There are three interventions that help people in organisations improve their vital signs by experiencing power, identity, conflict, and learning. These are: incorporating employees, leading from a different place and instilling mental disciplines (Pascale et al., 1997).

(1) Incorporating employees
Pascale et al., (1997:131) believe that although incorporation shares similarities with such familiar ideas as consensus management, employee involvement, and self-managed teams, it is something more. They claim that the distinct properties of incorporation include the use of concrete, pressing business problems to generate a sense of urgency. These concrete problems would serve to galvanise the cascading involvement of every employee beginning at the very top of the organisation and continuing down through the ranks and involve the generation of initiatives conceived and staffed by employees across hierarchy and function.

The incorporation of employees approach can be related to the exciting period just after the merger between the Ryland and Nova Bank groups, when transformation efforts were amplified by means of weekly television broadcasts and the introduction of “do it” groups were first encouraged. These transformation activities have since, completely died out or at the very most become irregular occurrences, giving the impression of faddishness.
Leading from a different place

According to Pascale et al., (1997:133) an organisation coming unfrozen under an overload of experimentation is a terrifying experience for traditional leaders. As Pascale et al., put it:

Matters seem out of control, which to a degree they are. But as leaders weather this storm, they begin to undergo a shift in mind-set. From thinking, “I’ve got to stay in control” or “This is too fast,” they develop an ability to operate outside their comfort zone and accept ambiguity and adversity as part of the design.

This, the second of the three interventions attempts to develop a new approach to leadership by requiring leaders to establish focus and urgency, maintain healthy levels of stress, and not feel compelled to come to the rescue with a lot of answers. They learn to stay on course until ‘guerrilla’ leaders at lower levels come forward with initiatives that address the firm’s shortcomings (Pascale et al., 1997:133).

The new approach is predicated on the assumption that “we are all much more likely to act our way into a new way of thinking than to think our way into a new way of acting” (Pascale et al., 1997:135). According to Beer, Eisenstat, and Spector (1990:161), organisations should avoid the shortcomings of programmatic change by concentrating on “task alignment” – reorganising employee roles, responsibilities, and relationships to solve specific business problems. Table 5.1 describes the differences between programmatic change and task alignment. The table indicates that task alignment involves acting ourselves into a new way of thinking, whereas programmatic change involves thinking ourselves into a new way of acting. According to Beer et al., the former is more effective than the latter approach. The alignment approach is also more inclined to overcome problems associated with theories-in-use which are likely to surface unnoticed with programmatic change. A key requirement for task alignment to succeed however is a clearly defined business problem and a shared commitment by all employees to what can and must be improved in the organisation (1990:62).

Table 5.1 Contrasting assumptions about change

<table>
<thead>
<tr>
<th>Programmatic Change</th>
<th>Task Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problems in behavior are a function of individual knowledge, attitudes, and beliefs.</td>
<td>Individual knowledge, attitudes, and beliefs are shaped by recurring patterns of behavioral interactions.</td>
</tr>
<tr>
<td>The primary target of renewal should be the content of attitudes and ideas; actual behavior should be secondary.</td>
<td>The primary target of renewal should be behavior; attitudes and ideas should be secondary.</td>
</tr>
</tbody>
</table>
Behavior can be isolated and changed individually. | Problems in behavior come from a circular pattern, but the effects of the organizational system on the individual are greater than those of the individual on the system.

The target for renewal should be at the individual level. | The target for renewal should be at the level of roles, responsibilities, and relationships.

**Source:** Adapted from Beer *et al.*, (1990:61).

(3) Instilling mental disciplines

Pascale *et al.*, (1997:135) claim that when incorporation slackens or vanishes - as it did in a number of previously “excellent” firms - stagnation and entropy are almost invariably the results. Incorporation combined with a different type of leadership was able, in some instances, to reverse this drift and revitalise these “excellent” firms. But Pascale *et al.*, argue that

...if an organization is to change the way its people think and act and interact, and if this resocialization is not to evaporate the moment financial results improve and people start to believe the worst is over, then people must internalize a set of principles or disciplines that shape their reactions and govern their behavior. Disciplines of this kind might also be called enduring social patterns, but they are a good deal more than unconscious habits. Habits are automatic and therefore mindless. Disciplines are mindful.

Instilling these disciplines implies developing an organisation’s capacity to work with mental models (theories-in-use) which involves both learning new skills and implementing institutional innovations that help bring these skills into regular practice. Institutionalising reflection and surfacing mental models require mechanisms that make these practices unavoidable (Senge, 1990:186).

One such mechanism, suggested by Pascale *et al.*, is a training programme (After Action Review) run by the United States army that can be applied in any organisation or firm. The After Action Review process is described as follows:

First, take a team of people who must work together across functions and hierarchies and immerse it in a prolonged, intense learning experience. Have the team take on a very tough project or a very tough competitor. Under the right conditions, stress and exhaustion will unfreeze old patterns of behavior and create an opening for new understanding and behavior to take root. Second, in order to eliminate subjectivity and debate, collect hard data on what has transpired. Let the data, not the trainers, point the finger. Third, utilize highly skilled facilitators who have a deep knowledge of what they are observing. Never criticize. Use socratic questioning to evoke self-discovery. Fourth, do not evaluate performance. The
experience is not about success or failure. It is about how much each individual can learn. Make it safe to learn (1997: 136).
In the next section the researcher suggests a detailed action plan which would address the main issues covered in the study during a series of in-house workshops.

5.3.4 In-house workshops to address the main issues in the study
Pascale et al., (1997:127-128) argue that organisations fail to make fundamental change because “… the number of people at every level who make committed, imaginative contributions to the organizational success is simply too small.” They therefore suggest that:

More employees need to take a greater interest and a more active role in the business. More of them need to care deeply about success. Companies achieve real agility only when every function, office, strategy, goal, and process – when every person – is able and eager to rise to every challenge. This type and degree of fundamental change, commonly called revitalization or transformation, is what more and more companies seek but all too rarely achieve.

In the light of this suggestion, it is therefore recommended that the researcher attend to the main issues in this study by addressing the new chief executive officer and his colleagues in a series of in-house workshops conducted over a period of one week. The purpose of this exercise would be to invite feedback and seek commitment to the change process. A summary of chapter 5 of this study could serve as a pre-study document to be distributed before hand.

The workshops would have to be arranged so that they are able to accommodate the times when ATM division employees in the local branch are not so heavily involved in their work activities.
Perhaps these times would be convenient between 15h00 and 17h00 each day and for the dates beginning 5th March 2001 and ending 9th March 2001.
These sessions could lead to the main session starting at 10h00 on Saturday 10th March, and ending at 17h00, the same day.

During this session, it is suggested that the chief executive officer of the ATM division be present so that the researcher is able to present to her a summary of the study and the feedback that he was able to obtain from his colleagues during the previous workshop sessions.

As far as possible, these workshops should take the form of unstructured, interactive conversations that are relevant to the transformation issues, so that a greater degree of spontaneity may emerge in the surfacing of “shadow” themes. According to Stacey (2000) this desired spontaneous, interactive process is similar to that found in the “far-from-equilibrium” feedback systems in nature, which pass through a number of phases as
they move from one complex form of order through “chaos” to another. In
an organisation, far-from-equilibrium feedback systems encourage the
emergence of new perspectives and meanings amongst groups of people;
i.e., they lead to innovation.

5.3.4.1 Implementation plan
Implementing the workshops would involve following a plan consisting of:
(a) the programme (agenda); (b) a pre-study document and (c) an action
plan.
(a) The programme (agenda)
The programme for the workshops consists of a list of the main issues that
need to be considered to achieve a clearly stated objective. These issues are:
1. Introduction: Which includes a discussion of the main and sub-
problems, the significance, context and aims of the research, and the
research methodology.
2. Theoretical Perspective: Includes a discussion of the concepts
underlying Pascale’s constructive conflict approach, an in-depth
discussion of corporate culture and the application of the 7-S model in
order to analyse the situation in Nova Bank. The relevance and
applicability of the cultural web (mapping and re-mapping) will also be
addressed.
3. Organisational Background of Nova Bank and Development of the ATM
Division: Consisting of a discussion of how the concepts fit, split and
transcend, relate to the organisational structure (profit centres) which
encourage the emergence of disequilibrium conditions. Also includes a
discussion of the culture in Nova Bank and how this is
blocking/facilitating the transformation process.
4. Dynamics of the Local Branch: A discussion of this section must aim to
elicit a lot of feedback and interaction. Here the outcomes of the
exercises involved in the organizational cultural model and mapping
and re-mapping of the organisational culture will be discussed. Implicit
mental models such as shadow and legitimate themes, and official and
unofficial ideologies could be explored.
5. Final Conclusion and Recommendations: Consists of a summary of the
study and an assessment of the culture of Nova Bank in relation to the
seven dimensions of a successful culture outlined in this chapter.
Feedback from the previous sessions will be addressed, and all the
participants in the workshop may participate in an organisational
mapping and re-mapping exercise. Recommendations for further
research are finally discussed.

(b) Pre-study document
The summarised contents of the pre-study document are set out in Figure 5.1.

**Figure 5.1 Contents of the pre-study document**

**Introduction**

- Reinvention, the hidden context, and the notion of *being*.
- Main problem.
- Sub-problems.

**Final conclusion**

- Summary of the study and explanation of how chapters 1-4 contributed towards solving the main and sub-problems.

**Source:** Constructed from chapter 5.

(c) The action plan

The action plan presented in Figure 5.2 consists of the following:

1. Make presentation to colleagues on the main issues of this study and invite input. Target date: 5th March 2001. Responsibility: Researcher.


3. Organise first session to cover items 1 and 2 of agenda. Second session to cover item 3. Third and fourth sessions to cover item 4, and fifth session to conclude and summarise findings of the workshops. Final

**Figure 5.2 The action plan**

**Session 1** (5th March 2001)

Items 1 & 2: Introduction and Theoretical Perspective.

**Session 2** (6th March 2001)

Item 3: Oganisational Background of Nova Bank and Development of the ATM Division.

**Session 3** (7th March 2001)

Item 4: Dynamics of the Local Branch.

**Session 4** (8th March 2001)

Item 4: Dynamics of the Local Branch.

**Session 5** (9th March 2001)

Item 5: Conclusion and summary of findings in the workshops.

**Session 6** (10th March 2001)

Item 5: Final conclusion and recommendations.
5.3.5 Recommended areas of further research

1. Investigative studies of the corporate culture, involving the participant-as-observer approach adopted in this study ought to be undertaken in other profit centres of the organisation. The participant observer approach provides a contextual ‘feel’ for the culture and therefore assists in offering an insight into the hidden context of the organisation.

2. It is suggested that the above approach and the Capability Study questionnaire if used together, are more effective as analytical tools. In section 4.3.1 it was argued that the Capability Study questionnaire tended to elicit answers that were framed in a generalised and neutral manner. Thus, “legitimate” themes were explored and “shadow” themes factored out of the exercise. This approach ensured that no one needed to be confronted or embarrassed by their actions or behaviour and employees became skilful at covering-up their unconscious shadow themes. It is therefore suggested that the participant-as-observer approach, used in conjunction with the formalised questionnaire is able to compensate for these shortcomings by encouraging an interventionist, proactive approach.

3. The above criticism therefore also suggests that the present follow-up procedures involving assessment and implementation of the Capability Studies’ findings, be re-examined.

4. Experimenting with exercises like that of the After Action Review involved in the surfacing of mental models.

5. The investigation of job specifications, and how remuneration/status levels are determined by these specifications i.e., what are the criteria for determining remuneration/status levels and are they currently relevant?

6. How can the development of self-managed teams be facilitated within the organisation?

5.4 Postscript
In December 2000 a new area manager for ATM division in the Eastern Cape was appointed, replacing the area manager discussed in this dissertation, who was promoted and transferred to another region to take up a post in general banking.
LIST OF REFERENCES


*Circular to staff, January 1999. Unpublished internal circular.*


ANNEXURE 4.1

DIAGNOSING THE ORGANISATIONAL CULTURE OF NOVA BANK’S ATM DIVISION IN TERMS OF A CULTURAL WEB

This survey is aimed at diagnosing the management culture of Nova Bank’s ATM division by utilising Johnson’s (1998) cultural web as a tool in culture identification.

Instructions:

Please indicate with an “X” under each category i.e., stories, symbols, power, etc., the four issues that you feel most strongly

1) STORIES MOST TOLD BY STAFF MEMBERS CONCERN:

- Retrenchment
- Poorly trained staff
- Bad Managers
- Customer focus
- Lack of customer focus
- Lack of trust
- Growth in net SASWITCH revenue
- Good managers
- Long service of employees

2) CONSIDERED VERY IMPORTANT IN THE BANK:

- Title i.e., grading scale
- What you know (i.e., about your job)
- Private office
- Being a good team member
- Being loyal (i.e., coming to work despite being ill)
- Saying what you feel is right
- Invitation to the cricket suite
- Who you know (i.e., important people in the bank)
3) SEEN AS THE MOST POWERFUL INFLUENCES IN THE BANK:

- Autocratic leadership
- Strong leadership
- Democratic leadership
- Head office influence (Johannesburg)
- Fear of committing errors
- Fear of retrenchment
- Ryland bank influence
- Incremental improvements to increase efficiency

4) MOST CHARACTERISTIC OF ORGANISING WORK IN THE BANK ARE:

- Profit centres
- Flat structure
- Hierarchical structure
- Teamwork driven
- Mechanistic driven (i.e., policies and procedures)
- Inter-branch/departmental co-operation
- Top-down instructions

5) SEEN AS THE MOST EFFECTIVE CONTROL MEASURES ARE:

- Gasper monitoring system
- Budgets
- ATM availability statistics
- Costs
- ATM image (i.e., housekeeping)
- Cash optimisation management
- ATM site inspection forms
- Management site inspections

6) CONSIDERED AS MOST VALUABLE ARE:

- Annual celebration for service awards
- Salary increase
- Staff meetings
- Christmas party
- Incentive scheme
- TV broadcasts
- ‘Do it’ groups
- Social club
7) HELD IN COMMON AND TAKEN FOR GRANTED:

Autocratic leadership
Loyalty to the bank
No trust
Each man for himself
Do not contradict the boss
Job security
Job insecurity
Commitment to improving efficiency
Customer-driven focus

Source: Adapted from (Thomas, 2000: 100-103).
ANNEXURE 4.2

RE-MAPPING THE ORGANISATIONAL CULTURE OF NOVA BANK’S ATM DIVISION

This survey is aimed at re-mapping the management culture of Nova Bank’s ATM division, to indicate what it needs to be in order to align itself with the existing strategy. Johnson’s (1998) cultural web has been used as a tool in the culture identification.

<table>
<thead>
<tr>
<th>Instructions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please indicate with an “X” under each category i.e., stories, symbols, power, etc., the four issues that you feel should most strongly pertain to the bank.</td>
</tr>
</tbody>
</table>

1) STORIES MOST TOLD BY STAFF MEMBERS CONCERN:

<table>
<thead>
<tr>
<th>Employee development</th>
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</thead>
<tbody>
<tr>
<td>Co-operation</td>
<td></td>
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<tr>
<td>Trust</td>
<td></td>
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<tr>
<td>Customer focus</td>
<td></td>
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<tr>
<td>Organisational grapevine</td>
<td></td>
</tr>
<tr>
<td>Open, constructive debate of the business case</td>
<td></td>
</tr>
<tr>
<td>Growth in net SASWITCH revenue</td>
<td></td>
</tr>
<tr>
<td>Good managers</td>
<td></td>
</tr>
<tr>
<td>Long service of employees</td>
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</tbody>
</table>

2) CONSIDERED VERY IMPORTANT IN THE BANK:

<table>
<thead>
<tr>
<th>Title i.e., grading scale</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>What you know (i.e., about your job)</td>
<td></td>
</tr>
<tr>
<td>Private office</td>
<td></td>
</tr>
<tr>
<td>Being a good team member</td>
<td></td>
</tr>
<tr>
<td>Living out the bank’s brand values</td>
<td></td>
</tr>
<tr>
<td>Saying what you feel is right</td>
<td></td>
</tr>
</tbody>
</table>
3) SEEN AS THE MOST POWERFUL INFLUENCES IN THE BANK:

- Empowerment of employees
- Strong leadership
- Democratic leadership
- Head office influence (Johannesburg)
- Employee development
- More distributed power
- Ryland bank influence
- Incremental improvements to increase efficiency

4) MOST CHARACTERISTIC OF ORGANISING WORK IN THE BANK ARE:

- Profit centres
- Flat structure
- Hierarchical structure
- Teamwork driven
- Collaborative structure
- Inter-branch/departmental co-operation

5) SEEN AS THE MOST EFFECTIVE CONTROL MEASURES ARE:

- Gasper monitoring system
- Budgets
- ATM availability statistics
- Costs
- ATM image (i.e., housekeeping)
- Cash optimisation management
- Reward systems
- Empowered ‘ownership’ of atms

6) CONSIDERED AS MOST VALUABLE ARE:

- Annual celebration for service awards
- Salary increase
- Staff meetings
- Christmas party
- Incentive scheme
- Feedback from customers
- Social awareness (support for fellow staff members)
7) HELD IN COMMON AND TAKEN FOR GRANTED:

- Celebration of success
- Loyalty to the bank
- Honest and open debate of the business case
- Each man for himself
- We are a team
- Job security
- Trust and respect for fellow employees
- Commitment to improving efficiency
- Customer-driven focus

Source: Adapted from (Thomas, 2000:100-103).
ANNEXURE 4.3

DIAGNOSING ORGANISATIONAL CULTURE IN TERMS OF ROWE ET AL’S MODEL

Ranking key

<table>
<thead>
<tr>
<th>4</th>
<th>3</th>
<th>2</th>
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<tr>
<td>4</td>
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<td></td>
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<tr>
<td>1</td>
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</tbody>
</table>

4 = The dominant view, or your most preferred alternative.
3 = The next most dominant view or your second preferred alternative.
2 = The next most dominant view or your third preferred alternative.
1 = The least dominant view or least preferred alternative.

Please check your answers to be sure that you have assigned only one “4,” one “2,” and one “1” for each phrase in the “existing”

<table>
<thead>
<tr>
<th>Existing Culture</th>
<th>Preferred Culture</th>
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</table>

1. Members of the organisation/unit are expected to give priority to:

   a. meeting the demands of their superiors, carrying out the duties of their own jobs and staying within the policies and procedures related to their jobs.
   b. meeting the challenges of the task in an efficient manner.
   c. co-operating with the people with whom they work, to solve existing work and personal problems.
   d. co-operating with others to constantly find a new or better way of doing things.

2. People are managed, directed, or influenced by:
people in positions of authority and the systems, rules and procedures that prescribe what people should do.

b. their own commitment to achieving the goals of the organisation/unit.

Existing Preferred
Culture Culture

c. their own desire to be accepted by others and to be good members of their work group.

d. leadership is characterised by vision and encouragement towards responsible independent action (empowerment).

3. Decision-making processes are characterised by:

a. directives that come from higher levels, the adherence to formal channels and reliance on policies and procedures for making decisions.

b. decisions being made close to the point of action, by people on the spot.

c. the use of consensus decision-making methods to gain acceptance and support for decisions.

d. an orientation toward initiating new efforts in a responsible manner even if it means taking risks.

4. Assignment of tasks or jobs to individuals is based on:

a. the personal judgements of those in positions of power and rules of the system (seniority, the personal judgements of those in possession of qualifications, etc.).

b. matching the requirements of the job with the interests and abilities of the individuals.

c. the personal preferences of the individuals and their needs for growth and development.

d. the creation or granting of opportunities for personnel to meaningfully contribute towards progress.

5. Members of staff are expected to be:

a. responsible and reliable in carrying out their duties and avoiding actions that could surprise or embarrass their superiors.
b. self-motivated and capable in their actions.

c. good team workers, supportive and co-operative, who get along well with others.

d. pro-active, i.e., willing to take the initiative to get things done; willing to challenge those to whom they report if that is necessary to obtain excellent results.
### Existing Culture

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### Preferred Culture

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6. Superiors (managers, supervisors) are expected to be:

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<tbody>
<tr>
<td>a.</td>
<td>strong and decisive; firm but fair, avoiding the exercise of authority for their own advantage.</td>
</tr>
<tr>
<td>b.</td>
<td>democratic and willing to accept subordinates’ ideas about the task.</td>
</tr>
<tr>
<td>c.</td>
<td>supportive, responsive and concerned about the personal concerns and needs of those whose work they supervise.</td>
</tr>
<tr>
<td>d.</td>
<td>mindful of discovering talent among their subordinates and to inspire these persons to achieve results they themselves did not realise were possible.</td>
</tr>
</tbody>
</table>

7. Work motivation is primarily the results of:

<p>| | |</p>
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</thead>
<tbody>
<tr>
<td>a.</td>
<td>hope for rewards, fear of punishment, or personal loyalty to a superior.</td>
</tr>
<tr>
<td>b.</td>
<td>clear objectives/guidelines in respect of tasks to be completed.</td>
</tr>
<tr>
<td>c.</td>
<td>people wanting to help others and to develop and maintain satisfying working relationships.</td>
</tr>
<tr>
<td>d.</td>
<td>strong desires to realise ideals, to work creatively and to innovate.</td>
</tr>
</tbody>
</table>

8. Relationships between work groups or departments are generally:

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<thead>
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<tbody>
<tr>
<td>a.</td>
<td>characterised by indifference toward each other, helping each other only when it is convenient or when they are directed by higher levels to do so.</td>
</tr>
<tr>
<td>b.</td>
<td>co-operative when they need to achieve common goals.</td>
</tr>
<tr>
<td>c.</td>
<td>friendly, with a high level of responsiveness to requests for help from other groups.</td>
</tr>
<tr>
<td>d.</td>
<td>such that people are willing to cut red tape and are eager to co-operate by crossing organisational (departmental) barriers in order to address exciting challenges.</td>
</tr>
</tbody>
</table>

9. Intergroup and interpersonal conflicts are usually:

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</thead>
<tbody>
<tr>
<td>a.</td>
<td>avoided by referring to rules, procedures, and formal definitions of authority and responsibility.</td>
</tr>
</tbody>
</table>
b. resolved through discussions aimed at getting the best outcomes possible for the work issues involved.

c. dealt with in a manner that maintains good working relationships and minimises the chance of people being hurt.

d. resolved through discussions leading to win-win situations on behalf of the parties involved.

Source: Adapted from Harrison and Stokes (1992).