STRATEGIC CHANGE AND ITS IMPACT ON THE ORGANISATIONAL STRUCTURE OF PENNYPINCHERS (PTY) LTD.: A CASE STUDY

By

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Promoter: DR. D.M. BERRY

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Declaration

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

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ABSTRACT

During the 1990’s many South African companies experienced the need to change and adapt. This was largely because of the environmental changes brought about by a new political regime. One of these changes was the exposure of South African companies to global competition. Because the South African business environment had remained relatively static during the 1980’s, many companies had no idea of how to manage change when it became necessary for economic survival. This inability led to the demise of many organisations.

As change as a business concept covers a vast area, the main objective of this study was to isolate one area of change and examine it in a practical context. The chosen area was the relationship, if any, between strategy and organisational structure. The practical context chosen was an organisation, which had recently undergone strategic change.

The research methodology for this study included the conducting of an intensive literature study, to determine the academic stance on the strategy/structure relationship. Various academic theories were examined to determine whether there was a relationship between the two concepts, and if so, what the relationship should be. This provided a background for the practical evaluation. Literary opinion showed consensus that there was indeed a relationship between the two; in fact the one was integral to the success of the other. That is, if an organisation chooses to consider adopting a change strategy, it should carefully consider its impact on organisational structure. To summarise, in a situation of change, structure should support strategy to ensure a successful transition.

An empirical study was then conducted at Pennypinchers (Pty) Ltd, which had recently undertaken to implement a change strategy. The focus of the empirical study was the relationship between the chosen change strategy and organisational structure. The aim was to determine whether the strategy had an impact on organisational structure, and if so, whether the structure underwent
change. Furthermore, if there was structural change, whether it supported or hindered the implementation of the change strategy?

The final step of this study involved an evaluation of the findings so that valid conclusions could be drawn and suitable recommendations made. The conclusions revolved around the strategy/structure relationship evident in the organisation. The focus of the recommendations was the successful future development of the chosen change strategy.
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CHAPTER 1

PROBLEM STATEMENT AND DEFINITION OF CONCEPTS

The problem with a bureaucracy is that it can’t respond rapidly to change. Its motto is: “Ready, aim, aim, aim, aim…” It just can’t pull the trigger! 
Anonymous (Robbins, 1991:487)

1.1 INTRODUCTION

Change, as defined by Hellriegel, Jackson and Slocum (1999:429), is “Any transformation in the design or functioning of an organisation”. Transformation, therefore, implies a metamorphosis from one form to another. Such a metamorphosis must produce a result, which is better or worse than the original. Any organisation undergoing change is doing so for a reason, usually to resolve problems or achieve better results. Thus, the way in which change is planned and implemented requires full participation and strategic direction from both management and all other stakeholders. Poor planning and implementation processes can damage even the best change strategy, as a lack of vision can derail the process. Furthermore, management needs to reinforce the change strategy via ongoing communication with employees. In the case of the change process undertaken from 1995 by the building materials supplier chosen for this study, the main role players were top head office management and the then branch managers, who became joint venture partners, after the change process was completed.

By 1994, this organisation had reached a crossroads on their strategic map. Their existing structure and strategy had stagnated to the point where strategic drift had caused them to lose focus and direction. Management, therefore, had to make a strategic choice: to remain on the existing path and incur further losses, or to contemplate radical change. They decided on the latter route.

Once the decision to change had been adopted, the next step was for top management to select an appropriate strategy to achieve the new vision. To
ensure success, top management decided to research organisations in the building materials sector to identify any organisations, which had followed a similar path to the one envisaged by them. According to a joint-venture partner at the Port Elizabeth outlet of this organisation, they found a role model in a New Zealand organisation called Place Makers, which had decided to empower branch managers by making them joint venture partners whereby they would enjoy the benefits of profit sharing. This move for change reinvigorated the whole company to the extent that their profit margins improved substantially, which was exactly the outcome sought. At the time that the chosen organisation planned the change, the building market in South Africa was in a decline and many leading organisations linked to the industry had to close down. The largest building materials organisation in South Africa scaled down to one tenth of its original scope. Thus the management of the chosen organisation knew that, even though the market was in decline, there were opportunities available for a proactive, flexible, responsive organisation. This encouraged them to change the existing strategy and structure of the organisation, and to implement the new strategy, following the Place Makers example.

The above discussion offers the basis for the exploration of the main problem of the study:

1.2 MAIN PROBLEM

What was the organisational and structural impact of a change strategy adopted by Pennypinchers (Pty) Ltd.?

1.3 STATEMENT OF SUB-PROBLEMS

An analysis of the main problem allows the identification of:
SUB-PROBLEM ONE

What does current literature reveal about the impact of change on organisations?

SUB-PROBLEM TWO

What roles do external factors play in the decision to adopt a change strategy, that is, what are the drivers of change?

SUB-PROBLEM THREE

How did Pennypinchers (Pty) Ltd reinvent itself as a result of the change strategy?

1.4 OBJECTIVES

The four main objectives of this research project are as follows:

• To examine existing literary theories regarding the relationship between strategy and organisational structure, to determine whether a change in strategy necessitates a change in structure

• To examine current practical examples of organisations, which have undergone strategic changes, and to assess whether these changes impacted on their organisational structure

• To identify developments, at Pennypinchers (Pty) Ltd, since 1995, and to evaluate the influence, if any, of these on strategy and structure

• To compare literary theory with the practical situation at Pennypinchers (Pty) Ltd.
1.5 RESEARCH DESIGN

The most appropriate design structure for the study as described above, was the historical method. This method enabled the researcher to examine the cause-and-effect type phenomenon, where the before and after effect of a certain strategy could be examined to discover whether the chosen strategy was successful or not. In addition, the reasons why the chosen strategy was successful or not, would be determined.

Data collection occurred using two primary methods: Desk research via a literary survey, followed by empirical data collection via remote interviews with selected key role players. A suitable questionnaire was also designed to facilitate data collection during the interview stage. The questionnaire comprised both open ended and closed questions, thereby creating both quantitative and qualitative data collection. The set questionnaire standardised data collection from one respondent to another. This assisted with the derivation of formal conclusions. Additional remote interviews were conducted with both the ex-Chief Executive Officer (CEO), and the existing one, to determine what had led to the decision to adopt a change strategy, and whether this decision had led to a new vision for the organization. Finally, an attempt was made to establish whether the new vision has unfolded as envisaged.

1.6 DEMARCATION OF THE RESEARCH

1.6.1 Organisational Level

While this study examined in detail the role of top management in the change process at Pennypinchers (Pty) Ltd, their contribution will be revealed under the of drivers of change discussion and the impact of external factors (1.7.1). The main focus of the empirical study was at what used to be branch level, but is now joint venture-partner level. It is at this level where the chosen change strategy made the greatest impact.
1.6.2 Geographical Demarcation

Pennypinchers operates solely in what used to be known as the Cape; that is, the Eastern Cape, Southern Cape and Western Cape regions. The provincial nomenclature was used, as the municipal names are often unfamiliar to the layman. The empirical study focused on the Eastern Cape, which comprises the Nelson Mandela Metropole and Buffalo City Metropole. George and Knysna, as representatives of the Southern Cape, were also included. The Western Cape regions, comprising Cape Town, Hermanus and Worcester were included as they are home to the greatest population of Owner/operators and provided a diverse spectrum of success levels.

1.6.3 Empirical Data Demarcations

The empirical study considered the change in organisational structure and changes in management issues such as policies and procedures.

Data collection was via interviews with head-office/Support Office executives, whose contributions identified them as key players. Important empirical data was also collected from Owner/operators, who have been most affected by the change process. A sample of Owner/operators was chosen to represent the geographical delimitation.

1.7 DEFINITION OF KEY CONCEPTS

1.7.1 Drivers of Change

Thompson and Strickland (2001:93) coin the phrase ‘driving forces’ to describe the factors responsible for compelling an organisation to consider a change strategy. They define these driving forces as “... important forces ... driving industry participants (competitors, customers or suppliers) to alter their actions; the driving forces in an industry are the major underlying cause of changing industry and competitive conditions.” This aptly describes the conditions, which prevailed at the time Pennypinchers decided to adopt a change strategy.
Thompson and Strickland go on to mention numerous driving forces common to most industries. The driving forces, which will be considered in more detail, included the following:

- Internet and the new e-commerce opportunities and threats it breeds in the industry
- Changes in who buys the product and how they use it
- Technological change
- Entry or exit of major firms
- Key role players in the change process

### 1.7.2 Joint-Venture

The concept of the joint-venture was considered, because, as empirical evidence showed, the introduction of this partnership concept revolutionised the commitment and input from previously disempowered branch managers. The Pennypinchers organisation has thus evolved from a traditional head office/branches structure to a closely-knit family of joint-venture partners. The level of success with which the joint-venture structure was implemented was carefully considered, with the assistance of empirical data.

Johnson and Scholes (1999: 340) define a joint-venture as a structure, “... where two or more organisations share resources and activities to pursue a strategy.” They identify the basis of such a partnership as being the fact that:

“organisations cannot always cope with increasingly complex environments from internal resources and competencies alone. They may see the need to obtain materials, skills, innovation, finances or access to markets, and recognise that these may be as readily available through co-operation as through ownership” (Johnson and Scholes: 1999).
Empirical evidence showed that Pennypinchers’ top management were encouraged to pursue change to utilise more fully the reservoir of skills residing with managers that were not being tapped for the good of the organization. In addition, the innovative thoughts of the new partners and the financial injection provided by the purchase of shares by Owner/operators were greatly beneficial because this inflow of finances assisted with the costs of change.

1.8 ASSUMPTIONS

The following assumptions were made:

- That there would be adequate literature to conduct a comprehensive literary study of drivers of change and their influence on strategy and organisational design

- That the chosen Pennypinchers interviewees would co-operate in the collection of empirical data.

- That the above-mentioned interviews would give rise to adequate empirical data to do a comparative analysis with the literary study, and thereby enable the researcher to reach meaningful conclusions regarding all the data collected.

1.9 SIGNIFICANCE OF RESEARCH

The goal of this research was to scrutinise the impact of a change in strategy on organisational structure. This scrutiny further considered the drivers of change and the role of key players in implementing change. The results of empowering of staff were closely examined.

An intensive analysis of the structural changes undergone by Pennypinchers and the outcome of these changes was done. The reason behind the structural analysis was because, as the literary survey will show, the mere act of making structural changes does not result in a more successful company. Rather it is
the extent to which organisational structures are responsive to the contingencies of the environment, organisational size, technology and organisational strategy.

1.10 LITERATURE SURVEY

In order to obtain a background of views on the impact of change and the effective implementation thereof, a study of available literature was conducted. The findings from such a survey provided a backdrop against which to examine the phenomena in the practical context as experienced by Pennypinchers. A wide range of literature was examined, including academic texts, journal articles and previous studies.

Change does not occur spontaneously within organisations – it is usually in response to some or other force, either external or internal (Johnson and Scholes:1999). These forces are commonly known as drivers of change, and impel the organisation towards change strategy as a means of survival. Flexible, responsive learning organisations like Pennypinchers, tend to respond to drivers of change proactively. This enables the organisation to impose some sort of planned approach towards the change process. Johnson and Scholes (1999:499) define a learning organisation as one, which “is capable of benefitting from the variety of knowledge, experience and skills of individuals through a culture which encourages mutual questioning and challenge around a shared purpose or vision”. The more traditional organisation, which might not conduct environmental scanning on an ongoing basis, is likely to be reactive in its response to change, as it would not have noted environmental indicators of change.

Hellriegel et al. (1999:438) expand the definition of a learning organisation by stating that learning organisations are “keenly aware of the need to scan the environment for information that may signal the need for change... The four environmental factors most responsible for stimulating organisational change are customers, technology, competitors and the workforce”. At least one of these forces could be seen in operation in the building industry, where
competitors were leaving the market because they could no longer operate in the prevailing conditions. The demise of highly competitive organisations created opportunities for those organisations, which could survive economically. However, the workforce at Pennypinchers was demotivated, fragmented and in danger of complete disintegration.

As empirical evidence showed, the reason for the demotivated state of the workforce, in the guise of the then managers, was the stagnation of Pennypinchers as an organisation and the difficult market conditions. Pennypinchers head office needed to make the decision: either to continue as is and possibly follow competitors out of the market, or to contemplate drastic change. The choice between the two options rested with the then CEO who did an intensive competitive study of the global building material market to identify ‘fit’ organisations and the reasons for their good shape. Thus, an important driver of change was the existing leader, who had the necessary vision.

Johnson and Scholes (1994:104) define drivers of change as “forces likely to affect the structure of an industry or market”. The relevant drivers of change for Pennypinchers received careful attention in the collection of empirical data, where key players will be asked to identify the drivers they believe to have had the greatest impact on the decision to change.

Once the drivers of change were ascertained, the focus of the study shifted to the effect of change on organisational strategy and structure. Basil and Cook (1974:188) contend that “organisations are changed only because of (a) failure of the unit to perform satisfactorily, (b) technological displacement of the unit’s products or processes, or (c) physically outgrowing the form of the organisation”. Factors (a) and (c) are likely to be relevant to the reasoning behind the change in Pennypinchers’ strategy and structure, as Pennypinchers’ head office searched for a method to overcome the demotivation of branch managers. The chosen method was to introduce organisational restructuring, which would empower branch managers and thereby gain their renewed commitment to the successful growth of the organisation.
Hellriegel et al. (1999:450) define restructuring as “reconfiguring the levels of authority, responsibility and control in an organisation”. This definition aptly describes Pennypinchers’ intermediate goal for restructuring. According to the above authors, the objective for such restructuring is to refocus on core competencies and this was what Pennypinchers head office desired. They wanted to outsource all non-core activities and only concentrate on those activities that a support office was required to do to empower the joint-venture partners. Thus head office retained the operational functions of financial administration, personnel, centralised marketing and group purchasing information. There was an accompanying name change from head office to Support Office. A steering committee made up of elected Support Office representatives and joint-venture partners became responsible for strategy decisions in all of the above functional areas. The strategies are decided on by all of the partners at the annual conference, and then further developed by the steering committee through the year.

Before making structural changes, Anderson and Anderson (2001:148) suggest that management asks the following questions regarding business, operational, human and cultural aspects:

- What already exists in the organisation that supports your vision in each of these areas?
- What will have to be changed or dismantled?
- What has to be created from scratch?

Anderson and Anderson (2001) then go on to suggest the types of design requirements that an organisation might have. They mention that aspects worth consideration are management processes, business imperatives such as e-business, technological needs and people requirements.

Cummings and Worley (2001:149) give a comprehensive outline of the procedure to follow when considering the restructuring of an organisation. They
contend that, “Increasing global competition and rapid technological and environmental changes are forcing organisations to restructure themselves from rigid bureaucracies to leaner, more flexible structures. These new forms of organisations are highly adaptive and cost efficient”.

The literary term best describing the metamorphosis of Pennypinchers from a traditional, head office/branch structure to the joint-venture partnership structure is re-engineering. Cummings and Worley (2001:165) define re-engineering as “... the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in performance”. Empirical evidence showed that this constitutes a good description of what occurred after re-engineering at Pennypinchers.

Johnson and Scholes (1999:340) attach the name joint development to a joint-venture partnership. They suggest that such partnerships can be arranged in a variety of ways, from “formalised inter-organisational relationships” to “very loose arrangements of co-operation and informal networking between organisations, with no shareholding or ownership involved”. Empirical evidence will show that the Pennypinchers arrangement fits the more formal description, as the partnership between the old Head Office and branch managers is a profit sharing one. Head office is now known as the Support Office and the branch managers as Owner/operators.

Johnson and Scholes (1999:341) argue that in a joint-venture partnership, assets belonging to the partnership are jointly managed. However, assets and skills can be separated. For example, Pennypinchers’ computer hard- and software are jointly managed, but the expertise to manage these at branch level remains the responsibility of the Owner/operator. Lastly, because of the co-operative nature of the partnership, there is a low risk of one of the partners attempting to appropriate the shared assets.

1.11 OUTLINE OF THE RESEARCH PROJECT

The research includes the following chapters:


Chapter 1: Problem statement and definition of concepts
Chapter 2: Change as a dynamic force
Chapter 3: Methodology and analysis of biographical details of respondents
Chapter 4: Analysis and interpretation of the results of the empirical study
Chapter 5: Conclusions and recommendations

1.12 CONCLUDING REMARKS

The aim of this chapter was to align the development of the study with the main problem of the research along with the sub-problems. To add perspective to the main problem and sub-problems, a brief outline of Pennypinchers, the target organisation of the empirical research, was included, as well as a brief outline of the type of literary study to be conducted.

The remaining chapters aim at addressing the main and sub-problems. Chapter 2 examines literary theories regarding the dynamics of strategic change. The impact of change on organisational structure are also examined.
CHAPTER 2

CHANGE AS A DYNAMIC FORCE

2.1 INTRODUCTION

Robbins (2001:542) concisely defines organisational change as “Making things different.” To paraphrase, the old order no longer has a place and needs to be replaced by something new. When organisations undergo change, the nature of the change needs to be considered; that is, is it a planned change, an enforced change or an unplanned change. Enforced changes are usually as a result of excessive environmental influences and are reactive in nature. Unplanned changes usually occur within complex, rapidly changing environments, and are often beyond the control of management. Management’s response to such changes is usually some or other form of crisis management.

2.1.1 Planned Change

Planned changes are the type most sought after by organisations, but seldom achieved. However, a learning organisation, characterised by effective knowledge management, and a flexible, responsive structure, can achieve such planned change by conducting ongoing environmental scanning. Robbins (2001:542) defines planned change as, “Change activities that are intentional and goal orientated.” He further distinguishes between first order and second order change. According to Robbins (2001), first order change is, “linear and continuous. It implies no fundamental shifts in the assumptions that organisational members hold about the world…” Second order change, on the other hand, “is a multidimensional, multilevel, discontinuous, radical change involving reframing of assumptions about the organisation and the world in which it operates.” (Robbins:2001).

Hunsaker (2001:376) describes planned change as, “the result of consciously preparing for and taking actions to reach a desired goal or organisational state.
It involves proactively making things different rather than reacting to changes imposed from outside the organisation.” Hunsaker (2001) further categorises planned change into three phases by using Lewin’s model of unfreezing, changing and refreezing. He attributes unfreezing to the current state of the organisation, changing to the transitional state and refreezing to the new state. He assigns the following characteristics to the three states:

<table>
<thead>
<tr>
<th>Current State</th>
<th>Transitional State</th>
<th>New State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing roles and structures</td>
<td>Letting go of old work</td>
<td>New roles and structures</td>
</tr>
<tr>
<td>Comfortable, familiar and secure</td>
<td>Taking on new work</td>
<td>New work and routines</td>
</tr>
<tr>
<td>Controllable, certain and proven</td>
<td>Changing tasks, routines, demands, and relationships. Coping with the loss</td>
<td>Unfamiliar and risky</td>
</tr>
</tbody>
</table>

Figure 2.1: The three states of planned change  
Source: Hunsaker (2001:376)

The change implications for the three states are as follows:

- Current state requires management to create a need for change and to minimise resistance to change
- Transitional state requires management to focus on changing people, tasks, structure and technology
- New state requires management to reinforce outcomes, evaluate results and make constructive modifications.
2.1.2 The Change Agent

Robbins (2001:543) maintains that the person responsible for change is known as the change agent. Usually a senior executive is given the responsibility of acting as the change agent. Robbins (2001:543) divides the changes a change agent can effect into three categories:

- Structural changes as a result of changing conditions as “an organisation’s structure is defined by how tasks are formally divided, grouped and coordinated.”

- Changing technology as a result of, “competitive factors or innovations within an industry…”

- Changing the physical setting, which entails “…altering the space and layout arrangement in the workplace.”

2.1.3 The Change Strategy

There are many reasons why organisations might decide to change strategy. Changes may be forced on them by unexpected external environmental changes, opportunities may arise as a result of internal or external environmental changes, or management may decide on innovative changes to increase profitability. Whatever the basis for the decision to change, the factors giving rise to change are called drivers of change.

As this study will show, there is a strong relationship between strategy and structure, and that structure should follow strategy. It follows then, that any strategic change should be accompanied by a change in structure. If the change is to be successful, then the structural changes should be supportive of the strategic changes. If the structural changes necessitated by strategic changes are supportive, then the new structure should enhance organisational performance.
These enhancements could be manifested in improvements in profits, efficiency, productivity or quality. Gold (1994:473) makes the point that, “Speed and agility are so important to the high-value enterprise … it must be able to switch direction quickly, pursue options when they arise, discover new linkages between problems and solutions wherever they may lie.” This level of responsiveness to both the internal and external environment will be enhanced by the appropriate structure; in this case, as close to the structure of the learning organisation, defined in Chapter 1, as the changing organisation can manage.

Rapid global developments during the 1990’s led to most organisations having to contemplate strategic changes to remain competitive. The shift, according to Gold (1994:474), was “from high-volume hierarchies to high-value webs.” He defines a high value web organisation as one in which, “strategic brokers are at the centre, but there are all sorts of connections that do not involve them directly, and new connections are being spun all the time.” Gold goes on to describe (1994:477) the centre of the web, which provides “strategic insight and binds the threads together. Yet points on the web often have sufficient autonomy to create profitable connections to other webs.”

The decision to change must have a starting point. As Gold (1994:481) puts it, “an innovative idea without a champion gets nowhere. People develop, carry, react to and modify ideas. People apply different skills, energy levels and frames of reference… to ideas as a result of their backgrounds, experiences, and activities that occupy their attention.” It is the change agent, who is usually the champion of innovation and change. Because of the importance of choosing and implementing the most appropriate change strategy, the organisation usually assigns this responsibility to a senior executive.

Another pertinent point made by Gold (1994:488) is that, “Within the organisation, institutional leadership is critical in creating a cultural context that fosters innovation, and in establishing organisational strategy, structure and systems that facilitate innovation.” Again, the strategy/structure relationship is evident.
Change also needs to be as orderly a process as possible. Cummings and Worley (2001:241) describe a process of Integrated Strategic Change, which has the following elements:

- The relevant unit of analysis is the organisation’s Strategic Orientation, which comprises its strategy and organisation design. Strategy and the design that supports it must be considered as an integrated whole.

- The creation of the strategic plan, the gaining of commitment and support for it, the planning of its implementation, and its execution are treated as one integrated process.

- The individuals and groups throughout the organisation are integrated into the analysis, planning, and implementation process to create a more achievable plan, to maintain the firm’s strategic focus, to direct attention and resources on the organisation’s key competencies and to create higher levels of shared ownership and commitment.

2.1.3 Transformational Change

Organisational design experts call extensive changes transformational, because of the extent to which the organisation has to reinvent itself. Cummings and Worley (2001:257) define transformational change as, “radical changes in how members perceive, think, and behave at work. These changes … are concerned with fundamentally altering the organisational assumptions about its functioning and how it relates to the environment.” Cummings and Worley (2001:257) further contend that, “Transformational change typically occurs in response to at least three kinds of disruption.” These disruptions can be described as:

- Industry discontinuities, where there are changes in legal, political, economic and technological conditions.

- Product life cycle shifts, which might require different business strategies.
• Internal company dynamics, such as changes in size... and the like.

Transformational change can be demanding, and does not lend itself easily to planning. Thus contingency plans often have to be implemented. Cummings and Worley (2001:258) suggest that transformational change has the following characteristics:

• It generally involves altering most features of the organisation and achieving a fit among them and with the firm’s strategy

• It requires the process to be dynamic and iterative, with organisations constantly changing themselves

• It needs organisations to be on an ongoing path of learning. This generally requires considerable onsite innovation and learning as members learn by doing

• It invariably affects many organisational stakeholders. Unless differences are revealed and reconciled, enthusiastic support for change may be difficult to achieve

• It needs to occur at multiple levels of the organisation if new strategies are to result in changed behaviour throughout the firm.

Hunsaker (2001: 378) also emphasises the point that stakeholder needs must be considered. One of the most important stakeholder groups, who need to support the desired change, is the staff of the organisation.

Whatever the nature of change or its impact, there has to be a catalyst, which initiates the change process. The catalyst usually consists of one or more driver/s of change. Before examining the drivers of change, it is worthwhile reviewing relevant models of change.
2.2 MODELS OF CHANGE

When considering the various models of change, it is necessary to consider the nature of the change, whether it is planned or forced by environmental factors. One of the first models of planned change was provided by Lewin, who, according to Cummings and Worley (2001:17), “conceived change as a modification of those forces keeping a system’s behaviour stable.” The forces mentioned include two groups of forces, one promoting change and the other resisting change. When there is equilibrium, there will be no change. Cummings and Worley (2001:17) quote Lewin as saying that, “modifying those forces maintaining the status quo produces less tension and resistance than increasing forces for change and consequently is a more effective change strategy.”

2.2.1 Lewin’s Model

Lewin’s model, as described by Cummings and Worley (2001:17), consists of three steps:

- Unfreezing, which involves reducing those forces maintaining the organisation’s behaviour at its present level. This can be done via “psychological disconformation”, which involves “introducing information that shows discrepancies between behaviours desired by organisation members and those behaviours currently exhibited.” (2001:17)

- Moving, which introduces a shift in behaviour of the relevant organisation, department, or individual to a new level. This requires intervention into the system to develop new behaviours, values and attitudes through changes in organisational structures and processes

- Refreezing, the final step in this model, which stabilises the organisation in a new state of equilibrium, which often needs to be reinforced via supporting mechanisms.
2.2.2 General Model of Planned Change

Cummings and Worley (2001:23) illustrate another model of planned change, called the General Model of Planned Change. This model comprises four activities that change agents need to carry out. This is not a linear process, as all four actions influence each other and require feedback.

The first step in this model is entering and contracting, which involves gathering of data to understand the problems or opportunities prompting change. This leads to discussion with all relevant organisational members to encourage them to enter into a contract to engage in planned change. The contract specifies further change activities, resources required and level of employee involvement.

The next step is diagnosing, which includes, “choosing an appropriate model for understanding the organisation and gathering, analysing, and feeding back information to managers and organisation members about the problems or opportunities that may exist.” The planning and implementing stage follows, where organisation members design interventions to achieve the organisation’s vision or goals and make action plans to implement them.

Cummings and Worley (2001:24) mention four types of interventions. These intervention types are human process interventions at individual, group or systems level; interventions aimed at modifying organisational structure, technology, and employee behaviour; human resources interventions aimed at changing performance levels and strategic interventions that “involve managing the organisation’s relationship to its external environment, and the internal structure and process necessary to support a business strategy.” This once again highlights that there is a relationship between strategy and structure.

The last action in the general model involves evaluating and institutionalising change. This includes feedback to employees about results of interventions and whether they were successful or not. Institutionalising successful interventions involves reinforcing them through feedback, rewards and training.
2.2.3 Robbins’s Model

One way of considering change is to aspire to the formation of a learning organisation. Robbins (2001:560) sees this change as having three phases: establish a strategy, redesign the organisation’s structure and reshape the organisation’s culture. The first step requires management to “make explicit its commitment to change, innovation and continuous improvement.” Once this has been achieved, the next step is to examine organisational structure, which can be a “major impediment to learning.” A flatter structure reinforces “interdependence and boundaries between people are reduced.” The next step is to reshape the organisation’s culture to embrace the policy of “risk taking, openness, and growth.” (2001:560)

2.2.4 Force Field Analysis

Whatever the model, all theorists agree that there are forces for and against change. When the forces for and against are exactly equal, a state of equilibrium is maintained. When one or the other side predominates, equilibrium will disappear. Thus, a force field analysis becomes necessary to evaluate which forces are predominant. Senior (2002:252) describes force field analysis as being “based on the idea that, in any change situation, there are forces supporting changes and forces opposing changes.” It follows then, that if a change is desired, “the forces supporting change need to be strengthened and those opposing change weakened.” Senior (2002) mentions a number of driving forces for change, both external and internal. Some external forces include changing technology, stakeholder demands and competition behaviour, while internal forces could include organisational growth, restructuring and managerial aspirations. Forces against change can include both individual and organisational forces. These will be discussed in more detail in 2.3.

For change to be successful then, the change agent needs to evaluate very carefully the forces for change to ensure that these outweigh the forces against change. Section 2.3 will elaborate on forces promoting change, which are also
known as drivers of change. A later section will elaborate on ways of managing forces against change, or resistance to change.

2.3 DRIVERS OF CHANGE

Since the South African political watershed 1994 changes, far-reaching changes have occurred in all spheres within which organisations operate. As noted by Senior (2002:30), “The key task for organisations is to work with and try to manage these (changes).” She (1988:94) further quotes Schein, who contends that organisations have continually to achieve “external adaptation and internal integration.” This encapsulates what the management of organisational change is all about. Hunsaker (2001:378) further defines change as, “an interplay of multiple opposing forces tending toward a state of equilibrium, or balanced stability. For change to occur, it is necessary to trip the balance of forces so that the system … can move towards a new level of balance.”

2.3.1 Internal Forces

Senior (2002:102) identifies seven internal forces within the organisation. All of these will be affected once the decision to adopt a change strategy is made. These forces are:

- The force for direction, which gives a sense of where the organisation must go as an integrated entity
- The force for efficiency, which balances the costs and benefits and which tends to encourage standardisation and formalisation
- The force for proficiency, which is the carrying out of tasks with high levels of knowledge and skills
• The force for concentration, which is to concentrate efforts on serving particular markets

• The force for innovation, which encourages adaptation and learning

• The forces for co-operation and competition. Co-operation describes the pulling together of ideology and competition describes the pulling apart of politics.

While the above forces work internally to support strategic, tactical and functional goal achievement based on the organisation’s vision and mission, there are other forces, which could, if ignored, cause chaos and even disintegration for the organisation.

2.3.2 External Forces

These forces manifest themselves externally and their influence is largely beyond the control of management. However, the organisation, which regularly scans the environment for opportunities, threats and useful information, can often anticipate the influence of these forces and minimise their negative effects, if necessary, or maximise the positive effects where opportunities are identified. The organisation, which is most effective at environmental scanning, is the learning organisation, which places high priority on knowledge management. This type of organisation would be highly responsive to those environmental factors indicating change is essential for survival.

As early as the 70’s Basil and Cook (1974:180) identified the need for responsiveness and flexibility to survive change. They contended that, “The inability to make accurate predictions demands that an organisation design flexibility into its system if there is to be minimal disruption in change adaptation. Change-responsive organisations require a reshaping of organisational requirements and expectations both structurally and psychologically.” (Basil and Cook, 1974:180)
The types of forces, or drivers, which need to be constantly evaluated, are those, which can cause greatest disruption within the organisation and are thus usually indicators of change. Anderson and Anderson (2001:78) developed a ‘mindset’ model, which tabulates seven drivers of change and their resultant impact, if correctly interpreted. They define the seven drivers of change as follows (2001:17):

- Environmental forces, which encapsulates “the dynamics of the larger context within which organisations and people operate.” The list of environmental forces includes aspects such as social forces, business and economic forces, technological forces and government forces

- Market place requirements for success, which are “the aggregate set of customer requirements that determine what it takes for a business to succeed in its marketplace and meet its customers’ needs.” According to Anderson and Anderson (2001), any environmental change will impact on market place requirements and these will thus change. For example, the authors make the point that, “as the environment is becoming infused with technology that makes speed and innovation commonplace, customers are demanding higher quality, customer products and services and expecting them faster.” This places great demands on the organisation to interpret the environment swiftly and correctly, identify changing customer needs and make the requisite changes. Therefore, for an organisation to succeed at this task, it requires astute leadership and great teamwork

- Business imperatives, which “outline what the company must do strategically to be successful, given its customers’ changing requirements.” This is where the organisation has to rethink its vision and mission and choose a new, more meaningful strategy and where organisations would have to consider the structural impact of their new strategies. Failure to realise that new strategies need to be supported by the appropriate structure, could jeopardise even the most brilliant strategic thinking
• Organisational imperatives, which “specify what must change in the organisation’s structure, systems, processes, technology, resources, skill base or staffing to implement and achieve its strategic business imperatives successfully.”

• Cultural imperatives, which will dictate how prevailing culture must change to embrace the changes in strategy and structure

• Leader and employee behaviour, which “describes the style, tone, or character that permeates what people do.” These behaviours would, in all likelihood, need to change to fit in with the new strategy and structure. This driver presents arguably the most difficult hurdle to overcome as people are creatures of habit and do not change their behaviour easily. This is where the charismatic leader, who with his/her magnetism and high credibility, could play a role in winning over employees to the new system. Unfortunately, not all organisations have access to such a leader and thus might need to utilise other techniques, such as introducing a change agent, to ensure employee co-operation

• Leader and employee mindset, which “encompasses the worldview, assumptions, beliefs, or mental models that cause people to behave and act as they do. Transforming mindset is a prerequisite to sustained change in behaviour and culture.”

These drivers of change influence various levels of the organisation to change until the final result is reached: that is, minimising negative environmental forces and maximising those creating positive pressure.

Robbins (2001:540) tends to agree with the above categories of drivers of change, though he assigns slightly different names. He isolates six main drivers as follows:

• Changing nature of the workforce
• Technology, which changes the nature of jobs and organisational structure and assists organisations to become more adaptable and responsive

• Economic shocks, such as global pressures, which impact on the Rand. For example, crises in sub-Saharan Africa will impact on the Rand

• Competition will have a major influence as a driver of change. For example, a very competitive market will encourage organisations to be innovative, flexible and adaptive

• Social trends such as the emerging middle class in South Africa, which command a significant disposable income

• World politics, such as the terrorist attacks on the American World Trade Centre and the economic shock waves, which reverberated around the globe.

Once management has identified the dominant forces at work within the change scenario, the next step is to determine whether they are driving or restraining forces. Hunsaker (2001:378) mentions that driving forces “push towards courses of action that are new or different from the status quo.” Restraining forces, on the other hand, “exert pressure to continue past behaviours or to resist new actions.” As Hunsaker (2001) proceeds to explain, “If these opposing forces are approximately equal, the organisation will make no move away from the status quo. For change to occur the driving forces must be increased … and or the restraining forces must be reduced.”

According to Anderson and Andersons’ Drivers of Change model (2001:17), environmental influences would impact on the organisation’s vision and mission to the extent that a change of strategy becomes imperative. Once the decision to adopt strategic change has been made, there should be a natural progression towards examining what has to change regarding organisational structure. The next step in the progression towards meaningful and sustainable
change is to examine existing organisational culture and encourage necessary paradigm changes, as well as behaviour changes. Such changes will require changes in the behaviour and mindsets of both management and employees. As mentioned before, a strong, dynamic leader or change agent can facilitate the human changes required.

If the leaders of the organisation contemplating change have carefully considered the case for change within their organisation, one of the factors they would have encountered is the potential impact of change on the organisation as a whole. Anderson and Anderson (2001:173) advocate that, “there are three areas of focus for generating impact issues:

- The formal organisation, including structures, management systems, business processes, skills, numbers of people, technology and work practices
- The human and cultural aspects of the organisation, including mindset, behaviour, relationships, and all elements of culture, and
- Interactions between any of the factors on either list.”

As Anderson and Anderson’s Drivers of Change model (2001), indicated, there are likely to be many interactions between all of the formal organisational issues and the human and cultural aspects. However, in line with the aims of this research, it is primarily the impact of change on structure, which will be most closely examined. However, structural changes cannot be examined without considering, at least briefly, all of the other focus areas mentioned above.

2.4 CHANGE LEADERSHIP

Hunsaker (2001:366) defines leadership as, ‘the process of providing direction, energising others, and obtaining their voluntary commitment to the leader’s vision. A leader creates a vision and goals and influences others to share that
Hunsaker (2001:368) also identifies credibility as one of the most vital characteristics of a leader and he defines credibility as “being honest, competent, forward looking, and inspiring.” Six other necessary qualities of a good leader are mentioned:

- Drive, which is characterised by the need for achievement
- Leadership motivation, which exemplifies a strong desire to lead and to accept responsibility
- Honesty and integrity, which comprises consistency between word and deed
- Self-confidence, which enables the leader to remain calm and confident in times of crisis
- Cognitive ability, which facilitates the skill of strategic thinking and analytical judgement
- Knowledge of the business, which promotes technical expertise.

Kreitner, Kinicki and Buelens (1999:470) observe that, “Admired leaders ... led people in bold new directions. They envisioned how things could be improved, rallied followers, and refused to accept failure. In short, successful leaders are those individuals who can step into a difficult situation and make a noticeable difference.” The authors also point out that, “higher net profits were earned by companies with effective leaders.” (1999). This is arguably the ultimate goal for all organisations choosing a change strategy. The type of leader best able to manage the change process, according to these authors, is the charismatic leader.
2.4.1 The Charismatic Leader

Kreitner et al (1999:480) define the charismatic leader as one who, “transforms employees to pursue organisational goals over self-interest.” The authors point out that charismatic leaders “appeal to followers’ self-concepts, namely their values and personal identity.” Other important characteristics of the charismatic leader are that:

- They establish a common vision of the future to unleash human potential
- They attract commitment, energise workers and create meaning in employees’ lives
- They establish standards of excellence because they know challenging, attainable goals lead to greater productivity
- They express public confidence in followers’ ability to meet high performance standards
- They bridge the gap between an organisation’s present problems and its future goals and aspirations.

Kreitner et al (1999:488) emphasise the fact that, “charismatic leadership affects three aspects of a follower’s self-concept. These are:

- Follower motivation enhanced
- Follower identification with the leader’s values, goals and aspirations and with the collective interests of all employees
- Followers’ self-esteem and self-efficacy heightened.”

These are desirable employee responses, especially in times of change, which can be stressful for all concerned.
Finally Kreitner *et al* outline four important managerial implications to be considered regarding charismatic leadership:

- The best leaders are not just charismatic, they are both transactional and charismatic

- Charismatic leadership is not applicable in all organisational situations

- Employees at any level in an organisation can be trained to be more transactional and charismatic

- Charismatic leaders can be ethical or unethical. Top management should create and maintain ethical charismatic leadership.

### 2.4.2 Transactional and Transformational Leaders

When considering the dynamics of change leadership, it is important to distinguish between transactional and transformational leaders. Hunsaker (2001:373) defines transactional leaders as ones who “get things done through people. They are implementing leaders who apply task and relationship behaviours to influence people to do what they want to achieve organisational goals....” Such leaders then, according to Hunsaker (2001), promote stability because they are committed to following the rules and doing things right. Senior (2002:234) quotes Tichy and Ulrich who define transactional leaders as those who “make only minor adjustments to the organisation’s mission, structure, and human resources management.” She elaborates on transactional leaders and their reliance on contingent rewards through recognition of employee accomplishments. Transactional leaders, according to Senior, manage by exception; that is they search for deviations from rules and standards in order to take corrective action where necessary. She further characterises such managers as laissez-faire because they avoid making decisions.
Senior (2002:234) further quotes Tichy and Ulrich’s definition of transformational leaders as leaders who, “not only make major changes in the three areas (mission, structure and human resources) but they also evoke fundamental changes in the basic political and cultural systems of the organisation.” These leaders are further characterised as having charisma, “which provides vision and a sense of mission.” (Senior:2002). They also inspire their subordinates to have high expectations and they provide intellectual stimulation and individualised consideration.

Hunsaker (2001) characterises transformational leaders as those, who “create significant change in both followers and organisations.” This leadership style is “based on the personal values, beliefs, and charismatic qualities of the leader.” Hunsaker further isolates four other ways in which transformational and transactional leaders differ. Transformational leaders:

- Develop followers into leaders
- Motivate by providing satisfaction of higher level psychological needs
- Inspire followers to go beyond their own self interest for the good of the group
- Create a vision in a way that makes the pain of change worth the effort.

For the transformational leader to lead the change process successfully, Hunsaker (2001:383) maintains that certain skills are required. The ability to:

- Establish a sense of urgency that change is required
- Form a powerful guiding coalition through a team of opinion leaders with enough power to guide the change process
- Develop a compelling vision and strategy that people will aspire to
• Communicate the vision widely

• Empower the employees to act on the vision

• Generate short term wins to maintain the change momentum

• Consolidate gains and create greater change

• Institutionalise changes in the organisational culture.

Senior (2002:235) also makes the point that, while transformational leaders are usually best suited to manage change, such leaders need first to master the transactional leadership style before being able to rise to the level of transformational leadership. Senior (2002:249) further stresses that a situational approach to leadership is often expedient in times of change, as certain situations might require transactional skills, whereas other situations may call for a more radical transformational approach.

Kreitner et al (1999:486) agree with Senior that “effective leadership also depends on various situational variables.” Thus, the leader who initiates a change strategy may not be the best person to implement that strategy. They also distinguish between transactional and transformational leaders, except that they refer to transformational leaders as charismatic leaders. They define transactional leadership as one, which, “focuses on interpersonal interactions between managers and employees.” The two underlying characteristics of transactional leaders, according to Kreitner et al (1999:487), are:

• Leaders use contingent rewards to motivate employees

• Leaders exert corrective action only when subordinates fail to obtain performance goals.

For the successful implementation of a change strategy, the leader best suited to manage the process is one who combines the characteristics of the
Charismatic leader with those of the Transformational leader. Whatever the leadership approach chosen, it is vital that managers be aware of possible resistance to change and ways of overcoming this.

2.5 MANAGING RESISTANCE TO CHANGE

Kreitner et al (1999:594) point out that “it is generally difficult for people to try new ways of doing things.” They further point out that “it is important for managers to learn to manage resistance because failed change efforts are costly.” (1999:594). Managers can, according to these authors, count the cost in terms of “decreased employee loyalty, lowered probability of achieving corporate goals, a waste of money and resources, and difficulty in fixing the failed change effort.” (1999:594). When the potentially damaging impact of any of the above factors on an organisation is considered, then the need for inspired change management receives added emphasis.

Robbins (2001:545) makes the oft repeated point that resistance to change can sometimes be considered to be positive as “it provides a degree of stability and predictability to behaviour … it can also be a source of functional conflict.” There is the obvious negative corollary to the positive side in that resistance, as stated by Robbins, “hinders adaptation and progress.” (2001:545).

Resistance can be manifested in an overt, implicit, immediate or deferred manner. Robbins contends that, “The greater challenge is managing resistance that is implicit or deferred. Implicit resistance efforts are … loss of loyalty to the organisation, loss of motivation.” Robbins (2001) also mentions that “deferred actions cloud the link between the source of the resistance and the reaction to it”, and he makes a further distinction within the issue of resistance; namely the difference between individual resistance and organisational resistance.
2.5.1 Individual Resistance to Change

Robbins (2001:545) mentions five reasons why individuals might resist change. These are listed below:

- Habit, as when people are confronted with change, the tendency to respond in customary ways “becomes a source of resistance.”

- Security, as “some people have a high need for security (and) are likely to resist change because it threatens their feelings of safety.”

- Economic factors, as the perception is often that “change will lower one’s income.”

- Fear of the unknown, as “changes substitute ambiguity and uncertainty for the known.”

- Selective information processing as employees strive, “to keep their perceptions intact. They hear what they want to hear. They ignore information that challenges the world they’ve created.”

Kreitner et al (1999:594) agree with Robbins (2001) on the fear of the unknown causing resistance, and add other reasons, such as an individual’s predisposition for change, which “is highly personal and deeply ingrained. It is an outgrowth of how one learns to handle change and ambiguity as a child.” They add a climate of mistrust to the list, adding that this “involves reciprocal faith in others’ intentions and behaviour. Mutual mistrust can doom to failure an otherwise well-conceived change.” (Kreitner et al. 1999)

Fear of failure is another aspect mentioned by the authors, as “intimidating changes on the job can cause employees to doubt their capabilities. Self-doubt erodes self-confidence and cripples personal growth and development.” (1999:594). Loss of job status, security and peer pressure can also lead to resistance, according to the authors, as middle managers try to hang onto their
authority or employees not affected by the change try to resist change in a show of solidarity to their colleagues. Other factors worthy of consideration, mentioned by Kreitner et al, are disruption of cultural traditions and/or group relations, which highlights the importance of organisational culture, personality conflicts and lack of tact or poor timing. Lastly, non-reinforcing reward systems can lead to resistance if the employee perceives that s/he has to work longer hours or under more pressure.

Besides individual resistance to change, the organisation might experience group or organisational resistance to change. This can be more difficult to solve than individual resistance.

2.5.2 Organisational Resistance

Robbins (2001:547) states that, “organisations, by their very nature, are conservative. They actively resist change.” Robbins (2001) identifies six major sources of organisational resistance. These are:

- **Structural inertia**, which he defines as, “organisations have built-in mechanisms to produce stability. ... The people who are hired into an organisation are chosen for fit; they are then shaped and directed to behave in certain ways. When an organisation is confronted with change, this structural inertia acts as a counterbalance to sustain stability.”

- **Limited focus of change**; if, for example, “management changes the technological processes without simultaneously modifying the organisation’s structure to match, the change in technology is not likely to be accepted. So limited changes in subsystems tend to get nullified by the larger system.”

- **Group inertia**, as “even if individuals want to change their behaviour, group norms may act as a constraint.”
• Threat to expertise, especially of “specialised groups.”

• Threat to established power relationships, where a change in the manager/worker relationship, such as “the introduction of participative decision making or self-managed work teams is the kind of change that is often seen as threatening by supervisors and middle managers.”

• Threat to established resource allocation, where certain departments may suffer a budgetary and/or staff reduction.

The first resistance mentioned, structural inertia, requires hands-on attention. Once changes have been implemented, the others should naturally disappear, as long as structural inertia has been eradicated.

### 2.5.3 Overcoming Resistance to Change

Most texts agree on the tactics available to change agents when dealing with resistance. Robbins (2001:548) is no exception, and provides the following list:

• Education and communication as this can assist workers to “see the logic of a change. … if employees receive the full facts and get any misunderstandings cleared up, resistance will subside.”

• Participation, as “involvement can reduce resistance”, especially if participants have the expertise. However, Robbins points out that inadequately qualified participants could set up “a poor solution and great time consumption.”

• Facilitation and support, as “when employee fear and anxiety are high, employee counselling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment.”
• Negotiation works well “if the resistance is centred in a few powerful individuals, a specific reward package can be negotiated that will meet their individual needs.”

• Manipulation and co-optation, where manipulation “refers to covert influence attempts.” Co-optation, on the other hand, “seeks to “buy off” the leaders of a resistance group by giving them a key role in the change decision.”

• Coercion is the least effective method of managing change, according to Robbins, as this involves the “application of direct threats or force upon the resisters.”

Robbins (2001:555) further goes on to list five change interventions, which could assist if the established methods of overcoming change fail. These are:

• Sensitivity training, which is a method of “changing behaviour through unstructured group interaction.”

• Survey feedback, where questionnaires are used “to identify discrepancies among member perceptions; discussion follows and remedies are suggested.”

• Process consultation is “similar to sensitivity training in its assumption that organisational effectiveness can be improved by dealing with interpersonal problems and its emphasis on involvement. But process consultation is more task directed …”

• Team building, defined as “high interaction among team members to increase trust and openness.” Robbins identifies the object of team building as being to improve the co-ordinated efforts of members.
• Inter-group development, which is an organisational development effort to change the “attitudes, stereotypes, and perceptions that groups have of each other.”

Finally, Robbins (2001:555) identifies two other important factors to aspire to when managing change. These are innovation and the creation of a learning organisation. He defines innovation as “a new idea applied to initiating or improving a product, process or service.” According to him, sources of innovation can be found in structural variables, culture and human resources. With regard to structure, Robbins (2001:558) maintains that organic structures positively influence innovation, as they promote flexibility, adaptability, and cross-fertilisation of new ideas. The type of culture, which promotes innovation, is one, which encourages experimentation and rewards both successes and failures. Innovative cultures promote training and development of employees and provide job security, as well as promoting a creative environment for idea generation.

Robbins (2001:558) defines a learning organisation as “an organisation that has developed the continuous capacity to adapt and change.” He characterises such an organisation as one which encourages people to “put aside their old ways of thinking, learn to be open with each other, understand how their organisation really works, form a plan or vision that everyone can agree upon, and then work together to achieve that vision.” (Robbins, 2001:558)

Once the change leader has dealt with any implicit or overt resistance to change, s/he can concentrate on the essence of the change process, namely the best strategy to achieve the organisation’s vision and mission.

2.6 ORGANISATIONAL STRATEGY AND STRUCTURE

Organisations can opt for structural design along a variety of lines. For example, if an organisation chose to organise itself along the lines of standardisation, Senior (2002:71) contends that they would target, “The number of regularly occurring procedures which are supported by bureaucratic
procedures of invariable rules and processes.” Senior (2002:94) makes an important point when she comments that:

“Choosing how to structure is not straightforward…. One of the most important links is the relationship between organisational strategy and organisational structure – as an organisation changes its strategy to respond to political, economic, technological or socio-cultural changes in its external environment, so should its structure change to maintain the strategy-structure relationship.”

2.6.1 The Development of Strategy

The drivers of change, then, should initiate a change of strategy, as occurred at the organisation to be examined. This organisation did a thorough study of the external environment prevailing at the time. This included a study of the remaining competition, so that a strongly competitive strategy could be developed, which, at the same time could take advantage of the opportunities in the market, created by the demise of a number of competitive companies.

One strategy to consider when faced with an aggressive market with low margins, is to empower the employees closest to the remaining competitors; namely, the managers. A factor favouring the empowerment of the managers in the case of the organisation to be examined could be the fact that each branch operates in a market with unique features. It would thus be difficult to maintain a uniform approach controlled by a centralised head office. Individual managers would be most capable of amending standard policies to suit the unique needs of their markets.

2.6.2 Structural Design Requirements

Senior (2002:95) highlights the role played by aspects such as organisational culture and politics in the evolution of organisational structure. Ultimately, as Senior (2002:98) points out, “it is the structure that must provide the framework within which the strategic processes must operate to achieve the organisation’s objectives.” Senior (2002:103) quotes Minzberg, who, “calls the fit between the
forces and forms that organisations take configuration. When the form fits, the organisation may well be advised to wear it, at least for a time.”

The question arises as to how an organisation can identify the best organisational structure to suit the chosen strategy. This is where managers need to spend time and effort on organisational design. This step in the change process is considered crucial by Anderson and Anderson (2001: 147), who advise change managers to examine, “what success means and what the organisation already has in place that supports this success.” The authors then suggest that change agents see that the information gathered is “formulated into tangible design requirements for the future.” (Anderson and Anderson:2001). It is a worthwhile exercise to clarify the design requirements to support the proposed strategy change, as this provides a sound basis for meaningful structural changes. Anderson and Anderson (2001:148) list several aspects to consider when clarifying design requirements:

- They articulate clear expectations for what is wanted and needed to be successful
- They influence the creation of various design scenarios
- They can be used to evaluate design options
- They can trigger needed course corrections during implementation
- They can be a part of the evaluation of the desired state after implementation is completed, and
- They can further clarify what in the current organisation supports the future state, what must change, and what must be left behind.

Once the organisation has collected the relevant data on design requirements based on the proposed strategy, one way to short-circuit the search for the best
structure is to benchmark other organisations for best practices. Anderson and Anderson (2001:152) point out that “since the quality movement began, benchmarking has become common practice.” Once an organisation has been identified as exhibiting the kind of success that change managers are striving for, Anderson and Anderson (2001) note that, “their relevant best practices can be strategically used to help define your design requirements.”

The organisation to be evaluated in this research, once it had selected the desired vision and mission, went in search globally of similar organisations, which had shown great success and benchmarked their best practices. Once the desired structure had been identified and examined, change management at the organisation examined the fit between the selected structure and the proposed strategy.

2.6.2.1 The Joint-Venture

The structure selected by the target organisation through benchmarking was a network of partners, with a Support Office acting as co-ordinator. The literary term given to such a strategy is a joint-venture. To support such a strategy, a partnership structure needs to be put in place, which is based on the principle of sharing. Vital aspects, such as knowledge, resources, skills, innovative thinking and financial resources are shared for the communal good of the organisation. This translates the partnership into a win-win situation.

Practical evidence of the win-win situation was provided by John Lee, e-business and technology director at Sun International, who was recently interviewed on the results of a joint venture initiative between his organisation and other parties in the gaming industry, (Everyone wins in joint-venture. Business Day Corporate Survey, August 2002). Lee said, “We have shared knowledge and jointly developed products, and the formation of this joint-venture has now formally brought the parties together in what can be seen as an all round win-win situation for the industry.”
Gordon (2002:412) identified certain characteristics of joint-venture partnerships, or alliances that work. Certain of these characteristics are worth considering. According to Gordon (2002), “alliances that work:

- View partnership as an opportunity
- Attach importance to the results of collaborative efforts
- Demonstrate a reasonable level of trust
- Demonstrate a willingness to learn from each other
- Create shared goals and realistic expectations
- Use conflict productively
- Redesign and create integrated systems
- Believe in honest communication
- Have committed leadership
- Provide necessary resources.”

Any organisation, which incorporates the alliances listed above, is likely to implement a successful joint-venture partnership. The joint-venture can be seen as a strategy for change and the resultant partnership as the structure that needs to be put in place to support the strategy.

2.6.3 The Strategy/ Structure Relationship

The fact that the theorists believe that there is a relationship between strategy and structure, has been mentioned often. The impact of a change in strategy on organisational design now needs to be examined. The texts examined to
date all agree that, for strategic change to be successful, it needs to be accompanied by appropriate structural changes. An examination of various design options and requirements precedes these changes, so that the best decision regarding structural changes can be made.

The organisation in this study has moved from standardisation of activities to a more specialised, networked approach, whereby each Owner/operator can decide which approach works best in his/her particular environment. Concentration of authority has also evolved from a centralised to a more decentralised structure. The main workflow is through the network members, while the Support Office, formerly the head office, attends to the support functions such as accounting, branding and marketing.

The CEO of such a support office, according to Taylor (1994:24) also needs to take on a new role, namely that of facilitator. According to Taylor (1994) “the Chief Executive’s role is to lead by providing the strategic direction, making the senior appointments, counselling the operating units in their planning, agreeing how to measure their performance and adjusting the strategy as a result of their performance.” The CEO thus no longer has supreme powers, which balances the power spectrum across the partnership network and contributes to the win-win situation. This should be the natural outcome of a decision to translate branch managers into partners, with the necessary devolution of power, responsibility and accountability, as taken by the organisation under discussion.

Robbins (1991:490) isolated factors, which can influence the direction of structural change as:

- **Strategy**, as the strategy-determines-structure thesis argues that managers change their organisation’s structure to align with changes in strategy. Organisations that seek innovation demand a flexible structure.

- **Organisational size**, as the larger the organisation, the more likely the move towards decentralisation.
• Technology, as innovations will impact on all areas of organisational performance. Mediating technology, which links independent units, can result in standardising the organisation’s transactions and establishing conformity in clients’ behaviour.

• The environment, since uncertainty is a threat to an organisation’s effectiveness, management will try to minimise it. One way to reduce environmental uncertainty is through adjustments in the organisation’s structure.

One real life example of the strategy/structure connection is Zerox SA. In a corporate survey (Xerox S.A.. Business Day Corporate Survey. August 2002), Xerox management were quoted as saying that “in the past Xerox SA was a direct sales and service organisation, but it has now adopted a dual pronged strategy.” This strategy involves the use of “third-party alliances to reach its customers on a national basis.” This strategic change was followed by a structural change, as literature suggests. Xerox management are quoted as saying, “In our quest to drive down costs and increase customer focus at a local level we have sold off certain branches over the past three years, thereby converting them to dealers.” (Business Day Corporate Survey: August 2002). The result for Xerox was a more flexible, responsive structure, better able to service end-user customers.

2.7 CONCLUDING REMARKS

One aim of this chapter was to examine various literary aspects, which could have an impact on a change strategy. The aspects discussed were change models, change leadership and resistance to change and a number of literary opinions were examined. Another aim was to clarify the relationship, if any, between strategy and structure. This was done via a study of various literary texts, which revealed a dependent relationship between the two concepts, namely, that a change in strategy will impact on organisational structure in some way. The type of impact can vary and will be further examined via empirical research on the chosen organisation.
Chapter 3 will explicate the methodology used for the research, as well as some of the results obtained from the research.
CHAPTER 3

METHODOLOGY AND ANALYSIS OF BIOGRAPHICAL DETAILS OF RESPONDENTS

3.1 INTRODUCTION

For the findings of any research project to have any meaning, they have to be based on sound research principles. That is, the research methodology employed must adhere to accepted standards. The goal of this chapter is to elucidate the research methodology chosen for this project, as well as the theory upon which the chosen methodology is based. A well-planned research project, scientifically executed, will provide valid data upon which to base appropriate conclusions.

Leedy (1997:3) defines research as, “The systematic process of collecting and analysing information (data) in order to increase our understanding of the phenomenon with which we are concerned or interested.”

Section 3.2 will review the research design, the meaning of data and data collection methods.

3.2 RESEARCH DESIGN

Because of the qualitative nature of the data required to examine the problems and sub-problems, the most appropriate design structure for this project, was deemed to be the historical method. This enables the researcher to examine the cause-and-effect type phenomenon, where the current effects of a certain strategy could be examined against a literary and historical background, to discover whether the chosen strategy was successful or not, as well as the reasons for this. To reiterate, the main problem being investigated is:

What was the organisational and structural impact of a change strategy adopted by Pennypinchers (Pty) Ltd?
The focus of the study is the most significant results of changes, which were apparent within the first five years after the change strategy was implemented.

To facilitate research, this problem was subdivided into the following sub-problems:

- What does current literature reveal about the impact of change on organisations?
- What roles do external factors play in the decision to adopt a change strategy; that is, what are the drivers of change?
- How did Pennypinchers (Pty) Ltd reinvent itself as a result of the change strategy?

While the first sub-problem necessitated desk research of available literature to create a background for the purposes of comparison, the next two sub problems required the collection of relevant data specific to the chosen organisation.

Because of the qualitative nature of the data to be gathered, care had to be taken to avoid bias in both the design of the research, as well as the data collection. Leedy (1997:219) defines bias as “any influence, condition, or set of conditions that singly or together distort the data from what may have been obtained under the conditions of pure chance.” Leedy (1997:219) goes on to caution that bias can also occur in sample selection, via the non-respondents to a questionnaire survey. If the researcher obtains a 70 per cent response to his/her questionnaire, s/he will base his/her findings on this sample, rather than the original 100 per cent who received questionnaires. Greenfield (1996:123) concurs with Leedy that “case non-response” can be very damaging. Greenfield defines case non-response as, “the failure of some sample units to respond at all” and he also mentions item non-response, which is when certain questions are left out. The item non-responses should still be considered as part of the data.
Leedy (1997:219) also contends that bias attacks the integrity of the facts. The only way to overcome the “scourge” of bias, is to acknowledge the role that bias might have played in the project, and the steps taken to minimise this effect.

### 3.3 TREATMENT OF DATA

The ultimate objective of research, according to Leedy (1997:96) is new knowledge and understanding. In the quest to acquire this knowledge and understanding, the researcher needs to consider the type of data required very carefully, as this will influence the data collection methodology chosen. Leedy (1997:99) defines data as, “those facts that any particular situation affords or gives information or impressions to an observer.” He continues to explain that, “Research seeks, through data, to discover what is true absolutely.” Leedy (1997:100) further points out that another important fact to understand about data is that, “even the most reliable, most refined, most carefully controlled data may have an elusive quality about them. Data are volatile: they evaporate quickly.” Thus the researcher needs to ensure that the desired data are enduring enough, worthy and capable of collection, otherwise the process may not be worth the effort.

A distinction needs to be made between qualitative and quantitative data. Quantitative data are statistically and scientifically verifiable and lend themselves to deductive reasoning. Qualitative data, on the other hand, are more reliant on interpretation and can, therefore, create problems if the interpretation process does not follow strict scientific procedures. Inductive reasoning is required to infer conclusions. Both deductive and inductive reasoning have a place in the scientific method, so both sets of data are valid if analysed correctly.

#### 3.3.1 Data Collection

Any researcher wishing to produce meaningful results from a research project needs to note Leedy’s (1997:213) warning that data obtained in a qualitative survey are particularly susceptible to distortion as a result of bias in the
research design. It is, therefore, important to safeguard data from the influence of bias.

Data collection occurred using two primary methods. These were desk research via a literary survey, followed by empirical data collection using remote interviews with selected key role players. A suitable questionnaire was designed to facilitate data collection during the interview stage. The questionnaire also ensured standardisation of data and was e-mailed to all the respondents. As will be seen in section 3.3.3 below, the response rate was somewhat disappointing, with an overall response of 67 per cent.

As already pointed out by Leedy (1997:213), there is already bias in the data because the whole universe did not participate and deductions for the non-participators will be based on the responses of the participators. However, an overall response rate of 67 per cent can be considered to deliver valid results.

To further enhance the background for comparative purposes, an additional remote interview was conducted with the existing CEO. This was to determine what had led to the decision to adopt a change strategy, whether this decision led to a new vision for the organisation and, if so, whether the new vision is unfolding as envisaged.

As Greenfield (1996:122) points out, “There are several stages between collecting data and analysing data. These are: coding, editing and preparing data for analysis.” All of these stages need to be considered before conducting the empirical research. Greenfield (1996:122) further explains that coding involves the categorising of qualitative data into manageable bites of data. Quantitative data can also be pre-coded for easy analysis.

3.3.2 Data Analysis

With the advent and evolution of the personal computer, the process of data analysis has become much more manageable. Saunders, Lewis and Thornhill (2000:326) mention software packages such as ‘Minitab’ and ‘Statview’, which
can be used to analyse and verify data. Because of the small sample size of this survey, it was deemed unnecessary to utilise such sophisticated software, and data was manually coded and analysed. Final tables were then sent to the Research Centre at the Port Elizabeth Technikon for statistical verification.

To further highlight the research methodology, the data collection tool, namely the questionnaire, will be examined.

### 3.4 QUESTIONNAIRE DESIGN

Because most of the respondents for the survey were located out of the Port Elizabeth region, the most practical method to collect data was via the use of a structured questionnaire. The complete questionnaire appears in annexure 1. One of the advantages of using a questionnaire to collect data is that it standardises the type of data collected, as well as the extent of subject matter covered.

For this study, a variety of questioning techniques was utilised to ensure standardisation, and at the same time to achieve depth in explanations. Great care was taken in the design of the questionnaire, to achieve clarity and unambiguity, considering that the questionnaires were to be completed via remote rather than face-to-face interviews. Furthermore, taking into account the scope of the research, questions were kept as specific as possible to avoid straying out of the parameters of the scope.

To achieve depth, closed, open and multiple-choice questions were included. In each case, explicit instructions were given to the interviewee. As Leedy (1997:47) states, “good writing is merely precise, sensitive thinking mirrored in carefully chosen, logically presented words.”

Melville and Goddard (1996:43), give explicit guidelines for the construction of questionnaires. A questionnaire should:

- Obtain all the data required by the researcher
• Be short and should not abuse the respondent’s time or concentration

• Ask only relevant questions

• Give clear instructions

• Contain unambiguous, and understandable questions

• Have objective questions, which should not suggest answers

• Have appropriate questions relative to the research.

• Position sensitive questions at the end of the questionnaire

• Use mostly closed questions with a four point scale to avoid neutrality

It is advisable, should time permit, to conduct a pilot study to pre-test the questionnaire on a small population. This will highlight any inconsistencies or shortcomings before it is too late. According to Greenfield (1996:122), a pilot has two main purposes; development of the research “instruments and procedures… to make specific checks on reliability and validity.” The second function is “rehearsal of instruments and procedures” for fine-tuning.

Time constraints prevented a thorough pilot study; however, the questionnaire was given to one Support Office respondent and one Owner/operator for scrutiny regarding relevance and ease of understanding. Once suggested changes were made, the questionnaire was e-mailed to all respondents. The e-mail medium was chosen for the sake of convenience and because all respondents had access to e-mail.
3.5 THE SAMPLE POPULATION

In large surveys, there are many scientific factors to consider when selecting the sample population and it is also necessary to avoid the errors of bias. In the survey conducted for this project, there was no need to select a representative sample, as the sample universe was small enough to include everyone in the survey. The aim was to ensure a response rate of over 80 per cent, for validity of data.

The sample universe comprised 24 respondents, all at management level. The universe was broken down into two categories: Support Office and Owner/operators. These are the two groups forming the joint-venture partnership under evaluation. The sample universe was thus subdivided to accommodate both groups, as follows: Support Office - 10 respondents; Owner/operators - 14 respondents.

Of the sample universe, 16 responses were obtained, translating into an overall response rate of 67 per cent. If each group is viewed separately, Support Office response rate was seven out of 10, giving a response rate of 70 per cent. The Owner/operator response rate was nine out of 14, giving a response rate of 64 per cent. The disappointing overall response could be attributed to the fact that the questionnaires were e-mailed to respondents at the end of November 2002. Respondents were asked to return questionnaires by 13 December. This is traditionally a very busy time in the building trade, as businesses are gearing up for the year-end close and are under pressure to meet deadlines.

A further appeal was made on 13 January 2003 to all outstanding respondents. They were given another month to respond. A few more questionnaires were received. Despite telephonic appeals, the remaining respondents did not participate and questionnaire collection was discontinued. Although the desired goal of 80% was not achieved, the research continued as planned.
3.6 STATISTICAL TREATMENT OF DATA

Greenfield (1996:181) comments that “statistics has long suffered from bad press in two regards. One is the view that it … can bend the facts to suit any purpose. And the second is that it is a tedious and boring subject.” The first comment provides an important cautionary lesson: do not manipulate statistics. It is important to be ethical in their interpretation; otherwise the whole research project could be in jeopardy.

Leedy (1993:216) states that qualitative research, such as the descriptive and historical methods, demands more activity than other methodologies and is the most complex, time consuming and distracting of all. It is, therefore, important that the researcher does not lose sight of the problem and sub-problems identified for the research.

The raw data was analysed and tabulated, following the order of the questionnaire. The completed tables were sent to the Port Elizabeth Technikon Research Unit for verification. Once this was obtained, data interpretation could proceed.

3.7 CONCLUDING REMARKS

The aims of this chapter were to give a brief outline of the theoretical basis of the research process, and to discuss the practical details. The practical process and some of the problems encountered were highlighted.

Chapter 4 will reveal the results of the survey, after analysis and interpretation had taken place. The practical development of the study, together with the results will be discussed in an orderly, logical fashion, following the layout of the questionnaire.
CHAPTER 4

ANALYSIS AND INTERPRETATION OF THE RESULTS OF THE EMPIRICAL STUDY

4.1 INTRODUCTION

In Chapter 3, the research methodology used in solving the defined sub-problems, was described. Chapter 4 presents the results of the empirical study, which was conducted to evaluate the success with which the chosen organisation, Pennypinchers, implemented structural change to support the chosen change strategy. The empirical data was analysed to reveal drivers of change, factors affecting the choice of strategy, the implementation of the change strategy and the relationship between strategic choice and structural changes.

The data was analysed and interpreted following the questionnaire structure, namely:

- Section A – Demographic information
- Section B – The strategy/structure relationship
- Section C – Support Office/joint venture operator relationship, as rated by the operators
- Section D – Joint venture/Support Office relationship, as rated by Support Office staff

The questionnaire, which was designed to collect the data for this empirical study, can be found in Appendix A.

The next section will examine the demographic information obtained.
4.2 ANALYSIS AND INTERPRETATION OF DEMOGRAPHIC INFORMATION

Respondents were asked to indicate the number of years they had been associated with Pennypinchers. These responses are shown in Table 4.1.

**TABLE 4.1**
Responses to number of years employed

<table>
<thead>
<tr>
<th>NUMBER OF YEARS</th>
<th>NUMBER OF RESPONSES</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5 YEARS</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>5 – 10 YEARS</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>&gt; 10 YEARS</td>
<td>10</td>
<td>62.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

The majority of respondents have been associated with the organisation for longer than five years, thus they would have been familiar with the old system as well as the new. The fact that 62.5 per cent of the respondents have over ten years experience at Pennypinchers can probably be explained by the corporate culture of close relationships that seems to have prevailed for many years. This aspect will be examined later in the chapter. The four respondents who had less than five years’ experience, joined during the change process, therefore they were deemed to have a valid opinion.

Respondents were next asked who their employer within the partnership structure was. Table 4.2 reveals their responses.
TABLE 4.2
Responses to employer options

<table>
<thead>
<tr>
<th>EMPLOYER</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Office</td>
<td>7</td>
<td>44</td>
</tr>
<tr>
<td>Owner/operators</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

As Table 4.2 shows, the respondents were relatively well distributed between the two partners. The Support Office respondents were all functional managers, who have regular contact with the joint venture partners. The respondents, who indicated that they worked for a joint venture partner, were in fact all Owner/operators of the joint venture operations. This places all respondents in a very good position to evaluate the various aspects covered in the questionnaire.

As discussed in Chapter 1, Pennypinchers has outlets throughout the provinces of the Western Cape, Southern Cape and Eastern Cape. As also mentioned in Chapter 1, the provincial rather than the municipal regional names are used, as these are more familiar to the layman. The geographical distribution by province of Owner/operators, who participated in the survey, is shown in Table 4.3.

TABLE 4.3
Geographical distribution of respondents

<table>
<thead>
<tr>
<th>PROVINCE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>3</td>
<td>33</td>
</tr>
<tr>
<td>Western Cape</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Southern Cape</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.3 shows a fair balance of Owner/operators, in accordance with the nationally accepted economic strength of the relevant province.
In an attempt to identify the size of the various operators, the respondents were asked to indicate the number of salaried staff and wage earners they employed. However, some respondents lumped all staff into one category, while others gave the breakdown as requested. The results are thus inconclusive, and will not be utilised further.

4.2 THE STRATEGY/STRUCTURE RELATIONSHIP

From the texts evaluated in the literary survey in Chapter 2, all authors agreed that organisational change occurs because drivers of change impel the organisation to re-examine existing systems against the environment in which they operate. The empirical data in Table 4.4 shows which environmental forces influenced Pennypinchers most significantly, and propelled management into adopting a change strategy. Literary indications point to the following environmental factors as being some of the strongest drivers of change for an organisation:

- Significant changes in the competitive environment
- Tight economic trading conditions
- Changing customer requirements
- Technological advances
- Change of leadership

According to Anderson and Andersons’ Drivers of Change model (2001:17), these environmental influences would impact on the organisation’s existing vision and mission to the extent that a change of strategy, together with a change in vision and mission, becomes imperative.

To gain insight into what caused Pennypinchers to contemplate change, respondents were asked which influences, in their opinion, made the
greatest contribution to the realisation that the company needed to re-examine itself. Table 4.4 lists the influences most often mentioned by respondents.

**TABLE 4.4 (RANKING – 6=MOST SIGNIFICANT INFLUENCE; 1=LEAST SIGNIFICANT)**

Responses to influences promoting change

<table>
<thead>
<tr>
<th>INFLUENCES PROMOTING CHANGE</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the external competitive environment</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Internal changes</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Shareholder pressure</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Change of leadership</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Employee pressure</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Technological advances</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

A rating of three would mean that the influence was not considered to be great. Any rating of four and above would indicate a significant influence. The two influences receiving most frequent ratings above three were Shareholder pressure (12 ratings above three) and Change of leadership (11 ratings above three). The third most significant influence according to the above table was Changes in the external competitive environment (9 ratings above three). This ties in very closely with the drivers identified from the literary survey in section 4.2 above.

Once the pressure exerted by the drivers of change becomes too strong, there should be a natural progression towards examining what has to change regarding the organisation in general. The next step in the progression towards meaningful and sustainable change is to examine existing organisational culture and encourage necessary paradigm changes, as well as behavioural changes. Such changes will require changes in the behaviour and mindsets of both management and employees. A strong, dynamic leader or change agent can facilitate the ‘human’ changes required. The responses in Table 4.4 above
imply that the organisation under discussion possibly had such a leader at the
time change was contemplated.

However, many organisations experience employee resistance to change, as
this is a normal human response and humans are creatures of habit. In Chapter
2, Kreitner et al (1999:594) point out that, “It is generally difficult for people to try
new ways of doing things.” They further point out that, “It is important for
managers to learn to manage resistance because failed change efforts are
costly.” Managers can, according to these authors, count the cost in terms of
“decreased employee loyalty, lowered probability of need for inspired change
management receives added emphasis.”

The respondents in this study were asked whether they were initially in favour of
change. Their responses are found in Table 4.5.

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.5 suggests a majority support (88 per cent) for the change process, and
is contrary to literary findings, which suggest that initially, the level of resistance
traditionally is stronger than the level of support. This strong support, however,
could be attributed to the fact that the respondents all occupied senior positions
and were able to see the benefits of change. They were asked to support their
responses with comments. Table 4.6 summarises the most frequently occurring
comments.
TABLE 4.6  
Comments of respondents initially in favour of change

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company needed change to survive; the old way was not working</td>
<td>10</td>
<td>62.5</td>
</tr>
<tr>
<td>Needed to change to keep good people, ensure employee security</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Needed to establish competitive trading and structural differentiation</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Needed to improve relationship between Support Office and stores</td>
<td>2</td>
<td>12.5</td>
</tr>
</tbody>
</table>

As can be seen from Table 4.6, ten respondents (62.5 per cent) commented that, “The company needed change to survive; the old way was not working.” This would support the contention above, that the respondents were in a position to realise the company was in difficulty and something needed to be done.

Respondents also had to indicate whether they were asked their opinion on the need to change. Their responses are shown in Table 4.7.

TABLE 4.7  
Respondents asked opinion on need to change

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>44</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>44</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.7 indicates that only 44 per cent of respondents indicated that they had been asked for an opinion and this could have led to resistance. Interestingly, when the respondents were asked whether the decision to change was solely a Support Office initiative, or whether it was a collaborative effort, they responded as indicated in Table 4.8.

**TABLE 4.8**

Responses to basis of decision to change

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solely a Support Office initiative?</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Support Office/ Branch Manager collaboration?</td>
<td>13</td>
<td>81</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.8 shows that a significant 81 per cent still believed that the change process was collaborative, notwithstanding the fact that only 44 per cent were asked their opinion on the need to change.

Furthermore, respondents were asked whether they had any personal opinion at the time regarding the most appropriate change strategy for the organisation. Their responses are shown in Table 4.9.

**TABLE 4.9**

Responses to appropriateness of change strategy

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.9 indicates that 56 per cent of respondents had an opinion as to the future direction of the organisation. The respondents were then asked whether they were asked for their opinions. Their responses are shown in Table 4.10.

**TABLE 4.10**

Responses to whether opinion asked on strategic change options

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>5</td>
<td>31</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Abstentions</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.10 illustrates that only 31 per cent of respondents indicated that they were asked for an opinion. Again this would appear to indicate a one-sided change approach, one driven solely by the Support Office. If so, this could promote employee resistance. But Table 4.8 above does not support this.

The literature examined in Chapter 2 revealed that change is quicker and easier if supported by the employees. An organisation can gain employee support by instituting good communication channels, and the correct organisational culture. Although from Tables 4.7 and 4.10 above, it would appear that the formal communication channels were not fully utilised, it is possible that Owner/operators felt they had other channels to use. Possibly a stronger reason for the lack of resistance is the type of culture prevailing in the organisation at the time. The organisational culture best able to manage change is found in the Learning Organisation. This type of organisation was discussed in Chapter 2, and will be discussed later in this section.

When respondents were asked whether there was a prevailing corporate culture at the organisation, they responded as illustrated in Table 4.11.
Respondents were strongly of the opinion (88 per cent) that the organisation did have a corporate culture. They were then asked whether this culture contributed to or hindered the change process. Table 4.12 illustrates their responses.

**TABLE 4.11**

**Responses to prevalence of corporate culture**

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

**TABLE 4.12**

**Responses to relationship between corporate culture and change**

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute to the change process?</td>
<td>10</td>
<td>62.5</td>
</tr>
<tr>
<td>Hinder the change process?</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.12 shows strong agreement (62.5 per cent) that corporate culture assisted in the change process. As mentioned earlier, this could explain the lack of resistance to the change process. Reasons given for the above responses are listed in Table 4.13.
As indicated in Table 4.13 above, three respondents (19 per cent) described the culture as one of innovation. This is a characteristic of a Learning Organisation. Robbins (2001) defines a Learning Organisation as, “An organisation that has developed the continuous capacity to adapt and change.” Robbins further characterises such an organisation as one which encourages people to “put aside their old ways of thinking, learn to be open with each other, understand how their organisation really works, form a plan or vision that everyone can agree upon, and then work together to achieve that vision.” (2001:558). This definition seems to fit the organisation under discussion according to research findings discussed to date. Employees of such an organisation would feel that they were entitled to voice an opinion, whether they were asked or not.

Finally, Robbins (2001:555) identifies two other important goals to aspire to when managing change. These are innovation and the creation of a learning organisation. He defines innovation as, “a new idea applied to initiating or

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company is innovative, thrives on change</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>A culture of true partnership, accountability, reliability and joint problem solving brings success</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Pennypincher's branding has improved</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Level of business ethics displayed by owner/operators has improved</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>as the corporate culture promotes honesty and loyalty among customers and staff</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
improving a product, process or service.” According to him, sources of innovation can be found in structural variables, culture and human resources. With regard to structure, Robbins (2001:558) maintains that organic structures positively influence innovation, as they promote flexibility, adaptability, and cross-fertilisation of new ideas. The type of culture, which promotes innovation, is one, which encourages experimentation and rewards both successes and failures. Innovative cultures promote training and development of employees and provide job security, as well as promoting a creative environment for idea generation.

On the topic of strategy, the respondents were also asked whether they were initially in favour of the joint venture strategy. The support was overwhelmingly positive (81 per cent), as Table 4.14 indicates.

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>81</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

The choice of strategy is often fraught with problems, as it requires management to predict the future based on present circumstances. It requires thorough environmental and SWOT (strengths, weaknesses, opportunities, threats) analyses. Kreitner et al (1999:562) suggest that, “organisations tend to be more effective when they are structured to fit the demands of the situation.” The ‘situation’ here refers to the environment. The type of data required from an environmental analysis, for example, competitor data, is often not freely available.

Nevertheless, the majority of stakeholders interviewed had confidence in the choice of strategy. This would imply confidence in the change leader. Such
confidence seemed to be there, as indicated in Table 4.4. The change leader was selected as the second most influential driver of change; furthermore, the comment was made that, “change in leadership was solely responsible for the major turnaround in the company.” As already mentioned, this confidence could also have contributed to the lack of resistance displayed.

The comments respondents gave for their support of the change strategy shows other reasons as well for this support and this is shown in table 4.15

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nothing more motivating to ensure a change of focus when you risk losing your own money</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>Suitable strategy for size of business and resources available to partners</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Strategy had a proven track record elsewhere</td>
<td>2</td>
<td>12.5</td>
</tr>
</tbody>
</table>

As Table 4.15 shows, over half the respondents (56 per cent) believed the proposed change required them to make more of a commitment, in this case, a financial one. They found this prospect exhilarating as such a commitment meant greater involvement in the organisation. Thus there was no perception of change being a threat, which is often one of the causes of resistance. Rather, the proposed change represented an opportunity for respondents.

The need for good communication channels was alluded to in the discussion of Tables 4.7 and 4.10, where the data evaluated suggested that formal communications channels were not two-sided. When respondents were asked
how the choice of strategy was communicated to them, they gave the responses as indicated in Table 4.16.

**TABLE 4.16**

**Responses to choice of communication medium**

<table>
<thead>
<tr>
<th>MEDIUM</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Via company memo’s</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Specially convened strategic meetings</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td>Individual branch visits by head office staff</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Telephonic communication</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Annual conference</td>
<td>3</td>
<td>18</td>
</tr>
</tbody>
</table>

In Table 4.16, respondents were allowed to choose more than one response. A slight majority of respondents (56 per cent) mentioned specially convened strategic meetings as the communication channel used to inform them of the choice of strategy. While this is not a very personal way to convey such important information, it does mean that all stakeholders received the same message at the same time, promoting fairness and uniformity.

If the leaders of the organisation contemplating change have carefully considered the case for change within their organisation, one of the factors they would have encountered is the potential impact of change on the organisation as a whole. According to Anderson and Anderson (2001:173), “there are three areas of focus for generating impact issues:

- The formal organisation, including structures, management systems, business processes, skills, numbers of people, technology and work practices
The human and cultural aspects of the organisation, including mindset, behaviour, relationships, and all elements of culture; and

Interactions between any of the factors on either list.”

As Anderson and Anderson’s Drivers of Change model (2001:17), quoted earlier in Chapter 2, indicated, there are likely to be many interactions between all of the formal organisational issues and the human and cultural aspects. In line with the aims of this research, it is primarily the impact of change on structure, which was most closely examined. The decision to implement a new strategy, in this case, forming a joint venture partnership between the old head office and branch managers, would have an impact on the organisational structure, if Anderson and Anderson (2001:17), are correct.

The way in which the strategy is implemented is relevant, because incorrect or incomplete implementation could hamper the change process. Respondents were asked if they believed that the chosen strategy was correctly implemented. Table 4.17 shows the response was overwhelmingly positive (81 per cent).

**TABLE 4.17**

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>81</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.18 reflects the comments of respondents, who gave a ‘yes’ response.
### TABLE 4.18
Respondents’ comments regarding implementation

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>There should have been greater pressure on managers to convert faster, e.g. within a six month time frame.</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>The process was based on a working New Zealand model, then vigorously consulted both internally and with managers</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Post joint venture performance of stores suggests implementation was done correctly</td>
<td>2</td>
<td>12.5</td>
</tr>
</tbody>
</table>

The only criticism seems to be that the process took too long. This is a relevant criticism as the longer the process of change, the greater the possibility of problems. In order to examine the timing of implementation a little further, Owner/operators were asked when their operation adopted the new strategy. Of the respondents interviewed, only one changed at inception; the others were all afterwards. However, the reason for this seems to be that the then head office had certain criteria for branches to qualify, as well as the fact that they wanted to roll out implementation, rather that do it all at once. Table 4.19 illustrates the responses.
TABLE 4.19 (For Owner/operators only)
Responses to timing of change to joint venture

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>At inception?</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Early in the change process (within one year of implementation)?</td>
<td>4</td>
<td>44.5</td>
</tr>
<tr>
<td>As a latecomer to the change process (after one year of implementation)?</td>
<td>4</td>
<td>44.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

The reasons for the chosen timing are listed in Table 4.20.

TABLE 4.20
Respondents’ reasons for timing choice

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Early arrivals) Accepted the challenge to change store around from substantial loss making entity into a viable business/prepared to take risk</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>(Latecomers) Needed to qualify/to raise finance</td>
<td>3</td>
<td>18</td>
</tr>
</tbody>
</table>

To further identify the then branch managers’ perceptions of the fairness of the change process, they were asked if the joint venture selection process was fair. If there had been a negative response, this could have laid the setting for post change individual resistance. However, the response was once again overwhelmingly positive (100 per cent). This, together with what has been discussed above, suggests that, once the stakeholders had bought in to the idea of change, the support for the change process was very strong. The
comments made in support of the 100 per cent response, were listed in Table 4.21.

**TABLE 4.21**

Respondents’ comments regarding fairness of change process

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unprofitable stores were eliminated</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Fair balance of existing managers selected, plus new blood</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Support Office examined operators in detail – both in business and privately</td>
<td>2</td>
<td>12.5</td>
</tr>
</tbody>
</table>

The comments in Table 4.21 suggest that stakeholders believed the changes were for the best. The new organisation could only be an improved version of the original.

In order to examine whether there were any problems during implementation or not, all respondents were asked whether Support Office efficiently managed the implementation process. A much more conservative response was elicited, as Table 4.22 indicates.

**TABLE 4.22 (For all respondents)**

Responses to efficient management of implementation process

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>Abstentions</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.22 illustrates that now only 50 per cent of respondents perceived Support Office’s management of the process to have been efficient. Reasons given for both the ‘yes’ and ‘no’ responses are listed in Tables 4.23 and 4.24.

**TABLE 4.23**

Respondents’ comments supporting efficient implementation

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Down the line, business is good with sound returns – evidence of proper implementation</td>
<td>4</td>
<td>25</td>
</tr>
</tbody>
</table>

**TABLE 4.24**

Respondents’ comments refuting efficient implementation

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The process should have been done faster/ not enough emphasis placed on upfront financial commitment</td>
<td>4</td>
<td>25</td>
</tr>
</tbody>
</table>

It is worth noting that, in Table 4.24, 25 per cent of respondents listed the slowness of implementation as a criticism of the process. However, 25 per cent of respondents in Table 4.23 also listed improved company results after implementation as support of the implementation process. The fact that the respondents mentioned improved profits suggests that matters have improved for the organisation, evidence that implementation must have gone smoothly.

In the search for evidence to test whether the new strategy was indeed successful, as suggested above, respondents were asked whether, since implementation, the new strategy has developed smoothly. Table 4.25 shows their response.
Table 4.25 shows a very positive response, with 81 per cent of respondents indicating agreement. This supports emphatically the perception that the change strategy was successful. An examination of the reasons given for the above response indicates why respondents were so positive. Table 4.26 lists their responses.

**TABLE 4.25**
Responses to whether strategy has developed smoothly

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>81</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>12.5</td>
</tr>
<tr>
<td>Abstentions</td>
<td>1</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.25 shows a very positive response, with 81 per cent of respondents indicating agreement. This supports emphatically the perception that the change strategy was successful. An examination of the reasons given for the above response indicates why respondents were so positive. Table 4.26 lists their responses.

**TABLE 4.26**
Respondents’ comments supporting smooth development of strategy

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits and Return on Investment have exceeded expectation</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>There is no longer a ‘head office’, rather a partnership, with one group providing operational skills, and the other a support infrastructure.</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>There is greater momentum towards a common goal</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>There are clearly defined roles at both Support Office and JV Operator levels, which play on everyone’s strengths</td>
<td>3</td>
<td>19</td>
</tr>
</tbody>
</table>
Respondents were able to choose more than one response. The first comment offered by 50 per cent of the respondents highlights the reason for the 81 per cent response to the success of the new strategy. Profits and Return on investment have exceeded expectation. This kind of result is the ideal goal of all organisations contemplating change and is in line with the vision of the change agents when adopting the decision to change. Ultimately, the vision for change is to achieve an improved financial performance. The other two comments listed, referring to unity of vision and good team dynamics, are worth noting, as a common vision and a strong team can only lead to success. Kreitner et al. (1999:271) define a team as, “Two or more freely interacting people with shared norms and goals and a common identity.” Pennypinchers, as an organisation, seems to have achieved this.

There were a few negative comments, but no significant responses were elicited.

A further examination of the new strategy post-implementation led to respondents being asked whether the new strategy had introduced any significant improvements to their operation. The affirmative response was unanimous, as Table 4.27 shows.

### TABLE 4.27

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

The most frequently mentioned reasons for the above response support the results obtained in Table 4.25 as well as the comments in Table 4.23. Table 4.28 below further elucidates the unanimous response in Table 4.27. Respondents were presented with a list of potential improvements and asked to
rate these, as they were relevant to their operation. Table 4.28 tabulates their responses.

### TABLE 4.28 (RATING SCALE – 5=EXCELLENT; 1=VERY POOR)

<table>
<thead>
<tr>
<th>IMPROVEMENT TO BE RATED</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in general performance efficiency</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Increased profits</td>
<td>14</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Greater freedom in operational management issues</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Increased job satisfaction</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>More efficient Support Office</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>More flexibility regarding service to customers</td>
<td>0</td>
<td>5</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>More flexibility in choice of product range</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

A rating of three would indicate average improvement for that aspect. The improvement that received the most responses for above average (rated four and above) improvement was Increased profits, with 16 responses. Table 4.28 shows that 100 per cent of participants in the survey indicated they had improved their financial performance. The improvement receiving the next greatest response for above average improvement was Improvement in general performance efficiency, with nine responses (56 per cent). Increased job satisfaction received eight above average responses (50 per cent). All three of these improvements support the fact that the new strategy was successful.

The final question in this section returned to the topic of corporate culture. Having already ascertained that the organisation has always had a corporate culture resembling that of a learning organisation, and that this culture contributed to the change process, respondents were then asked whether the prevailing culture had changed with the new strategy.
Table 4.29 indicates that respondents voted unanimously that the prevailing culture had indeed changed. The most significant changes noted are listed in Table 4.30, where respondents could choose one or more aspects.

**TABLE 4.29**
Responses to changes in corporate culture since implementation

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.29 indicates that respondents voted unanimously that the prevailing culture had indeed changed. The most significant changes noted are listed in Table 4.30, where respondents could choose one or more aspects.

**TABLE 4.30 (RATING SCALE- 5=GREATEST CHANGE; 1=LEAST CHANGE)**
Responses to cultural aspects

<table>
<thead>
<tr>
<th>CULTURAL ASPECT TO BE RATED</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Become more individualistic (self – centred)</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Become more team orientated (co-operative)</td>
<td>6</td>
<td>7</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Improved climate of motivation amongst owner/operators and support staff</td>
<td>9</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Increased climate of innovation</td>
<td>1</td>
<td>8</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Support Office encourages employees to be creative</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Support Office recognises employee efforts</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

A rating of three would indicate an average degree of change. Any rating of four and above would indicate an above average response. The potential changes receiving the greatest number of above average responses were Became more team orientated (co-operative) and Improved climate of motivation amongst owner/operators and support staff. Both choices received 13 above average responses. This equates with a percentage support of 81 per cent.
The choice of the team-orientated option by respondents suggests that the successful implementation of the joint venture strategy, already proved in earlier tables, has been supported by the correct structural changes. For a culture of teamwork to succeed, a flatter, more informal structure would need to be in place. The fact that 81 per cent of respondents chose this cultural change suggests that they perceived such a structure to be in place. This could also account for the increased motivation amongst staff. The structure that would support a culture of teamwork and co-operation could resemble the ‘high-value enterprise’ described by Gold (1996:474) as a ‘spider’s web.’ He describes the “high-value” enterprise as, “strategic brokers are at the centre, but there are all sorts of connections that do not involve them directly, and new connections are being spun all the time.”

The CEO of such an organisation, according to Taylor (1994:24) also needs to take on a new role, namely that of facilitator. As Taylor puts it, “the Chief Executive’s role is to lead by providing the strategic direction, making the senior appointments, counselling the operating units in their planning, agreeing how to measure their performance and adjusting the strategy as a result of their performance.” The CEO thus no longer has supreme powers, which balances the power spectrum across the partnership network and contributes to the win-win situation. This was a natural outcome of the decision to translate branch managers into partners, with the necessary devolution of power, responsibility and accountability.

Once the organisation has collected the relevant data on design requirements based on the proposed strategy, one way to short-circuit the search for the best structure is to benchmark other organisations for best practices. Anderson and Anderson (2001:152) point out that, “since the quality movement began, benchmarking has become common practice.” Once an organisation has been identified as exhibiting the kind of success that change managers are striving for, Anderson and Anderson (2001:152) note that, “their relevant best practices can be strategically used to help define your design requirements.”
PennyPinchers did in fact research various global organisations until they found one with the required design and a proven track record of success. Comments made by certain respondents indicate that this proven track record gave them confidence in the change process.

Section 4.3 will examine in more detail the partnership in place after the new strategy and structure had been implemented. This will further assist in assessing whether the post-change structural design is supportive of the change strategy, from the point of view of the Owner/operators. Their operations were most subject to structural changes, thus these respondents are best placed to comment. The most significant structural changes are evident in the move from a typical corporate head office to a leaner Support Office, and the evolution of the branches to operations owned in a 50 per cent partnership between Owner/operators and Support Office.

4.2.1 THE PARTNERSHIP BETWEEN SUPPORT OFFICE AND THE OWNER/OPERATORS

This partnership was examined from the point of view of the Owner/operators, as well as the Support Office staff. In this way, the perceptions of the new structure would be viewed from two points of view. This was to avoid a narrow-minded error of bias. Firstly, the perceptions of the Owner/operators were examined and their responses appear in section 4.2.2.

4.2.2 The Perceptions of the Owner/operators Regarding the Partnership

Only the Owner/operators answered this section, thus there were nine respondents evaluating the various aspects. The first question these respondents were asked was whether they believed that Support Office was correctly structured to support the needs of their operation. Table 4.31 summarises their responses.
TABLE 4.31 (Owner/operators only)
Responses to correct structure of support office

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>89</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

As can be seen from Table 4.31, 89 per cent of Owner/operators believed that the new Support Office structure is the correct one to meet their needs. This indicates strong support for the structural changes made. Respondents were then asked to rate certain Support Office structural and functional aspects. Table 4.32 shows their responses.

TABLE 4.32 (RATING SCALE- 5=EXCELLENT; 1=VERY POOR)
Responses to support office structural aspects

<table>
<thead>
<tr>
<th>SUPPORT OFFICE STRUCTURAL ASPECTS</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsiveness to new opportunities or innovations</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Capable of meeting joint venture operators’ functional needs</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Economical use of financial resources for Support Office operations</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Use of effective communications channels</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Convenient location</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Crisis management assistance</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Technological support</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Guidance regarding operational issues eg. labour relations, marketing, customer relations</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

A rating of three would indicate an average response. Ratings of four and above would indicate an above average response. Three aspects received strong above average ratings. These were the fact that Support Office is
“Capable of meeting joint venture operators’ functional needs,” the fact that Support office makes “Economical use of financial resources for Support Office operations” and the fact that Support Office gives “Guidance regarding operational issues”. The first aspect mentioned above, Support Office is “Capable of meeting joint venture operators’ functional needs” received 6 above average ratings (67 per cent). This would suggest that Support office is largely correctly structured for the partnership to work efficiently. The second aspect mentioned above, refers to good financial management on the part of Support Office and also received six above average ratings (67 per cent). This would suggest that Support Office is not wasting financial resources on unnecessary functional or structural aspects. The third aspect mentioned above refers to the role of Support Office as consultant rather than lawmaker and also received six above average ratings (67 per cent). This would support the fact that the relationship between Support Office and the Owner/operators is indeed a partnership.

To further explore whether Support Office is correctly structured to meet the needs of the partnership, Owner/operators were asked whether Support Office is correctly staffed to meet their needs. Table 4.33 below shows their response.

**TABLE 4.33**

**Responses to correct staffing of support office**

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>78</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

The response is almost as positive as the response to the question on structure (Table 4.31). A total of 78 per cent of respondents believed that Support Office was correctly staffed to service the partnership. Owner/operators were further asked to rate Support Office on certain staffing aspects. Table 4.34 lists their responses.
TABLE 4.34 (RATING SCALE- 5=EXCELLENT; 1=VERY POOR)
Responses to support office staffing aspects

<table>
<thead>
<tr>
<th>SUPPORT OFFICE STAFFING ASPECTS</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff have appropriate skills</td>
<td>0</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Staff are motivated to provide good support</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Appropriate numbers to meet joint venture operators’ needs</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Staff are capable of assisting joint venture operators with problem solving</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Staff are appointed in needed functional areas eg. finance, marketing and purchasing</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

A rating of three would indicate an average response. A rating of four and above would indicate an above average response. The most positive rating was assigned to the aspect, Staff are appointed in needed functional areas e.g. finance, marketing and purchasing, with seven above average responses (78 per cent). This rating provides strong support for the earlier rating (see Table 4.31) given to the fact that Support Office was correctly structured to support the needs of owner/operators (89 per cent). Two other aspects, which received strong above average ratings of six (67 per cent), were Staff have appropriate skills and Staff are motivated to provide good support. These rating would suggest confidence in the Support Office staff on the part of the Owner/operators. If Support Office were staffed correctly, this would support the fact that it was also correctly structured.

In a final effort to identify how satisfied the Owner/operators were with the new Support Office, they were asked to give an overall rating of Support Office service levels. Table 4.35 shows their responses.
One respondent abstained from voting. Once again, a rating of three would suggest an average response and ratings of four and above, an above average response. A total of six respondents (67 per cent) rated Support Office service levels as above average. It is interesting to note that not one respondent gave a rating of excellent. Respondents were asked to give a reason if they rated service levels as three or less. Table 4.36 lists the responses of the two respondents who gave such a rating.

### TABLE 4.36

**Respondents’ comments supporting ‘3’ rating of service levels**

<table>
<thead>
<tr>
<th>COMMENTS IN SUPPORT OF ‘3’ RATING</th>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Office plays mostly a reactive role</td>
<td>2</td>
</tr>
<tr>
<td>There are operational experience shortcomings</td>
<td>1</td>
</tr>
<tr>
<td>Too few people focusing on key issues</td>
<td>3</td>
</tr>
</tbody>
</table>

The next question to Owner/operators in this section was about the partnership. Owner/operators were asked whether they believed the partnership functioned smoothly. They responded as indicated in Table 4.37.

### TABLE 4.37

**Responses to smooth functioning of partnership**

<table>
<thead>
<tr>
<th>CHOICE</th>
<th>NUMBER</th>
<th>PERCENTAGE OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>78</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.37 indicates strong support for the functioning of the partnership. This response is important in view of the vital role the partnership plays in both strategy and structural development. The fact that 78 per cent of Owner/operators believed that the partnership functions smoothly, suggests that they have confidence in the structural arrangement. Tables 4.38 and 4.39 list comments given in support of both the ‘yes’ and ‘no’ responses.

**TABLE 4.38**
Respondents’ comments supporting efficient partnership

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirit of partnership exists; mutual trust that partners will perform according to clearly defined roles, according to strengths</td>
<td>5</td>
</tr>
<tr>
<td>Good understanding between owner/operators and MD</td>
<td>1</td>
</tr>
</tbody>
</table>

The fact that 56 per cent of owner/operators identified a spirit of partnership as support for the smooth functioning of the partnership indicates the importance of this aspect. The term spirit alludes to the bases of a partnership, namely, trust, transparency and reliability. The aspect of trust is a vital factor in this relationship, and while all stakeholders believe there is a spirit of trust, the partnership should flourish. The comments in support of the minor ‘no’ response (22 per cent), were as listed in Table 4.39.

**TABLE 4.39**
Respondents’ comments refuting efficient partnership

<table>
<thead>
<tr>
<th>COMMENTS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership not practised as such</td>
<td>1</td>
</tr>
<tr>
<td>Too many administrative demands on owner/operators by Support Office</td>
<td>1</td>
</tr>
<tr>
<td>System interrogation skills needed</td>
<td>1</td>
</tr>
</tbody>
</table>
In a final attempt to identify whether Owner/operators were satisfied with the structure of Support Office, they were asked, given the choice, which functions they believed Support Office should offer and which should be outsourced. Respondents could mention any function they wished to. Table 4.40 lists their responses.

**TABLE 4.40**
Responses to functions support office should offer

<table>
<thead>
<tr>
<th>IN-HOUSE FUNCTIONS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting/finance</td>
<td>6</td>
</tr>
<tr>
<td>Salaries</td>
<td>2</td>
</tr>
<tr>
<td>Purchasing</td>
<td>4</td>
</tr>
<tr>
<td>Branding/advertising/marketing</td>
<td>5</td>
</tr>
<tr>
<td>Strategic Planning/growth research and implementation</td>
<td>2</td>
</tr>
<tr>
<td>Debt collection</td>
<td>1</td>
</tr>
<tr>
<td>Human Resources</td>
<td>1</td>
</tr>
<tr>
<td>Training</td>
<td>2</td>
</tr>
</tbody>
</table>

Support Office in fact offers three of the four aspects most often mentioned, namely Accounting/finance, Salaries and Branding/advertising/marketing. The Purchasing function is handled by Owner/operators, but Support Office coordinates aspects such as group discounts. This would suggest that Owner/operators were satisfied with the current structure of Support Office. The aspects listed under ‘outsourcing’ were as indicated in Table 4.41. Once again, random mentions were permitted.
TABLE 4.41
Responses to functions for outsourcing

<table>
<thead>
<tr>
<th>OUTSOURCE FUNCTIONS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT support</td>
<td>4</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2</td>
</tr>
<tr>
<td>Training</td>
<td>2</td>
</tr>
<tr>
<td>Labour Relations</td>
<td>2</td>
</tr>
</tbody>
</table>

The aspect receiving most responses, IT support with four responses, was until recently, handled by Support Office, but is now handled by specialists outside the organisation. Once again, owner/operators seem to be satisfied with the current Support Office structure. The other three functions receiving mentions are already outsourced, indicating agreement between Support Office structure and Owner/operator requirements.

To ensure good co-operation between both sets of partners, a steering committee was one of the structures created to support the new joint venture strategy. The steering committee consists of seven voting members, namely five Owner/operators and two Support Office members, with an additional two non-voting Support Office members. The steering committee gets its mandate from all stakeholders at the annual conference. The Owner/operators on the steering committee are also voted in at the annual conference.

To gauge the support of this steering committee structure, Owner/operators were required to rate certain aspects concerning the steering committee. Table 4.42 tabulates their responses.
TABLE 4.42 (RATING SCALE- 5=EXCELLENT; 1=VERY POOR)

Responses to steering committee functions

<table>
<thead>
<tr>
<th>STEERING COMMITTEE FUNCTIONS</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency in creating fair policies for the whole network</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Efficiency in implementing policies</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ease of arranging meetings</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Co-operation of members to attend meetings</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Co-operation of members to perform assigned tasks</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

A rating of three would suggest an average rating. Ratings of four and above would give an above average response. The aspect receiving the greatest number (six) of above average responses (67 per cent) was Efficiency in creating fair policies for the whole network. This would suggest that Owner/operators had confidence in the structure. The aspect receiving the second highest number of above average responses was Co-operation of members to attend meetings, with five responses (56 per cent). This suggests that most committee members realise the importance of the committee and take their responsibilities seriously.

The aspects evaluated in this section aimed to examine the new structure of the organisation from the viewpoint of the Owner/operators and whether it supported the new strategy. Judging by the responses of the main stakeholders, they seem to believe in the efficiency of this structure.

Section 4.2.3 will examine responses of Support Office respondents regarding the structures currently in place. This will give an indication of whether both groups of partners are in agreement regarding the level of success of the new structure.
4.2.3 Perceptions of Support Office Staff regarding the Partnership

Only Support Office staff answered this section, thus there were seven respondents evaluating the various aspects. The first question these respondents were asked involved the success of the Support Office/Joint Venture structure currently in place. Table 4.43 summarises their responses.

**TABLE 4.43(RATING SCALE- 5=EXCELLENT; 1=VERY POOR)**
Support office respondents’ rating of partnership

<table>
<thead>
<tr>
<th>SUPPORT OFFICE: JOINT VENTURE STRUCTURE</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willingness of Joint Venture partner to cooperate with Support Office policies</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Functional efficiency of the Support Office/Joint Venture partner network</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financial cost effectiveness of the above network</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Speed of response of Joint Venture operators to Support Office information requirements</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Transparency of relationship between Support Office and Joint Venture operators</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

A rating of three would indicate an average response. Ratings of four and above would indicate an above average response. The aspects that received the greatest number of above average responses involved the efficiency of the network and its cost effectiveness. The former aspect, the functional efficiency of the network, received five above average responses (83 per cent). The financial efficiency aspect received the same score. This is a much higher rating than that given to a similar aspect by the Owner/operators, who rated the ability of Support Office to meet their functional needs at 67 per cent. This would imply that the Owner/operators were not as confident of the efficiency of the network as Support Office staff. However, the two aspects being compared have slightly different connotations, so the comparison should be viewed with
caution. Similarly, Owner/operators gave a lower rating to the financial efficiency of Support Office at 67 per cent. Support Office staff rated the financial efficiency of the network at 83 per cent. Again, because of the slightly different wording used in the two sections, comparisons should be viewed with caution.

Significantly for the efficient functioning of the partnership, Support Office staff gave the lowest rating to the speed of response of Joint-Venture operators to Support Office information requirements. This aspect received zero above average responses (0 per cent). Rather, it was given two very poor ratings and one poor rating. The two groups of partners would need to reach agreement on how to improve this aspect, as sharing of information is vital to maintain a relationship of this nature.

Support Office staff were also asked to rate the Steering Committee structure currently in place. Table 4.44 summarises the results.

**TABLE 4.44 (RATING SCALE- 5=EXCELLENT; 1=VERY POOR)**

<table>
<thead>
<tr>
<th>STEERING COMMITTEE ASPECTS</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency in creating fair policies for the whole network</td>
<td></td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Efficiency in implementing policies</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Ease of arranging meetings</td>
<td></td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Co-operation of members to attend meetings</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Co-operation of members to perform assigned tasks</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Two abstentions were from staff, who did not deal with Steering Committees.

The co-operation of members to attend meetings received the greatest number of above average ratings, with a rating of five (71 per cent). This has some
correlation with the ratings given by the Owner/operators to the same aspect (56 per cent), in that both sets of respondents placed it at or near the top of the list of Steering Committee aspects. No other aspects received an above average response of over 50 per cent.

The last aspect that Support Office staff was asked to comment on was the functions, which Support Office should carry. Table 4.45 lists their responses.

**TABLE 4.45 (SUPPORT OFFICE)**
Responses to functions support office should offer

<table>
<thead>
<tr>
<th>IN-HOUSE FUNCTIONS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep current structure</td>
<td>2</td>
</tr>
<tr>
<td>Better margin management</td>
<td>1</td>
</tr>
<tr>
<td>Finance</td>
<td>1</td>
</tr>
<tr>
<td>Purchasing</td>
<td>1</td>
</tr>
<tr>
<td>Marketing</td>
<td>1</td>
</tr>
<tr>
<td>Kerridge systems audit</td>
<td>1</td>
</tr>
<tr>
<td>Company policy audits</td>
<td>1</td>
</tr>
</tbody>
</table>

As Table 4.45 indicates, there was no significant response in any single area. Functional areas similar to those chosen by Owner/operators were named. The outsource functions similarly did not receive any significant responses in any one area. Table 4.46 lists the functions receiving mention.

**TABLE 4.46 (SUPPORT OFFICE)**
Responses to functions for outsourcing

<table>
<thead>
<tr>
<th>OUTSOURCE FUNCTIONS</th>
<th>NUMBER OF RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep current structure</td>
<td>2</td>
</tr>
<tr>
<td>IT</td>
<td>2</td>
</tr>
<tr>
<td>Human Resources, including payroll</td>
<td>1</td>
</tr>
</tbody>
</table>
4.3 CONCLUDING REMARKS

The results of the empirical study were revealed in this chapter, together with comments on the significance of these results with regard to the strategy/structure relationship. Both positive and negative correlations were highlighted. It is interesting to note that mostly positive correlations were revealed, which suggest that there is a strong relationship between the change strategy adopted by Pennypinchers and the ensuing structural changes. There is also support for the fact that the structural changes examined were well suited to support the chosen change strategy.

Chapter 5 will further examine the significance of the findings discussed in this chapter. Furthermore, conclusions will be drawn as to the relevance of these findings. Recommendations will also be made regarding future concerns of the strategy/structure relationship. Finally, the chapter will cover problems and limitations encountered during the research.
CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In the previous chapter, the research results were interpreted with a view to revealing the findings. At the same time, the research results were compared with the literature examined in Chapter 2. The aim was to determine whether the research results correlated or contrasted with the literary findings. In this final chapter, the main findings will be summarised and compared with the main problem and sub-problems as articulated in Chapter 1.

This chapter will also highlight the problems and limitations encountered during the research. Lastly, opportunities for further research and suggestions for the application of the findings will be presented.

5.2 MAIN FINDINGS

After examining the changes experienced at the chosen organisation, the main findings regarding the strategy/structure relationship were divided into three sections, which are detailed below.

5.2.1 Drivers of the Change Process

- Top management at the organisation changed hands at a time when the organisation was experiencing financial difficulties

- The organisation found itself at a point where it had stagnated and it had to find a strategy to ensure financial survival

- The new leader did research to find a global benchmark of good performance in the building materials industry
• Having found such a benchmark, the model was imported and applied to the organisation. The fact that a model of an existing, successful organisation was chosen seemed to give stakeholders confidence in the proposed change strategy

• The main forces of change were identified as the new leader and shareholder pressure

5.2.2 The Change Process

• Owner/operator support for the change strategy was very strong. This could be because all the respondents were in management positions and realised the organisation was in trouble and could survive only if action was taken

• Respondents believed that the changes were as a result of collaboration between all stakeholders. This could have been another factor assisting the support for the change strategy and minimising resistance

• Respondents indicated that they felt part of the process although communication of the changes seemed to have been one-sided, from the top down.

• The process was implemented via a roll out programme, with a few good branches chosen as ‘guinea pigs’. The other branches had to qualify according to certain criteria, before they could convert to owner operated outlets

5.2.3 The Impact of Change Strategy on Structure

• One of the structural changes was the adaptation of the old head office into a leaner Support Office
Another structural change was the conversion of the branches into owner/operator outlets. These two changes were necessary to facilitate the partnership relationship required for a joint venture strategy.

A third structural change was the formation of a steering committee, consisting of elected Owner/operators and Support Office top management. This committee formulates policies and strategies for the organisation as a whole.

These structural changes provided good support for the joint-venture strategy chosen to improve the financial performance of the organisation. Most respondents felt that because the old branch managers were given the chance to benefit from profit sharing and this motivated them to perform with greater commitment, leading to a greatly improved financial position.

Corporate culture played an important role in reducing resistance.

The implementation process went smoothly. The only criticism was that it took too long; however, the timing was affected by Owner/operators having to qualify and then having to source financing to buy a half share in their branches.

Owner/operators believed quite strongly that the existing Support Office structure was suited to their functional needs. The balance of in-house functions versus outsourced functions had meaningful support from Owner/operators.

The steering committee largely had the support of the Owner/operators as well as Support Office.

The partnership between Support Office and Owner/operators seems to be functioning very well, with both sets of partners having confidence in the relationship.
• The financial fortunes of the organisation have shown a remarkable improvement.

To evaluate whether the research data assisted in solving the main and sub-problems outlined in Chapter 1, the problems will be examined against the background of the findings listed above. To reiterate, the main and sub-problems were as follows:

5.2.1 Main Problem

What was the organisational and structural impact of a change strategy adopted by Pennypinchers (Pty) Ltd.?

5.2.2 Statement of Sub Problems

An analysis of the main problem allows identification of:

SUB-PROBLEM ONE
What does current literature reveal about the impact of change on organisations?

SUB-PROBLEM TWO
What role do external factors play in the decision to adopt a change strategy, that is, what are the drivers of change?

SUB-PROBLEM THREE
How did Pennypinchers (Pty.) Ltd. reinvent itself as a result of the change strategy?

Chapter 2 addressed sub-problem one, in that a wide range of current literature was examined to identify literary theories regarding the relationship between strategy and structure. As concluded at the end of Chapter 2, there is widespread support for the fact that there is a proportionate relationship
between the two concepts; that is for successful strategic change, appropriate structural change must occur to support the change in strategy.

In Chapter 4, the research findings identified the role that external factors play in the decision to adopt a change strategy; that is, external as well as internal pressures compel organisations to contemplate change for survival. Thus, sub-problem two was resolved. The main forces of change were also identified. In this case, they were a change of leadership and shareholder pressure. Thus the research indicated that both external and internal forces influenced management.

The research results in Chapter 4 also gave an indication of how the organisation reinvented itself to suit the chosen joint venture strategy. This provided a solution to sub-problem three. As mentioned earlier, the old head office converted to a leaner Support Office, which retained only core functions, with other functions outsourced to specialists. This ensured a more focused service from the new Support Office. The old branches managers were given an opportunity to purchase a 50 per cent share in their branches, converting these into Owner-operated outlets. This increased the level of functional and financial commitment of the owners, thus their motivation to succeed increased. The new relationship between the stakeholders changed into a partnership, with equal responsibility and accountability. The main decision-making structure is now the steering committee, consisting of elected members.

5.3 PROBLEMS AND LIMITATIONS

No major problems were encountered in the research. All respondents were accessible via email, the chosen interviewing medium. However, a number of Owner/operators did not respond, despite numerous reminders. This introduced the problem of bias as described by Leedy (1997:219) in Chapter 3. He maintains that, if the researcher gets a response rate of less than 100 per cent, s/he will base the findings on the rate attained, thereby extrapolating
results from the respondents to the non-respondents. Considering that the response rate for this project was a low 67 per cent, this bias is likely to prevail. Nevertheless, enough respondents co-operated in completing the questionnaire, to ensure valid data, as long as the limitation above is borne in mind.

Data analysis proceeded smoothly, with both quantitative and qualitative data giving depth to the findings.

The respondents who participated represented both sides of the partnership. This gave a good balance of opinions, thereby avoiding further bias.

5.4 RECOMMENDATIONS

The four main objectives of this research project were as follows:

- To examine existing literary theories regarding the relationship between strategy and organisational structure, to determine whether a change in strategy necessitates a change in structure

- To examine current practical examples of organisations, which have undergone strategic changes, and whether these impacted on organisational structure

- To identify developments, since 1995, at Pennypinchers (Pty) Ltd., and to evaluate the influence, if any, of these on strategy and structure

- To compare literary theory with the practical situation at Pennypinchers (Pty) Ltd.

Because these objectives have been achieved, the focus can change to making recommendations based on the research findings. The following recommendations flow from an analysis of these findings:
• Because a partnership relationship is integral to the success of a joint-venture relationship, this must be continuously nurtured by both sets of partners. The essential elements of a partnership, such as mutual trust and co-operation must be maintained. The element of trust is entrenched in the company beliefs, listed in the abstract preceding Chapter 1. This emphasises its importance for continued organisational success.

• While there is an existing corporate culture, this need to be developed into a more formal guise, which is recognised and accepted by all stakeholders. In addition, a strong corporate culture creates a group identity and sense of belonging. This ensures a platform for success and acceptance of ongoing change where necessary. The corporate culture needs to be imported to all levels of employees, not just the owners and managers.

• Formal communication channels need to be put in place and utilised by all stakeholders. While the research showed that communication channels are in place, these seem to be more informal.

• Another important element of a successful partnership is the sharing of information. There was an indication from Support Office respondents that Owner/operators are lax about supplying necessary information when requested. A system, which facilitates the sharing of information, needs to be put in place to encourage all stakeholders to participate.

• The Learning Organisation character displayed by the organisation under examination needs to be nurtured, as this will ensure continued commitment to acceptance of change for success.

• Ongoing commitment to upgrading strategies must be maintained to retain the competitive edge won by implementation of the joint venture strategy. This will ensure that the company mission will be upheld, “To
create a distinctive competitive advantage through the ability and energy of our people.”

5.5 OPPORTUNITIES FOR FURTHER RESEARCH

The study has shown that the organisation researched is committed to change and innovation. The learning organisation elements identified in literature and noted at this organisation have provided a foundation for success. One of these elements, which received some attention in the research conducted recently, was corporate culture. While respondents indicated that there was a definite prevailing culture, they did not seem able to identify its essence.

Because culture can play a vital role in the ongoing success of an organisation, it is important to understand and nurture the prevailing culture, to ensure that it works for the organisation, not against it.

It is anticipated that a research project to further examine and analyse the existing corporate culture in this organisation is possible. A possible goal could be to formalise the culture into a model, which will enable the partners to understand and refine it. The partners can then use the model to expose all employees to the corporate culture, thereby entrenching it as part of the corporate identity.

5.6 CONCLUDING REMARKS

The main aim of this chapter was complete the study by re-examining the sub-problems identified in Chapter 1, and resolving these. This was achieved by listing the main findings of the research and relating these to the sub-problems. As all of the sub-problems were resolved, this process facilitated making relevant recommendations based on the findings.

A secondary aim was to identify further possible research opportunities. While there are many possibilities, one field was highlighted, which was an in-depth analysis of corporate culture leading to a possible cultural model.
Finally, the close relationship of strategy and structure identified in this study is relevant to any organisation contemplating change. If organisational structure is adapted to support a chosen change strategy, this will enhance the chances of successful implementation of change.
REFERENCES


Research Title: Strategic Change and its Impact on the Organisational Structure of Pennypinchers (Pty) Ltd.

Researcher: Lee Kemp
MBA Student
Port Elizabeth Technikon

This study is based on research regarding the relationship between strategy and organizational structure. The theorists maintain that, for strategic change to be successful, it should be accompanied by appropriate structural changes.

The researcher aims to examine the strategy/structure relationship for three reasons:

- To evaluate how closely theory and practice co-inside, using Pennypinchers as a practical example.
- To measure the process used by Pennypinchers to implement strategic and structural change.
- To establish perceptions of staff regarding the change process

The questionnaire is designed to evaluate the perceptions of Pennypinchers staff, who were involved in the change process, regarding recent changes.
**Section A: Demographic Details**

Please supply the following information regarding your organisation:

A.1. How many years have you been involved with Pennypinchers (Pty) Ltd?

| < 5 years | 5 – 10 years | > 10 years |

A.2. Are you a member of:

| Support Office | Owner/operator |

If you answered ‘Owner/operator’ in A2 above, please answer the rest of section A.

A.3. Approximately how many employees does your organisation employ?

| Salaried | Hourly Paid |

A.4. In which region does your joint-venture operation operate?

| Eastern Cape | Western Cape | Southern Cape | Overberg |

A.5. What position do you currently hold?
Section B: Strategy/ Structure Relationship

For all respondents:

1. In your opinion, what business influences played the most significant role in precipitating a change in strategy for Pennypinchers (Pty) Ltd during the mid ‘90’s?

Tick as many choices as are relevant. If choosing more than one, assign a number from 1-6, where 6 is most significant, then 5, and so on.

<table>
<thead>
<tr>
<th>Changes in the external competitive environment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal changes</td>
<td></td>
</tr>
<tr>
<td>Shareholder pressure</td>
<td></td>
</tr>
<tr>
<td>Change of leadership</td>
<td></td>
</tr>
<tr>
<td>Employee pressure</td>
<td></td>
</tr>
<tr>
<td>Technological advances</td>
<td></td>
</tr>
</tbody>
</table>

Please mention any other influences, if any, other than those listed, which in your opinion played a significant role.

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

2. Were you initially in favour of change in your organisation at the time?

| Yes   |   |
| No    |   |

Either way, please elaborate your answer:

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
3. Did you have any personal opinions at the time regarding the most appropriate change strategy for Pennypinchers (Pty) Ltd?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

3.1. If yes, please elaborate.

____________________________________________________________________________________
____________________________________________________________________________________
____________________________________________________________________________________

4. Was the decision to change:
Please tick the appropriate response.

<table>
<thead>
<tr>
<th>Solely a Head Office initiative?</th>
<th>A Head Office/ Branch Manager collaboration?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Were you asked your opinion on the need to change?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

5.1. Were you asked your opinion on strategic change options?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

6. Were you initially in favour of the choice of the joint-venture strategy as favoured by Pennypinchers (Pty) Ltd Head Office management?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>
6.1. If **no**, please explain briefly why not.

________________________________________________________________________
________________________________________________________________________

6.2. If **yes**, please explain why.

________________________________________________________________________
________________________________________________________________________

7. How did Pennypinchers (Pty) Ltd communicate to you the *choice of joint-venture strategy* as the favoured strategic choice?
   Please tick the appropriate response.

<table>
<thead>
<tr>
<th>Via company memo’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specially convened strategic meetings</td>
</tr>
<tr>
<td>Individual branch visits by head office staff</td>
</tr>
<tr>
<td>Telephonic communication</td>
</tr>
<tr>
<td>Annual conference</td>
</tr>
</tbody>
</table>

8. Do you think Pennypinchers (Pty) Ltd Head Office correctly implemented the joint venture strategy?

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

8.1. **Whatever** your choice of answer, please elaborate:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

For Owner/operators only:

9. When did your branch adopt the joint venture strategy:

<table>
<thead>
<tr>
<th>At inception?</th>
</tr>
</thead>
</table>
Early in the change process (within one year of implementation)?

As a late-comer to the change process (after one year of implementation)?

9.1. Whatever your choice, please explain briefly why you adopted that timing.

10. In your opinion, did Support Office impose fair joint venture partner selection criteria?

Yes
No

10.1. Whatever your choice, please elaborate.

For all respondents:

11. Did Head Office management efficiently manage the implementation process?

Yes
No

11.1. If no, please explain briefly where, in your opinion, there were shortcomings.
11.2. If yes, please explain briefly why you hold this opinion.

_________________________________________________________________

_________________________________________________________________

12. Do you believe that since implementation was completed (i.e. all branches had converted), the new strategy has developed smoothly?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

12.1. If no, please explain briefly where, in your opinion, there have been problems.

_________________________________________________________________

_________________________________________________________________

12.2. If yes, please identify key success areas (please limit to a maximum of three).

_________________________________________________________________

_________________________________________________________________

_________________________________________________________________

13. Has the joint venture strategy introduced any significant improvements to the operation in which you work?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

13.1. If yes, using a scale of 1-5, where five signifies greatest improvement and one least improvement, please rate the following factors:

<table>
<thead>
<tr>
<th>Improvement in general performance efficiency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased profits</td>
<td></td>
</tr>
<tr>
<td>Greater freedom in operational management issues</td>
<td></td>
</tr>
</tbody>
</table>
Increased job satisfaction
More efficient support office
More flexibility regarding service to customers
More flexibility in choice of product range

13.2. Please indicate any other improvements, if any, other than the ones listed, that you might like to mention.

_____________________________________________________________
_____________________________________________________________
_____________________________________________________________

14. Corporate culture is usually defined as “how things are done around here,” and includes common values, beliefs and attitudes. In your opinion, is there a prevailing corporate culture at Pennypinchers?

Yes
No

14.1. If yes, did this corporate culture:

Contribute to the change process?
Hinder the change process?

14.2. Either way, please briefly explain your choice. The branding of Pennypinchers was improved and the sense of belonging was increased among staff

_____________________________________________________________
_____________________________________________________________

15. Has the corporate culture shown any changes since implementation of the joint-venture strategy?

Yes
No
15.1. **If yes**, using a scale of 1 – 5, where five signifies the greatest change, and one the least, please rate the following cultural aspects:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Become more individualistic (self – centred)</td>
<td></td>
</tr>
<tr>
<td>Become more team orientated (co-operative)</td>
<td></td>
</tr>
<tr>
<td>Improved climate of motivation amongst Owner/operators and support staff</td>
<td></td>
</tr>
<tr>
<td>Increased climate of innovation</td>
<td></td>
</tr>
<tr>
<td>Support Office encourages employees to be creative</td>
<td></td>
</tr>
<tr>
<td>Support Office recognises employee efforts</td>
<td></td>
</tr>
</tbody>
</table>

If you have any other ideas regarding Pennypinchers culture, please briefly explain:

____________________________________________________________________
____________________________________________________________________

**Section C: Support Office/ Joint Venture partnership**

For **Owner/operators**:

1. Do you believe that Support Office is correctly structured to meet the needs of you operation?

   Yes [ ]
   No [ ]

2. Using a scale of 1 – 5, where five signifies excellent, and one very poor, please rate Support Office on the following aspects:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsiveness to new opportunities or innovations</td>
<td></td>
</tr>
<tr>
<td>Capable of meeting joint venture operators’ functional needs</td>
<td></td>
</tr>
<tr>
<td>Economic use financial resources for Support Office operations</td>
<td></td>
</tr>
<tr>
<td>Use of effective communications channels</td>
<td></td>
</tr>
<tr>
<td>Convenient location</td>
<td></td>
</tr>
</tbody>
</table>
Crisis management assistance
Technological support
Guidance regarding operational issues eg. labour relations, marketing, customer relations

3. Do you believe that Support Office is correctly staffed to meet the needs of your operation?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

3.1. Using a scale of 1 – 5, where five signifies excellent, and one very poor, please rate Support Office on the following aspects

<table>
<thead>
<tr>
<th>Staff have appropriate skills</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff are motivated to provide good support</td>
<td></td>
</tr>
<tr>
<td>Appropriate numbers to meet joint venture operators’ needs</td>
<td></td>
</tr>
<tr>
<td>Staff are capable of assisting joint venture operators with problem solving</td>
<td></td>
</tr>
<tr>
<td>Staff are appointed in needed functional areas eg. finance, marketing etc.</td>
<td></td>
</tr>
</tbody>
</table>

4. On a scale of 1-5, where 5 is excellent, and 1 is very poor, please rate the general service levels achieved by Support Office staff.

| 1 | 2 | 3 | 4 | 5 |

4.1. If you rated the service as 3 or less, please explain why.

________________________________________________________________________
________________________________________________________________________
5. In your opinion, does the Support Office: Owner/operator partnership function smoothly?

Yes ☐
No ☐

5.1. If no, please briefly explain perceived downfalls

________________________________________________________________________________________

5.2. If yes, please briefly identify favourable aspects

________________________________________________________________________________________

6. Given the choice, list the functions you believe Support Office should offer:

In-house

________________________________________________________________________________________

Outsource

________________________________________________________________________________________

7. On a scale of 1-5, where 5 is excellent and 1 is very poor, please rate the following aspects regarding the **Steering Committees**:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency in creating fair policies for the whole network</td>
<td></td>
</tr>
<tr>
<td>Efficiency in implementing policies</td>
<td></td>
</tr>
<tr>
<td>Ease of arranging meetings</td>
<td></td>
</tr>
<tr>
<td>Co-operation of members to attend meetings</td>
<td></td>
</tr>
<tr>
<td>Co-operation of members to perform assigned tasks</td>
<td></td>
</tr>
</tbody>
</table>

Many thanks for participating in this research project. Your time and input are greatly appreciated.
Section D: Joint Venture Operators/ Support Office partnership

For Support Office staff only

1. On a scale of 1-5, where 5 is excellent and 1 is very poor, please rate the following aspects regarding the Support Office: Owner/operator structure currently in place:

| Willingness of Joint-Venture partner to co-operate with Support Office policies |
| Functional efficiency of the Support Office/Joint-Venture partner network |
| Financial cost effectiveness of the above network |
| Speed of response of Joint-Venture operators to Support Office information requirements |
| Transparency of relationship between Support Office and Joint-Venture operators |

2. On a scale of 1-5, where 5 is excellent and 1 is very poor, please rate the following aspects regarding the Steering Committees:

| Efficiency in creating fair policies for the whole network |
| Efficiency in implementing policies |
| Ease of arranging meetings |
| Co-operation of members to attend meetings |
| Co-operation of members to perform assigned tasks |

3. Given the choice, list the functions you believe Support Office should offer:

In – house

________________________________________________________________________

________________________________________________________________________
Many thanks for participating in this research project. Your time and input are greatly appreciated.