

**How the roles of CEO's differ in response to different
circumstances and in the context of succession: Anglo
American-A case study**

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by

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Declaration

I, Leslie Ball, hereby declare that this research thesis is my own original work, that all reference sources have been accurately reported and acknowledged, and that this document has not previously, in its entirety or in part, been submitted to any University in order to obtain an academic qualification.

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20 January

Abstract

A review of the literature revealed that firms are inherently influenced by leadership in the upper echelons of the organization. The seminal paper of Hambrick and Mason (1984) has sparked much interest in the realm of organizational leadership. Studies involving organizational leadership have concentrated on leadership styles, the manner in which leadership takes place, leadership succession and organizational performance in an attempt to understand the dynamics of the senior leadership of organizations. Research has also explored how changes in the top management of firms has impacted its performance. This research has primarily been concerned with how a firm is impacted, once succession takes place, and has focused on financial performance, change in strategy and stockholder reaction (Shen & Cannella, 2002; Barron, Chulkov & Waddell, 2011; Friedman & Singh, 1989).

Although their predisposition will largely influence the manner in which the incoming CEO acts, the literature has largely neglected the role the incoming CEO must fulfil, and how he/she steers the company, once appointed. In response, the following aim was developed to address this gap: To describe how the roles of two CEO's of the same company differed, during different time periods.

The CEO assumes various strategic leadership roles, which they carry out in the context of their new environment once succession has taken place. From the literature, six strategic leadership roles were identified, which formed the foundation of this study. These were strategy formulation, strategy implementation, developing organizational culture, emphasizing ethical practices, managing the firm's resource portfolio and establishing balanced controls. The study set out to comparatively analyze two CEO's of the same firm during different periods. Both CEO's were investigated from the perspective of strategic leadership roles, allowing a comparison of their behaviour. The study analyses and describes these roles, and how they differed between the CEO's, in reaction to differing situational factors and in the context of succession.

The study employed a deductive qualitative case study research design. This allowed the researcher to examine the complex phenomenon which have previously been studied at a more superficial level using quantitative methods (Baxter & Jack, 2008; Parrino, 1997; Jooste & Fourie, 2009). A qualitative methodological approach allowed the researcher to examine

the topic through a lens which takes into account human variables and processes (Baxter & Jack, 2008).

Data was sampled using purposive and convenience sampling while applying the critical incident technique. Data was collected through information sources such as news articles, press releases, annual reports, online interviews, news websites and other documents. Thematic analysis was used during the analysis phase of the study and allowed for patterns and links to be drawn between the collected data. The succession from one CEO to the next served as the comparative element of the study, which allowed for a contrasting of how both CEO's carried out their strategic leadership roles by adapting to their environment, and how they guided the strategic trajectory of the company. The study also took into account what both CEO's were confronted with at the start of their tenure and how this influenced how they carried out their leadership roles.

It was found that Cynthia Carroll exercised her roles in a manner which addressed ethical and stakeholder engagement issues within the business. This was translated directly into how she guided the trajectory of the company. Upon appointment, Mark Cutifani exercised his roles in a manner which addressed the organizational performance and financial well-being of the company. This translated directly into how he shaped Anglo's trajectory in an attempt to better its financial performance.

Given how they exercised their strategic roles in the company, each CEO influenced Anglo American's direction in a different way, which in turn, influenced the performance of the organization. It was shown that Cynthia Carroll improved the stakeholder engagement, communication and safety within the company, demonstrating behaviour that emphasized the importance of the ethics of the company. When the business had been carrying out its ethical practices effectively, but underperforming financially, Cutifani demonstrated the roles which would be geared toward resurrecting the organizational performance of the organization. Recommendations are made for further research including applying the same research method to investigate how these roles are carried out in companies which operate in a broad spectrum of industries.

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Chapter 1: Introduction

1.1. Background

The seminal paper by Hambrick and Mason (1984) on upper echelons theory generated much interest in the field of CEO leadership on how the CEO influences the firm through various leadership styles or certain events involved with the CEO, such as CEO succession. Since Hambrick and Mason's work was published in 1984, researchers have explored leadership styles and how they affect the firm, CEO succession within a firm and how traits and characteristics influence the decisions and actions a CEO takes (Barwise & Papadakis, 2002; Kaplan, Klebanov & Sorenson, 2012; Vera & Crossan, 2004; Shen & Cannella, 2002). With the exception of a few qualitative studies that have been done, the primary emphasis in these studies has been on quantitatively analysing the cause and effect relationship of variables (Ciulla, 1999; Hambrick & Mason, 1984; Hambrick & Fukutomi, 1991; Huson, Malatesta & Parrino, 2004; Long & Kato, 2006).

Quantitative studies of this nature use large sample sizes by numerically analysing multiple firms and finding a trend within the sample. Such studies concerned with strategic leadership serve the purpose of providing trends which occur in reaction to certain events. However, quantitative studies do not incorporate the non-numerical factors that pertain to these events (Jooste & Fourie, 2009; Parrino, 1997). Furthermore, studies surrounding events involved with CEO positions have primarily used financial performance as the prime indicator of performance (Jenter & Kanaan, 2015; Huson, *et al.*, 2004; Long & Kato, 2006). These researchers have employed a cause and effect methodology in terms of the actions and behaviours, roles, characteristics and traits of the CEO and their relationship to performance of the firm.

This study will address the issue of incorporating non-numerical factors that pertain to the events surrounding strategic leadership and CEO succession. Due to the qualitative nature of the research, particular events will be analysed, thus deriving themes that occurred during the period of focus of the study. How and why questions will be answered in an attempt to uncover how roles changed in reaction to a change in leadership and in differing situational contexts.

The research will be case study specific to Anglo American, which operates in the mining industry. The study will analyse the leadership roles of both CEO's while taking into account context specific factors such as human behaviours, emotions and characteristics specific to certain events, which took place during their tenures. The study will encompass the influence both CEO's had on the firm during their tenures, while carrying out their strategic leadership roles.

Two key theoretical concepts which will be pertinent to the study are strategic leadership and CEO succession. Strategic leadership has been chosen as it encompasses the aspects of not only short term success but long term prosperity within an organization (Vera & Crossan, 2004). Two distinctions may be drawn between strategic leadership and other studies of leadership in general (Vera & Crossan, 2004). Firstly, leadership refers to leadership at any level of the organization, whereas strategic leadership is the study of the people at the top of the organization (Vera & Crossan, 2004). Secondly, where leadership focuses on the relationship between leaders and followers, strategic leadership focuses on executive work as a strategic activity (Vera & Crossan, 2004).

Strategic leadership is a type of leadership which has been proposed to counter the ever-changing economic environment. Rowe (2001:83) defines strategic leadership as the ability to influence others to voluntarily make day to day decisions to enhance the long term viability of the organization, while at the same time maintaining its short term financial viability. Multiple authors have built on this, conveying similar characteristics in their definitions (Hughes, Beatty & Dinwoodie, 2014; Ireland & Hoskisson, 2006; Jooste & Fourie, 2009; Vera & Crossan, 2004). Ireland and Hitt (1999) point out that effective strategic leadership comprises of carrying out a set of roles, namely managing the firm's resource portfolio, ethical practises, organizational culture, implementation and control, strategic implementation and strategic direction.

CEO succession is the transition from one CEO to the next (Huson, *et al.*, 2004). If a firm survives long enough, it will undergo succession (Jooste & Fourie, 2009). For the purpose of this study, CEO succession will not comprise of a large portion of the research. CEO succession

will be included in the literature review, however, the focal concept of the study will be on strategic leadership.

Although there have been studies which have examined the effect of strategic leadership roles on a company using a qualitative case study methodology (Burgelman, 2016; Graetz, 2000; Ireland & Hitt, 1999; Jooste & Fourie, 2009; Nelson, 2006; O’Kane, 2005; Seah, Hsieh & Huang, 2014), they have not incorporated the comparative element of analysing two CEO’s. This research study therefore builds on the existing literature, which has typically analysed the behaviour of a single CEO had and how this influenced the organization. For example, Naikal and Chandra (2013), Van Wyk (2013), Stewart and Mohamed (2002) and Mohamed, Nigim, Enshassi and Ayyub (2002) all focused on specific roles of strategic leadership and how these have impacted organizations.

The following study will analyse two CEO’s during different time periods, who were therefore exposed to differing situational contexts. It will analyse who was appointed and what actions they took in reaction to the situational context. In addition to the analyses of the context in which both CEO’s operated, the researcher will analyse how both CEO’s acted out their role as a strategic leader and how this influenced the trajectory of the firm. The study will reveal the legacy of both CEO’s and how this impacted the trajectory of Anglo American.

1.2. Research aims and objectives

1.2.1. Aims

The aim of the study is to describe how the roles of two CEO’s of the same company differed, during different time periods. The study will critically analyse and describe these roles and how they differed between the CEO’s, in reaction to differing situational factors and in the context of succession.

1.2.2. Objectives

1. To describe the key events during the tenure of Cynthia Carroll.
2. To describe the key events during the tenure of Mark Cutifani.

3. Analyse the change in circumstances during the tenure of both CEO's and reveal emerging themes.
4. Analyse the strategic leadership roles of Cynthia Carroll.
5. Analyse the strategic leadership roles of Mark Cutifani.
6. Compare and contrast the roles of both CEO's.

1.3. Research Methodology

The study employed a deductive qualitative case study research design. This allowed the researcher to examine the complex phenomenon which have previously been studied at a more superficial level using quantitative methods (Baxter & Jack, 2008; Parrino, 1997; Jooste & Fourie, 2009). A qualitative methodological approach allowed the researcher to examine the topic through a lens which takes into account human variables and processes (Baxter & Jack, 2008).

This study used a variety of information sources to gain an in depth knowledge on the topic and construct a detailed account of the events surrounding each CEO's tenure and briefly examine the transition that took place from one CEO to another. A qualitative case study methodology allowed the researcher to answer "how" and "why" questions on the case by taking into consideration the context in which a phenomenon took place and how this influenced the outcome (Baxter & Jack, 2008). This helped the researcher and readers gain depth and insight into the topic (Baxter & Jack, 2008).

The data for the study was collected through a variety of sources. Since the company that is being researched is Anglo American, there was sufficient information available on the internet. Data regarding the company was collected through news articles, press releases, annual reports, online interviews, news websites and other documents.

Data was sampled using purposive and convenience sampling while applying the critical incident technique. This allowed the researcher to employ a broader form of sampling at first, which then became more targeted.

Thematical analysis was used during the analysis phase of the study. The thematical analytic technique was appropriate for the following study as is offered a flexible method in gathering

and analysing the data and results (Braun & Clarke, 2006; Lipu, Williamson & Lloyd, 2007). This technique also allowed for patterns and links to be drawn between the collected data.

1.4. The company researched

The company under analysis is Anglo American PLC. Anglo American is a multinational mining company based in both Johannesburg South Africa, and London, United Kingdom. Anglo American is the largest individual producer of platinum supplying 40% of the world's platinum (AngloAmerican, 2017b). They also supply a large majority of the world's diamonds, nickel, copper, iron ore and metallurgical and thermal coal (AngloAmerican, 2017b).

The current CEO of Anglo American is Mark Cutifani who has been in office since April, 2013. His predecessor was Cynthia Carroll who took office from January 2007 until Mark Cutifani took office.

1.5. Thesis outline

1.5.1. Chapter 02: Literature review

The literature review will review literature on both strategic leadership and leadership succession. Concepts in strategic leadership literature which were reviewed were leadership and the multiple roles of the strategic leader in an organization. These included strategy formulation, Strategy implementation, organizational culture, ethics and managing the resource portfolio. Concepts reviewed in successional literature were succession antecedents, industry performance filtration, succession impacting strategic change, cognitive representations, outsider vs insider succession, CEO tenure and strategic imperative and internal and external impetus.

1.5.2. Chapter 03: Research methodology

The third chapter will provide the details on the method used in the study. This chapter will lay out the aims and objectives of the study. The study will employ a qualitative case study research method. Data regarding the company will be collected through news articles, press

releases, annual reports, online interviews, news websites and other documents. This section will outline the methods used to sample and analyse the collected data.

1.5.3. Chapter 04: Findings

The findings chapter will present the findings of the study. This chapter will comprise of three sections. Section One will present an account of the events which took place in Anglo American during both Mark Cutifani and Cynthia Carroll's tenures. This will be presented in a tabulated format including the date and the event which took place. After the table of events, the themes emerging during both Carroll and Cutifani's tenure will be presented briefly. This section will also provide a brief background to each of the CEO's and describe the appointment of Cynthia Carroll and the succession from Cynthia Carroll to Mark Cutifani. Section Two will analyse the strategic leadership roles by using six roles which were derived from the literature. Section Three will then compare the strategic imperatives of both CEO's by analysing the themes which emerged throughout their tenure.

1.5.4. Chapter 05: Discussion

Chapter five will discuss the findings obtained in chapter four. In this chapter, the results will be discussed in conjunction with the relevant literature in an attempt to understand the events which took place. Patterns revealed during chapter four will be analysed and linked to established literature in an attempt to reveal explanations as to why certain events took place.

1.5.5. Chapter 06: Conclusion

Chapter six will conclude the research study. A short summary will be presented, which will be followed by the conclusions drawn from the study. The conclusion will then go onto explain the importance the study holds in the field of research. The limitations of the study will be explored while offering insights for further studies to promote additional knowledge in the field of strategic leadership.

Chapter 2: Literature Review

The performance of a firm is greatly influenced by its top management and the decisions the leadership of the firm make (Vera & Crossan, 2004). Therefore, the leadership approach which CEO's utilise will impact the firm performance (Barron, *et al.*, 2011). Leaders do not only influence the financial performance and share price of a firm, but impact the organisation at all levels (Barwise & Papadakis, 2002). Therefore, any changes in the upper management of the firm are of great significance in the realm of organizational leadership.

2.1. The nature of organizational leadership

CEO's of large firms are the guiding principal of change, therefore, alterations in the leadership of a company will influence the performance of a firm in one way or another (Jenter & Kanaan, 2015). The importance of CEO's has been widely recognized throughout the literature, therefore, studies that focus on the impact which CEO's have on organizations, plays a vital role in furthering the knowledge geared toward corporate leadership (Barro & Barro, 1990; Amos, 2013; Barwise & Papadakis, 2002; Bottger, 2008).

Since the seminal paper by Hambrick and Mason (1984) on the "upper echelons" theory, there has been a considerable interest in the realm of corporate leadership. The authors state, that organizational outcomes, strategic choices and performance are partially predicted by the managerial characteristics and traits of the top managers (Hambrick & Mason, 1984). Since then, there has been much research around the various roles and the impacts that CEO's have on firms in terms of leadership styles, strategic leadership, CEO succession and the outcomes these have on firms (Barron, *et al.*, 2011; Ciulla, 1999).

2.2. Strategic leadership

The study of the upper echelon theory by Hambrick and Mason (1984) sparked great interest in research on leadership at the top of organisations. Shortly thereafter, the concept of strategic leadership emerged as one of the new leadership theories (Bryman, 1992; Ireland & Hitt, 1999). Included in these were charismatic leadership, theories on visionary leadership

and transformational leadership (Bryman, 1992) (Boal & Hooijberg, 2001). Emergent leadership theories base scientific findings in behavioural and cognitive complexities (Boal & Hooijberg, 2001). Rowe (2001) proposes that strategic leadership is a combination of visionary and managerial leadership, reaping the benefit of both leadership theories. Strategic leadership has been proposed in combating the complexities of the ever-changing market place (Ireland & Hitt, 1999).

2.2.1.1. Defining strategic leadership

Whereas leadership is concerned with leadership throughout all levels of the organization, strategic leadership focuses on the leadership of the overall organisation (Boal & Hooijberg, 2001). Hambrick and Pettigrew (2001) draw a similar distinction between strategic leadership and leadership, in that strategic leadership not only focuses on executive work as a relational activity but also as a strategic activity. That said, however, Finkelstein, Hambrick & Cannella (2009) counter this by stating that strategic leadership lies beyond the relational and interpersonal aspects that are usually associated with leadership. They continue by alluding to a similar distinction to that of Boal and Hooijberg (2001) in that strategic leadership requires substantive decision making responsibilities on behalf of the overall organization. Due to its nature, strategic leadership theory has been chosen for the study.

Hitt, Ireland & Hoskisson, (2006:375) define strategic leadership as a “leader’s ability to anticipate, envision and maintain flexibility and to empower others to create strategic change as necessary”.

Rowe (2001) defines strategic leadership as the ability to influence others to voluntarily make day to day decisions that enhance the long term viability of the organization, while maintaining short term financial stability. This differs from the definition of Hitt *et al.*, (2006) in that it includes the ability to voluntarily make decisions. This is an important aspect of strategic leadership as many CEO’s are rewarded on short term performance, encouraging irrational decisions which benefit the company in the short term but neglect the long term health of the organization (Laverty, 1996).

A pattern arises from analysing multiple definitions of strategic leadership. The definitions include elements of motivating others, creating a strategy through the ability of anticipating future events and creating the long term viability of the organization while maintaining short term financial stability.

2.2.2. Roles of the strategic leader

2.2.2.1. Introduction

Jooste and Fourie (2009) allude to the multifunctional nature of strategic leadership, in that it involves a variety of roles, which enable an organisation to perform and survive in the current globalised business environment. Literature such as Ireland and Hitt (1999) identify a variety of roles that are characterised by a strategic leader. These are factors such as determining the firm's purpose and vision, exploiting and maintaining core competencies, developing human capital, sustaining an effective organizational culture, emphasizing ethical practises and establishing balanced organizational controls. Similarly, Pearce and Robinson (2007) explain that for a strategic leader to be successful they must be able to "formulate, implement and control" a set of plans aimed at achieving the company's vision and mission. This forms a somewhat similar interpretation to that of Jooste and Fourie (2009), establishing that there should be a strategic direction, while managing the firm's resource portfolio, which will uphold the firm's culture in an ethical manner. This is followed by the effective implementation of the strategy with a continual balance of the organisational controls (Jooste and Fourie, 2009). Amos in Louw and Venter (2013) describes strategic leadership as making strategic choices, managing the firm's resource portfolio, managing and leading organizational culture, emphasizing ethical practises, establishing balanced control systems, determining organizations structure, leading the strategy implementation and managing the firm's performance.

Table 1: The roles of strategic leaders

(Ireland and Hitt, 2005)	(Amos, 2013)	(Jooste and Fourie, 2009)
Determining firms purpose and vision	Making strategic choices	Establishing strategic direction
	Leading the strategy implementation process	Effective implementation
Ethics	Emphasizing ethical practices	Ethical practises
	Managing the firm's resource portfolio	Managing the firms resource portfolio
Sustaining effective organizational culture	Managing and leading the organizational culture to support the firm's strategy	Uphold the firms culture
Balanced organizational controls	Establishing balanced control systems	Balanced controls
Exploiting core competencies	Managing organizational performance	
Developing human capital	Determining the organization's structure	
Mobilization of human capital		

The underlying theme that is revealed from the aforementioned authors is that a strategic leader must be able to formulate a strategic direction, implement the strategy and control organizational performance while exercising ethical practises, managing the firm's resource portfolio and establishing organization culture. For the purpose of the following study, six strategic roles were chosen. These include strategy formulation/direction, strategy implementation, developing organizational culture, emphasizing ethical practises, managing the firm's resource portfolio and establishing balanced organizational controls.

These six roles were chosen as they encompass the essence of the strategic leadership roles which are encapsulated in the literature. Developing and mobilising human capital was not included, given that the study is researching strategic leadership at a corporate level and not at a specific business unit level. To examine the complexities of human capital development was therefore beyond the scope of this study. The role of managing performance can be incorporated into the role of establishing balanced organizational controls. Similarly, determining the firm's structure is incorporated into formulating and implementing the strategy within the organization, as well as in the structural dimensions of managing the firm's resource portfolio.

2.2.2.2. Strategic formulation/direction

Strategy formulation may be broken into three categories: develop a vision and mission, establish long term objectives and generate appropriate strategies to achieve the goals (Azhar, Ikram & Rashid, Saquib, 2012).

Ireland and Hitt (1999) elaborate that achieving a competitive advantage in today's current market environment will be done through effective strategic leadership through the development of effective strategies. Azhar *et al.*, (2012) goes on to say that this can be achieved through the evaluation of the internal and external environment of the organization. By doing so, the organization may align its strategy with its environment. Two levels of strategy have been proposed throughout the literature. These include corporate and business level strategy.

2.2.2.2.1. Business level strategy

Brown and Blackmon (2005) define business level strategy as the process of strategy development at a strategic business unit level. Beard and Dess (1981) further state that while corporate level strategy influences the type of industry the organisation must operate in, business level strategy impacts how the business competes in that specific industry. Porter (1998) identified two primary components to create a sustainable competitive advantage at business level strategy, which are cost leadership and differentiation. Business level strategy is then assumed to take place at a lower hierarchical level than corporate level strategy as it primarily deals with issues such as the products and services produced and the competition experienced in the already chosen industry.

2.2.2.2.2. Corporate level strategy

Davis (2013) states that the corporate level strategy within a business provides the direction to achieve the organisational objectives of the firm. These are aimed at growing the business through either reaching new markets with existing products or growing the business through the acquisition of alternative organisations in an attempt to expand the portfolio (Davis, 2013). Similarly, to Goold and Luchs (1995), they argue that the best use of corporate strategy

is to develop their diversification through acquisitions. The aim of this being to provide value to shareholders while accomplishing diversification (Goold & Luchs, 1995). Bartlett and Ghoshal (1989) stress the importance of developing global strategies. Firstly, to remain competitive on a global scale, and secondly, to spread the company's innovation on a global and domestic scale (Bartlett & Ghoshal, 1989). Corporate strategy deals with strategy in the upper regions of the organisation. In effect, corporate level strategy determines the chosen market and industry, segments within the industry, acquisitions and company structure (Davis, 2013; Bartlett & Ghoshal, 1989). This research will focus on strategy at a corporate level, as the aim of the study is not to analyse individual business units, but the corporation as a whole.

2.2.2.3. Strategy implementation

Thompson and Strickland (2001) state that strategic implementation is a fundamental process which turns formulated strategy into a series of outcomes to achieve the strategic objectives of the organization. Jooste and Fourie (2009) argue that strategy implementation is the requirement for superior business performance. Kaplan and Norton (2004) further corroborate that strategic leadership is the key driver of the process of strategy implementation. They also identify that the largest barrier to strategic implementation is the lack of effective strategic leadership. In earlier literature, Alexander (1985) notes that one of the largest challenges in strategy implementation is the calculation of time needed to complete projects. Both Alexander (1985) and Kaplan and Norton (2004) state that the effectiveness of coordination of tasks plays a major role in the implementation of tasks.

Beer and Eisenstat (2000) state that there are six major threats to the effective implementation of strategy. These are (1) unclear strategic intention, (2) ineffective senior management team, (3) business or borders, (4) laissez-faire senior management style, (5) poor vertical communication and (6) inadequacy down the line of leadership development. Throughout the literature there is a growing understanding that there is lack of knowledge in the effective implementation of strategy (Atkinson, 2006).

Jooste and Fourie (2009) have stated that implementation plays a more vital role during strategic leadership than does strategy formulation. Graetz (2000) states that for successful implementation to take place, leaders must “walk the talk”. Previously, strategic formulation was considered to be more important than strategic implementation. In addition to the above, Langfield-Smith (1997) has noted that the ineffective use of control systems constitutes for the lack of strategic implementation.

2.2.2.4. Developing organizational culture

Ireland and Hitt (1999) emphasize that organizational culture refers to ideologies, symbols and core values that are shared throughout the firm. Bass and Avolio (1993) highlight that the organizational culture of a firm is greatly emphasized by the leadership, however, the culture of the firm may also influence the style of leadership.

Seah, Hseih & Huang, (2014) elaborate on the fact that for a leader to be successful, he or she must adapt to their surrounding environment. They do this by recognizing the needs and demands of various stakeholders and by establishing a culture which supports their strategy to achieve these needs and demands. The needs and demands of the business have been categorised as “triggers for adaptation” which include the business environment, the firm’s internal conditions and the firm’s dominant logic in relation to its strategic intent (Seah, *et al.*, 2014). The leader then establishes a culture to support their strategy. This corroborates correspondingly to Naikal and Chandra (2013) in that for a leader to be successful, he/she must recognise a change agent which has similarly been explained by Seah *et al.*, (2014) as triggers for adaption. They would then implement a strategy to improve this area and monitor the results (Naikal & Chandra, 2013).

Organizational culture provides a framework for the manner in which organizations formulate and implement strategies. As organisational culture has a large influence on the manner in which an organisation conducts itself, it can be seen as a method to develop a competitive advantage (Ireland & Hitt, 1999). Culture forms the underlying principle of an organization in terms of ideologies, core beliefs and symbols, this then influences the manner in which practises are carried out. Effective strategic leaders are then able to shape the culture of the organization to create a competitive advantage (Seah, *et al.*, 2014).

2.2.2.5. *Emphasizing ethical practises*

A study carried out by Trevino, Hartman & Brown, (2000) showed that ethical leaders are leaders who displayed trustworthiness, honesty, who were fair and principled decision makers, who showed care toward the broader society, and showed ethical behaviours in their personal and professional lives. Another aspect of their study revealed that it is imperative for leaders to influence their followers' behaviour in an ethical manner.

It is argued, that now more than ever, ethical business practises cannot be ignored (Ncube & Washburn, 2006; Thomas, Schermerhorn, Dienhart & Bartles, 2004). Thomas *et al.*, (2004) maintain that ethical behaviours are echoed throughout the organization from the leader of the organization. Ncube and Washburn (2006) point out the importance of abiding to an ethical standard in which leaders follow when conducting business. These may be governed by the core values of the business which do not only influence behaviour on an individual level, but impact the outcome of the firm in the achievement of goals and objectives (Ncube & Washburn, 2006). Ireland and Hitt (1999) argue that ethicality acts as a lens through which the organization must act, influencing whether certain courses of action are taken.

Van Wyk (2013) found that during the investigation of a particular case, a leader had developed strong moral courage from which he based his decisions, leading to ethical choices. This created a platform for authenticity and legitimacy, which led to a relationship of trust between him and his followers (Van Wyk, 2013). Van Wyk (2013) found that it is crucial for top management of any organisation to employ ethical decision making to ensure sustainability.

Many authors state that characteristics such as trustworthiness, integrity and honesty will play a role in the effectiveness of organizations in the 21st century (Ireland & Hitt, 1999; Trevino, *et al.*, 2000). With regard to ethics as a role, these characteristics will form the foundation upon which strategic decisions are made. Beyond this, Brown and Trevino (2006) state that ethical leaders are seen as fair and principled decision makers who care about people and the broader society. Brown and Trevino (2006) also emphasize that above the characteristics that ethical leaders display, they show a proactive effort in influencing their followers to act in an ethical manner. Ethical strategic leaders make it part of their agenda to

demonstrate the importance of ethical leadership in a role model fashion, in the hopes that their followers will act accordingly (Brown & Trevino, 2006).

2.2.2.6. *Managing the firm's resource portfolio*

Managing the firm's resource portfolio refers to how the assets of a firm are managed (Wernerfelt, 1984). Examples of these may be machinery, capital, in house procedures and skilled personnel. Therefore, if used correctly within a firm, they may be seen as an advantage. However, if mismanaged, certain resources within a firm's resource portfolio may negate the firm's operating abilities.

Ireland and Hitt (1999) list these by stating that the resource portfolio of an organisation consists of social, financial and human capital. King IV (2016) adds that a firm consists of six capitals adding a further three capitals. These include manufactured, intellectual and natural (KingIV, 2016). Ireland and Hitt (1999) suggest that a firm's resource portfolio is unique and with effective strategic leadership, it may offer the opportunity at a competitive advantage. The core competencies are the resources combined and are what offer a competitive advantage if managed correctly (Hitt, *et al.*, 2006). Of the six capitals, many authors place much emphasis on the development of human capital (Rowe, 2001; Hitt, *et al.*, 2015; Wernerfelt, 1984; Bartlett & Ghoshal, 1997). Rowe (2001) emphasizes that it is imperative for leaders to take care of their employees. This is done through educating them and developing the organization's human capital through the enhancement of knowledge, skills and information (Ireland & Hitt, 1999; Rowe, 2001). According to Hitt and Duane (2002), the social capital of an organization involves the relationships of the individuals of the organizations which aids in the strategic communication, thus providing access to critical resources.

To overcome the complexities of the evolving market place, organizations must be flexible in their approach to business, which is dictated by the firm's resources (Hitt and Duane, 2002). Hitt and Duane (2002) state that the financial resources of the firm contribute to the firm's strategic flexibility. However, more importantly is the firm's knowledge and capabilities which are primarily governed by its human and social capital.

2.2.2.7. Establishing balanced control systems

Due to the turbulent economic environment, strategy implementation becomes ever more important. Simultaneously, performance measurement frameworks must be employed to ensure successful strategy implementation (Atkinson, 2006). The organizational performance measurement frameworks may be characterised as balanced controls (Amos, 2013; Atkinson, 2006; Ireland & Hitt, 1999). Atkinson (2006) state that balanced controls are now evolving to fill the gap between operational budgeting and strategic planning. Ireland and Hitt (1999) elaborate on this conveying two types of balanced controls. These include financial and strategic controls.

To exercise strategic control effectively, leaders must gain an in depth knowledge of their business and the surrounding environment. They do this through constant analyses of the environment and communication with managers at all levels (Ireland & Hitt, 1999). As strategic controls focus on actions rather than outcomes, they encourage lower level managers to make decisions and incorporate a certain level of risk (Ireland & Hitt, 1999). Financial controls ensure the achievement of objective criteria (Atkinson, 2006). Strategic leaders may use these to evaluate the performance of business units under their control (Ireland & Hitt, 1999). By focusing on objective goals such as financial performance, it encourages the achievement short term financial performance. The use of financial performance alone only takes short term performance into account.

It is therefore imperative that leaders balance use of both strategic and financial controls to ensure short term profitability and long term viability within the organization.

2.3. CEO succession

Organisations are highly influenced by their top managers, therefore, any changes that take place at this level effect the firm (Hambrick & Mason, 1984). Strategic leadership roles will influence how a firm reacts to its leaders during their tenure, however, once their tenure is over another leader is appointed (Friedman & Singh, 1989). This is known as CEO succession.

The primary emphasis of the study is the influence the CEO has on the firm during their tenure, therefore, CEO succession will not play a pivotal role. However, CEO succession plays a fundamental role in the dynamics of strategic leadership, hence an understanding of the topic must be gained.

2.3.2. Succession impacting strategy change

The CEO of an organization plays a pivotal role in the strategic leadership of the firm impacting the firm at all levels (Giambatista, Rowe & Riaz, 2005; Hutzschenreuter, Kleindienst & Greger, 2012). Successional alterations in the upper management of the firm will impact the strategic direction of the firm. During CEO succession, the incumbent CEO is replaced by the newly appointed CEO. This transition marks the change from one leader to the next and hence a change in the strategic roles. CEO succession is strongly associated with strategic change within an organization (Shen & Cannella, 2002; Friedman & Singh, 1989).

This may be due to cognitive representations (Hambrick & Fukutomi, 1991; Elsaid, Wand & Davidson, 2011), the insider outsider debate (Wiersema & Bantel, 1992), CEO tenure and strategic imperative (Finkelstein, *et al.*, 2009; Henderson, Miller & Hambrick, 2006) or internal and external impetus as a change agent (Hutzschenreuter, *et al.*, 2012). Succession is therefore a multidimensional phenomenon with multiple interacting factors which influence the strategic outcome of the succession. Each of the main factors will be examined in turn.

2.3.2.1. Cognitive representations

A successor's cognitive predisposition has been termed by Hambrick and Fukutomi (1991) as the CEO's paradigm. The paradigm of the CEO consists of the CEO's repertoire and schema.

The schema of the CEO involves the knowledge system that the CEO brings to the firm. The repertoire of the CEO involves the skill set that the CEO has. Elsaid *et al.*, (2011) further state that cognitive representations are influenced by the industry background of the CEO (Hambrick & Fukutomi, 1991). As different CEO's have had different experiences according to their background, they employ different cognitive maps (Hambrick & Fukutomi, 1991). Wiersema and Bantel (1992) further state that the different cognitive perspective influence the strategic making process at all levels such as the attention allocation, issue identification, information search, alternative specification and course of action.

2.3.2.2. Outsider versus insider succession

Shen and Cannella (2002) found that there were three types of CEO turnover. These were outsider succession, follower succession which includes insider succession after the retirement of the outgoing CEO and contender succession which includes insider successors after the resignation of the incumbent CEO (Shen & Cannella, 2002). What they found in their study was that performance following a contender or outsider succession had a positive impact on the performance of the firm. This brings to light the differentiation between contender and follower succession even though they are both insiders.

In a study carried out by Barron *et al.*, (2011), an analysis of a large data set enabled them to correlate specific types of CEO turnover to changes within the firm. As a measure of change in the strategic operations, they used accounting disclosure of discontinued operations. This allowed them to complement the work of Shen and Cannella (2002) with a more precise measure of strategic change using the same successor types. They found that CEO departure from the firm was linked to discontinued operations within the firm. (Barron, *et al.*, 2011). Secondly, they established a link between outsider CEO succession and the discontinuation of processes, conveying a strategic re-alignment within the firm.

2.3.2.3. CEO tenure and strategic imperative

The time a CEO spends in office has been noted to influence his/her strategic imperative within a firm, this is commonly known as the CEO life cycle theory (Giambatista, *et al.*, 2005). Finkelstein *et al.*, (2009) state the basic assumption of the CEO life cycle theory in that the

length of the CEO tenure influences the level of strategic change the incumbent CEO will initiate. Henderson *et al.*, (2006) notes that inertia builds throughout the CEO tenure, creating a misalignment between the firm and the external environment. During the early stages of tenure, COE's are more likely to experiment in an attempt to learn skills and strategy in their new environment (Henderson, *et al.*, 2006). Simsek (2007) notes that, tenure is linked to the risk propensity, which ultimately influences the strategic boldness he/she is willing to take. During the years of tenure, Henderson *et al.*, (2006) argues that CEO's gain a great deal of knowledge and experience. However, this is negated by the negative effects of inertia (Henderson, *et al.*, 2006). After a prolonged tenure, CEO's become more rigid in the cognitive structures and are less likely in initiate strategic change within the company (Miller & Shamsie, 2001).

2.3.2.4. *Internal and external impetus*

Following a succession within a company, there has been much debate on the strategic change that takes place. Much of the literature states that strategic change which takes place resides within the new leader that may be attributed to cognitive psychology.

Post succession strategic change which resides within the new leader is termed internal impetus (Hutzschenreuter, *et al.*, 2012; Wiersema & Bantel, 1992). Given the complexities surrounding cognitive complexities, researchers have focused primarily on observable characteristics which influence the cognitive development of a leader.

The phenomenon of strategic change that occurs from factors residing external of the successor is termed external impetus (Hutzschenreuter, *et al.*, 2012). External impetus contends that strategic change following a succession resides in external factors that impact the strategic direction of the new leader. Shen and Cannella (2002) state the most frequent external driver of strategic change is the pressure from either board members or shareholders. Once the tenure of the incumbent CEO begins, he/she may be subject to pressure from members within the firm to initiate strategic turnaround in an attempt to recover poor pre-succession performance. This has been termed by Hambrick (2007) as the mandate argument.

Friedman and Singh (1989) state that market sentiment in this instance will respond to the event by influencing the stock price through their belief of the capabilities of the new CEO. If the consensus of the market is positive, the stock price will rise as investors will show interest and visa-versa.

2.4. Chapter summary

It is expressed throughout the literature that leaders of firms largely impact the organization at all levels. Since the seminal work of Hambrick and Mason (1984), many studies have been carried out involving the manner in which CEO's impact firms. The majority of the studies have employed quantitative methodologies, thus primarily concentrating on the numerical aspects of the phenomenon in terms of indicators of performance while using multiple firms to reveal general trends. Such studies prove somewhat useful in terms of revealing trends, however, they do not take into account the situational context of each event. There is a lack of research on the strategic leadership roles one CEO displays in comparison to another of the same firm in the context of succession. The literature revealed six strategic roles which were utilised. These include strategy formulation, strategy implementation, developing organizational culture, emphasizing ethical practises, managing the firm's resource portfolio and establishing balanced controls (Amos, 2013; Ireland & Hitt, 1999; Jooste & Fourie, 2009). Studies addressing the strategic leadership roles using a qualitative methodology neglect the comparative element of CEO's operating during different time periods (Seah, *et al.*, 2014; Graetz, 2000; Nelson, 2006; O'Kane, 2005).

However, there is a lack of research of how exercising of the roles compares between two leaders in the context of succession. The following study wishes to address this by employing a qualitative case study methodology, analysing and contrasting the strategic leadership roles from one leader to the next.

Chapter 3: Research Methodology

3.1. Introduction

This chapter will describe the research methodology that was employed during the study, outlining all relevant techniques that were used during the study to derive the presented finding. It will firstly describe the design of the study. This includes the aim and objectives, the research paradigm, the research method, sampling and analysing techniques and ethical issues, which may be encountered during the study. The research design will then be justified in how the chosen methods are most applicable to the study. The chapter will then address the procedure and potential limitations. It will conclude with a chapter summary.

3.2. Research design

3.2.1. Aims and objectives

The aim of the study was to describe how the roles of two CEO's of the same company differed, during different time periods. The study will critically analyse and describe these roles and how they changed between both CEO's in reaction to differing situation contexts and in the context of succession. The objectives were:

1. To describe the key events during the tenure of Cynthia Carroll.
2. To describe the key events during the tenure of Mark Cutifani.
3. Analyse the change in circumstances during the tenure of both CEO's and reveal emerging themes.
4. Analyse the strategic leadership roles of Cynthia Carroll.
5. Analyse the strategic leadership roles of Mark Cutifani.
6. Compare and contrast the roles of both CEO's.

3.2.2. Research paradigm

This study employed a post-positivist paradigm. Post-positivism adopts an ontology of critical realism (Allmendinger, 2002). The post-positivist paradigm assumes that there is a reality which is independent of how science can study it (Allmendinger, 2002). The primary

characteristic of the post-positivist critical realist is the he/she believes that all observations are fallible and all theory is revisable (Allmendinger, 2002). The post-positivist paradigm assumes that human observations are based on a set of justified conjectural warrants, which, when changed in the light of further investigation, may alter the ultimate truth (Allmendinger, 2002).

As the research method is a qualitative case study, the knowledge obtained may be subjective in accordance to the nature of the researcher. Due to this, the researcher understood that all results may be subject to change in the light of further investigation with previously unknown data.

3.2.3. Research method

The study will employ a qualitative case study research method. This may be defined as the general term used to describe the exploration of an individual group or phenomenon (Starman, 2013). It is therefore a comprehensive description of an individual case and its analyses, which involves characterization of events as well as the process of the research itself (Starman, 2013). This allowed the researcher to examine complex phenomenon which have previously been studied at a more superficial level using a quantitative methodology (Baxter & Jack, 2008; Jooste & Fourie, 2009; Parrino, 1997). A qualitative methodological approach allowed the researcher to examine the topic through a lens which takes into account human variables and processes (Baxter & Jack, 2008).

The qualitative case study method was chosen as it is a study of human behaviour which cannot be quantified numerically. This allowed the researcher to take into account the situational context and factors unique to the phenomenon which a quantitative study would not. A qualitative case study aided in understanding the contextual conditions which were believed to be relevant to the phenomenon under study, when the boundaries between phenomenon and context were not clear (Baxter & Jack, 2008).

A variety of information was used as sources to gain an in depth knowledge on the topic and construct a detailed account of the events surrounding each CEO's tenure and the transition that took place from one CEO to another. A qualitative case study methodology allowed the researcher to answer "how" and "why" questions on the case by taking into consideration

the context in which a phenomenon took place and how this influenced the outcome (Baxter & Jack, 2008). This helped the researcher gain depth and insight into the topic (Baxter & Jack, 2008).

The study adopted a deductive approach. By employing a deductive approach, the researcher categorised certain events through a theoretical lens which was created on the basis of the existing literature. This is known informally as the top down approach (Baxter & Jack, 2008).

The data for the study was collected through a variety of sources. Since the company that is being researched is Anglo American, there is sufficient information publically available on the internet. Data regarding the company was therefore collected through news articles, press releases, annual reports, online interviews, news websites and other documents.

Obtaining an interview with the subjects of the study would have been challenging, therefore, the sources of information used for the study were obtained through online sources. The research design was therefore tailored to accommodate the means of data collection available.

3.2.4. Sampling and analysing techniques

Three types of data collection techniques were employed during the study. These included the critical incident technique, convenience sampling and purposive sampling. Convenience sampling is a non-probability sampling measure which involves sampling the most accessible and available sources of information (Marshall, 1996). Purposive sampling is also a non-probability sampling method, however, this sampling method acts as a more targeted form of sampling (Marshall, 1996). In purposive sampling the researcher selects the most suitable form of data during data collection for the study (Marshall, 1996). The convenience sampling method was used initially as a broader form of data collection, which enabled the researcher to better understand the nature of the data. The purposive sampling method was then employed as a more targeted approach, increasing the specificity of the data search.

The critical incident technique (CIT) was also be used during the collection of the data. CIT is a step by step procedure on collecting information involved in human behaviour and the significance to the people who are involved (Lipu, *et al.*, 2007). It outlines the steps for

observing incidents which have special significance through meeting a defined set of criteria (Lipu, *et al.*, 2007). The CIT proved to be useful for the study as it offers a flexible method in gathering data (Lipu, *et al.*, 2007).

A critical incident has been defined by Lipu *et al.*, (2007) as an incident which implies a major turning point or a major crisis. This may either be an incident which has contributed negatively or positively to the general aim of the activity (Lipu, *et al.*, 2007). For this reason, its significance has demonstrated its importance and the need for the event to be further researched and analysed (Lipu, *et al.*, 2007). The critical incident technique was integrated into both convenience and purposive sampling. During both convenience and purposive sampling, critical incidents will be identified and recorded forming themes and patterns within the data set.

The findings of the study were derived from a variety of news sources and may be subject to a certain level of bias. Data that is available on the internet may be subject to validation from the releaser to suit his/her needs before release (Hynds, 2015). In the case of online interviews with the CEO's, it is expected that their primary objective would be to create a desirable image of the company (Hynds, 2015). For this reason, certain information may not be disclosed in the interview, for the purpose of preserving the corporate image of the company. News articles on the subject may also be subject to a certain level of bias (Hynds, 2015). Therefore, when finding data, the researcher took into account the source of the information and its impact on quality (Hynds, 2015). Furthermore, by stating the origin of the information in the research, will allow the reader to distinguish for him/herself the validity of the information that is displayed and presented.

The data analysis was explanatory in nature in an attempt to answer the research question through thematical analysis. Thematical analysis is a method for identifying, analysing and reporting patterns within the data (Braun & Clarke, 2006). Thematical analysis not only describes the data set but interprets various aspects of the research topic (Braun & Clarke, 2006). Thematical analysis may be carried out either inductively or deductively (Baxter & Jack, 2008). For the purpose of the following study, the thematical analysis was deductive. Thematical analysis was ideal for the research topic, as qualitative research is diverse and complex in nature (Holloway & Todres, 2003). Thematical analysis allows for a more flexible method of data analysis (Braun & Clarke, 2006). As the study focused primarily on human

behaviour, thematic analysis was appropriate, as the study is geared toward analysing patterns within the data.

3.3. Ethical considerations

The information used for the study was already be in the public domain and was accessed through the internet. Due to this, fewer ethical considerations arise, as the public already has access to the data. However, there are considerations which were taken into account to lower ethical difficulties within the study. Although the public have access to the information used for the study, the researcher had to ensure not to portray any form of bias in the presentation of the findings. The data attained for the study was gained from a variety of sources in an attempt to avoid bias from particular publishers. The source of data was also made available, allowing the reader to make a personal judgement on potential bias. The data was presented in such a manner that it may be validated by the reader. What is meant by this is that if the reader requires to validate data, he/she may do so as the information presented in the results is openly accessible to the public.

3.4. Research procedure

Convenience sampling was used to investigate a wide array of data. This allowed sufficient coverage on the research topic. Purposive sampling was then employed to act as a targeted form of data collection. The critical incident technique was used in conjunction with both convenience and purposive sampling, which enabled the researcher to investigate specific events which occurred during the period researched. A timeline of events was then created, presenting the major events which took place from Cynthia Carroll's appointment until 15th February 2017. The tabulated time series of events allowed themes to emerge for both Cynthia Carroll and Mark Cutifani during their tenure.

From the literature, in a deductive manner, themes and events were categorised into one of six categories of strategic leadership roles. These were strategy formulation, strategic implementation, developing organizational culture, emphasizing ethical practises, managing the firms resource portfolio and establishing balanced controls. These themes were deduced

from the literature surrounding strategic leadership. For the purpose of the study, when strategy is referred to, it assumes strategy at a corporate level. Given the nature of the available data, corporate level strategy is the primary focus of the study.

Given the list of roles and that only documents were used, certain information was not accessible. Data collection in the form of interviews was not feasible, restricting certain possible areas of study. These included the views and opinions of not only the subjects of the study but also those who operated in close proximity to the subjects of the study.

According to the roles which were extracted from the literature, both CEO's were examined according to the six themes. Actions and themes which emerged during their tenures were reviewed according to these six themes.

The study then goes on to compare the two CEO's according to the themes that emerged during the analysis while briefly reviewing the event of succession that took place.

3.5. Chapter summary

A research aim was established, which was then supported by six research objectives. A qualitative case study methodology was employed to achieve both the aims and objectives of the study. A post-positivist paradigm was chosen which assumes a reality that is independent of how science can study it (Allmendinger, 2002). A deductive approach was selected as it proved most effective according to the requirements of the study.

Convenience and purposive sampling was used in conjunction to the critical incident technique. Data was collected via online documents allowing the researcher to sample a broad range of information portraying multiple perspectives from multiple spectators. Thematic analysis was employed to derive patterns in the data based on human behaviour. A time series of events was created which mapped out the major events which took place in Anglo American from the time of Cynthia Carroll's appointment to February 2017. Both CEO's were studied in a deductive manner according to a set of chosen roles which were derived from the strategic leadership literature. They were then compared according to themes which emerged throughout the study.

Chapter 4: Findings

4.1. Introduction

The following chapter will present the findings that were obtained from the analysis of the data.

The aim of the study is to describe how the roles of two CEO's of the same company differed, during different time periods. The study will critically analyse and describe these roles and how they changed between both CEO's in reaction to differing situation contexts and in the context of succession.

The following six objectives were formed in order to realize the aim of the study.

1. To describe the key events during the tenure of Cynthia Carroll.
2. To describe the key events during the tenure of Mark Cutifani.
3. Analyse the change in circumstances during the tenure of both CEO's and reveal emerging themes.
4. Analyse the strategic leadership roles of Cynthia Carroll.
5. Analyse the strategic leadership roles of Mark Cutifani.
6. Compare and contrast the roles of both CEO's.

The chapter will comprise of three sections. Section One will present an account of the events which took place in Anglo American during both Mark Cutifani and Cynthia Carroll's tenures. This will be presented in a tabulated format including the date and the event which took place. After the table of events, the emerging themes during both Carroll and Cutifani's tenure will be presented briefly. Section One will also present a brief background to each of the CEO's. It will then go onto describe the appointment of Cynthia Carroll and the succession from Cynthia Carroll to Mark Cutifani.

Section Two will analyse the strategic leadership roles of both CEO's. Using the literature as a basis, six themes informed by the literature will be discussed in the section. These are: strategic direction/formulation, strategic implementation, developing organizational culture, emphasizing ethical practises, managing the firm's resource portfolio and establishing balanced controls.

Section Three will provide a comparison between both Cynthia Carroll and Mark Cutifani. This section will compare the strategic leadership imperatives of both leaders by analysing the themes which emerged throughout their tenure. Given the nature of the strategy which has been observed, Section Three will comprise of three parts. Part One of the comparison will comprise of events and themes which emerged which are clearly related to strategy formulation, strategy implementation and resource portfolio. Part Two will deal with issues relating to culture and the ethical practises of the business. Part Three will compare both CEO's in relation to how they established balanced controls within Anglo American.

The chapter will conclude with a chapter summary. The chapter summary will provide an introduction to the topics that will be presented in the discussion.

4.2. Key Events at Anglo American

Below in a tabulated format is the time series of events, which took place in Anglo American from when Cynthia Carroll was appointed, until 17th February 2017. This included events from Cynthia Carroll's appointment and throughout her tenure, the succession from Cynthia Carroll to Mark Cutifani, Mark Cutifani's tenure and the major events affecting Anglo American in that time.

Table 2: Time sequence of events during both Cynthia Carroll and Mark Cutifani's tenure

Date	Event
March 2007	Cynthia Carroll was appointed as chief executive officer at Anglo American replacing Tony Trahar (Walsh, 2006).
April 2007	Anglo American purchased the Michiquillay copper project in Peru for \$403 million (Thomas & England, 2012).
May 2007	Anglo American announced its plans to purchase a 49% interest in the MMX Brazilian iron ore project with the main asset being Minas Rio (Prinsloo, 2015).
July 2007	Cynthia Carroll shut down the Rustenburg platinum mine to overhaul the safety precautions in reaction to continuous fatalities (Carroll, 2010).
August 2007	Anglo American bought into a copper project based in south-western Alaska, partnering with Northern dynasty minerals (Narula, 2014).
October 2007	Anglo American announced its plan to sell 61 million shares in AngloGold Ashanti PLC to reduce its stake in the gold sector (Bleby, 2007).
December 2007	Anglo American acquired a 70% stake in the Foxleigh coal project in Australia for \$620 million (Wyngaardt, 2016).
2008	The financial crisis took place negatively impacting commodity prices (Amadeo, 2017).
July 2008	Anglo American concluded its purchase in the MMX Brazilian iron ore project (Campbell, 2008).
2008	Anglo American did not pay-out the second dividend of the 2008 year to conserve cash resources within the business (Hogg & Nicolau, 2010).
November 2008	Anglo American announced its plans to invest \$40 billion globally (Filen, 2012).
February 2009	Anglo American ended the dividend pay-outs to conserve cash after a fall in profit for the whole year of 2009 (Hogg & Nicolau, 2010).
March 2009	Anglo American reduced approximately 10 percent of its labour force in coal mines in Australia to reduce costs (Creamer, 2009).
March 2009	Anglo American sold its remaining 11.3 percent stake in AngloGold Ashanti for approximately \$1.3 billion (Hogg & Cutifani, 2009).
August 2009	Sir John Parker took over as chairman of Anglo American from Sir Mark Moody-Stuart (Sanderson, 2017).
November 2010	Anglo American sold Scaw Metals for \$932 million, which also involved the removal of three executives (O'Brien, 2010).
January 2011	Anglo American completed the sale of Moly-Cop and Altasteel to Onesteel (Gleeson, 2011).
October 2011	A dispute arose in Chile between Anglo American and Codelco with regards to assets influencing Anglo's Chilean copper project (Ulmer & Ferreira-Marques, 2012).
December 2011	Anglo American approved the \$1.7 billion Queensland coal project (Els, 2011).
2012	Cynthia Carroll faced ever-increasing pressure from shareholders in reaction to the firm's performance (England, Chazan, Blas, 2012).
March 2012	Anglo American opened up the Zibulo Colliery in Mpumalanga worth R4.2 billion (Esterhuizen, 2012).
July 2012	Anglo American acquired a majority interest of 58.9% in the Revuboe metallurgical coal project in Mozambique (AngloAmerican, 2012).
July 2012	Anglo American increased its stake in De Beers shareholding to 85% (Creamer, 2012).

August 2012	Codelco and Anglo American arrived at a settlement after nearly a year of dispute (Ulmer & Ferreira-Marques, 2012).
September 2012	Severe strikes arose at the platinum operation in Rustenburg (Neville, 2012).
September 2012	Anglo Gold Ashanti experienced illegal strike action in their operation (Steyn, 2012).
October 2012	Cynthia Carroll stepped down as CEO of Anglo American (England, <i>et al.</i> , 2012).
October 2012	Employees from Kumba Iron Ore went on strike (Nicolson, 2012).
November 2012	Anglo American and Lafarge sold Tarmac and Lafarge construction materials for £285 million (Berton & Ferreira-Marques, 2012).
January 2013	Anglo American sold 70% interest in its Brazilian Amapa iron ore mine (McKay, 2013).
January 2013	Mark Cutifani was appointed as the new Chief executive of Anglo American (Spector, 2013).
April 2013	Anglo American announced its plan to cut back on jobs in an attempt to cut back on costs and increase profits (Yeomans, 2017).
July 2013	New CEO, Mark Cutifani vowed to cut spending throughout the business to increase revenue (Yeomans, 2017).
August 2013	Hennie Faul is appointed as the new CEO of Anglo's copper business (Ferreira-Marques, 2013).
September 2013	Anglo American announced its withdrawal from the Pebble copper project in Alaska (Wiemers, 2013).
September 2013	Anglo American announced the sale of 100% of the Amapa iron ore project in Brazil (Guerra, 2013).
January 2014	Workers went on strike in the Rustenburg and Union mines demanding higher wages (Dodgson, 2014).
July 2014	Anglo American sold 50% of its interest in Lafarge Tarac to Lafarge for \$1.6 billion (De Bruyn, 2015).
December 2014	Anglo American withdrew from its Chilean Michiquillay copper project in Peru (Els, 2014).
June 2015	Mark Cutifani took over from Michael Spicer as chairman of Anglo American South Africa (Creamer, 2015).
August 2015	Anglo American sold its Norte copper project for \$300 million (Mawson, 2015).
September 2015	Anglo American platinum sold the Rustenburg platinum operation for R4.5 billion (Nicolson, 2015).
December 2015	Anglo American sold its 83.33% interest in the Australian Dartbrook coal mine (Lazenby, 2015).
January 2016	Anglo American sold its interest in the joint venture entities which operated under the Tarmac name in the United Arab Emirates (Odendaal, 2016).
January 2016	Anglo American announced that it has sold 100% of its interest in the Callide thermal coal mine in Australia (Senkhane, 2016).
April 2016	Anglo American agreed to sell its niobium and phosphates businesses in Brazil to China Molybdenum Co. Ltd (MacDonald, 2016).
August 2016	Anglo American sold its 70% stake in the Foxleigh metallurgical coal mine in Queensland Australia (Mzamo, 2016)
September 2016	Anglo American received \$1.7 billion for the sale its niobium and phosphates businesses in Brazil (Van Wyngaardt, 2016).
November 2016	Anglo American sold 9.7% of its interest in Exxaro for \$215 million (McKay, 2016).
February 2017	Sir John Parker announced his intention to step down as chairman of Anglo American (Writer, 2017).

4.2.1. Strategic themes

Based upon the time sequence of events described above, this section will briefly highlight the main strategic themes emerging during the tenure of the two CEO's.

Cynthia Carroll was appointed as the new CEO of Anglo American in March of 2007 (Walsh, 2006). At the time of her appointment, iron ore was at the height of its boom (Filen, 2012). During 2008, the economic recession took place, negatively impacting all companies that operated in the commodities industry (Amadeo, 2017). One of the primary areas of Anglo American that Cynthia Carroll focused on was safety (Carroll, 2010). She concentrated on the core assets of Anglo American which were copper, iron ore, platinum, metallurgical coal, diamonds, nickel and thermal coal at the time. During her tenure, Carroll lowered Anglo's financial dependence on South Africa by investing in assets on a global scale. At the end of Carroll's tenure, however, she received pressure from shareholders to step down due to Anglo American's financial performance in comparison to its peers.

Mark Cutifani was appointed as CEO of Anglo American during January 2013 (Spector, 2012). Cutifani's primary goal was to better the financial performance of Anglo American (Shabalala, 2016). He attempted to address this issue through selling underperforming assets to lower debt while at the same time improving productivity with lower operating costs (Shabalala, 2016). Globalisation continued during his tenure through further purchases of assets on a global scale.

4.2.2. Background sketches of Cynthia Carroll and Mark Cutifani

Carroll was a geologist by training receiving her Bachelor of Science in Geology and her MSc in Geology (Emmons, 2009). She had also studied at Harvard obtaining a Master's in Business Administration (Emmons, 2009). Before becoming CEO of Anglo American, Carroll worked for Alcan as the president and Chief Executive Officer of the primary resources group (Walsh, 2006). Her tenure in this position began in 2002, however, she joined the group in 1989 working her way up to the position (Filen, 2012). Before Alcan, Carroll served as a petroleum geologist for Amoco, working in gas and oil exploration (Filen, 2012).

Cutifani was born and grew up in Wollongong in Australia (Wilson, 2014). Soon after leaving school he joined the Coal Cliff colliery whilst at the same time enrolling in university (Wilson, 2014). He thereafter graduated as a mining engineer. Cutifani worked for various mining companies, building his reputation until he joined AngloGold Ashanti (Wilson, 2014). He was appointed as CEO of AngloGold during 2007 (Clancy, 2013). Then, in 2013 he joined Anglo American, soon after becoming CEO. In previous companies Cutifani was praised for reducing the number of deaths and dangerous practises (Clancy, 2013).

4.2.3. The events before and during succession

During March 2007, Cynthia Carroll was appointed to Chief Executive officer of Anglo American, succeeding Tony Trahar. Carroll was not only the first female CEO of Anglo American; she was also the first outsider and non-South African to be appointed CEO. Anglo American's previous CEO's had been well groomed individuals from within the group (Mychasuk, 2009). Sir Mark Moody-Stuart, the Chairman at the time of Carroll's appointment said the company needed someone from outside the system (Mychasuk, 2009). However, the market's reaction to Carroll's appointment was negative (Pfeifer, 2006). After Carroll was announced to be new CEO, Anglo's market capitalisation dropped by £500 million (Pfeifer, 2006). However, Carroll stated in an interview that the market's reaction to her appointment did not concern her (Pfeifer, 2006). Carroll had never previously led a diversified mining group like that of Anglo as she was only a divisional head at Alcan.

During October of 2012, Cynthia Carroll announced her intention to step down as CEO of Anglo American (Clancy, 2013). Sir John Parker who was chairman of Anglo at the time had begun the search for a new CEO to take Carroll's position. During April 2013, Mark Cutifani was appointed as new CEO (Clancy, 2013).

During an interview Carroll stated that she resigned from Anglo American as she had carried out a lengthy tenure and it was time for her to pass on the baton (Carroll, 2012c). However, she did not mention the pressure from large shareholders urging her to leave while also asking Sir John Parker, to find a replacement CEO (Clancy, 2013). During 2012, a review was launched after a year of poor financial performance due to reduced demand for platinum, arising from slowing car production, labour unrest and increasing input costs.

Once Cutifani was appointed as CEO of Anglo American, the share price rose, demonstrating the disparity of belief the market held for the two CEO's.

4.3. Strategic leadership review

The following section will analyse both Cynthia Carroll and Mark Cutifani. It will analyse both CEO's by identifying actions, decisions and trends which can be categorised under Strategic direction/formulation, Strategy implementation, Organizational culture, Ethics or Resource portfolio as identified in the literature. For the purpose of the study, strategic direction/formulation will be grouped with strategic implementation due to the similarity of the themes that emerged.

4.3.1 Cynthia Carroll

4.3.1.1. *Strategy formulation & implementation*

According to the vision and mission of Anglo American, they aim to generate returns to their shareholder's while contributing positively to society, thus creating long lasting relationships (AngloAmerican, 2017c). This is underpinned by their values which are safety, care and respect, integrity, accountability, collaboration and innovation (AngloAmerican, 2017c).

In interviews, Carroll primarily focused on aspects of the company to do with safety, the concentration of assets, and streamlining the internal operations of the company in terms of the manner in which the various departments were governed (Carroll, 2010). Upon her resignation, Sir John Parker in an interview stated that, "her legacy will include improvement in safety, sustainability and the quality of our dialogue with governments, communities and other stakeholders" (Parker, 2012). Apart from these, Carroll is praised for her actions in the media for cleaning up what was termed "a bureaucratic sprawl" within the company (Bawden, 2013). She also aimed at lessening their reliance on South Africa by prospecting mining opportunities at a global level. From what the media portray of Cynthia Carroll, it is evident she placed a high priority on each of these elements which was displayed from her actions and decisions within the organisation.

4.3.1.1.1. Streamlining the organisation

In terms of streamlining the company, Carroll aimed at focusing on the core elements of the business while creating a close knit network of communication among the heads of each department. In an interview in 2010, Carroll made it clear that her goal was to focus on the seven core commodities which seemed most attractive (Carroll, 2010). These were copper, iron ore, platinum, metallurgical coal, diamonds, nickel and thermal coal. This translated directly into how the management responsible for each of those commodities were managed. Because of Carroll, Anglo's subsidiaries now communicate more closely now than they did before. This was done by stripping away multiple levels of management in the upper levels of the business. Carroll stated that a higher level of communication forms a vital aspect of a company as the different departments can work together in an attempt to share learnt information to combat the ever-changing market environment (Carroll, 2010). By having fewer levels of management, it increased the ease of communication within the firm.

4.3.1.1.2. Sustainability and dialogue

During her tenure, Carroll greatly improved governmental relations. She did this by creating a high level of "transparency and openness, with no hidden agendas" (Carroll, 2010). Carroll stated the importance in engaging proactively with the representative's in locations of potential future operations. This approach has been evident with the South African government. Carroll worked extremely hard at building long lasting positive relationships with the South African government. During one of her meetings, an organisation which dealt with Anglo American numerous times in the past, stated Carroll's approach to business partners was different to anything they had experienced in the past (Carroll, 2010). Carroll dealt with new partners in a cooperative manner which ensured positive relationships between Anglo American and their counterparts.

Similarly in Chile, Brazil and Australia, Carroll has worked at building substantial relationships to a point where she believes that they are the partner of choice when it comes to commodities mining (Emmons, 2009). Carrying out her business dealings from an ethical standpoint, Carroll attempted to uplift the surrounding community while having as little impact on the environment as possible.

4.3.1.1.3. Decreasing reliance on South Africa- investing globally

It is clear that Carroll had an interest in increasing Anglo's exposure to global markets by acquiring assets outside of South Africa. This was seen in the acquisition of multiple mines made outside of South Africa. These include Minas Rio in Brazil, copper mine Los Broncos in Chile and the Barro Alto nickel mine in Brazil. The interest to invest internationally was made clear by Anglo American in an announcement to invest \$40 billion globally in November 2008 (Filen, 2012). Carroll never stated exactly what the company's reasons were for wanting to invest abroad, however, from reviewing numerous media articles and interviews, several possible reasons were considered.

Firstly, in an interview, Carroll (2012b) emphasized the importance of attracting investors. In the case of Anglo American, many investors are international citizens. Such investors invest primarily where they believe the political climate to be stable. The instability of the political climate in South Africa had deterred international investors for several years (Ibrahim, 2012). Accompanying this was the threat of nationalisation of Anglo American's South African mines (Spector, 2012). A counter measure to combat such an event was to increase Anglo's asset portfolio abroad.

Secondly, South African input costs were increasing at a rate faster than inflation, thus slimming the profit margin of the company's South African operations (Carroll, 2012b). These costs primarily include higher wages, increased taxes and higher electricity costs (Carroll, 2012b). By increasing their asset portfolio in countries outside South Africa, they decreased their exposure to rising input costs.

Thirdly, and similarly to point one, by investing abroad they would increase their exposure to global markets. This would decrease their heavy reliance on South Africa and create a well-diversified portfolio on a global basis.

Lastly, Carroll faced challenges in balancing the labour unions, labour unrest, government policies and the increasing cost of inputs that were prominent in South Africa (Seccombe, 2016).

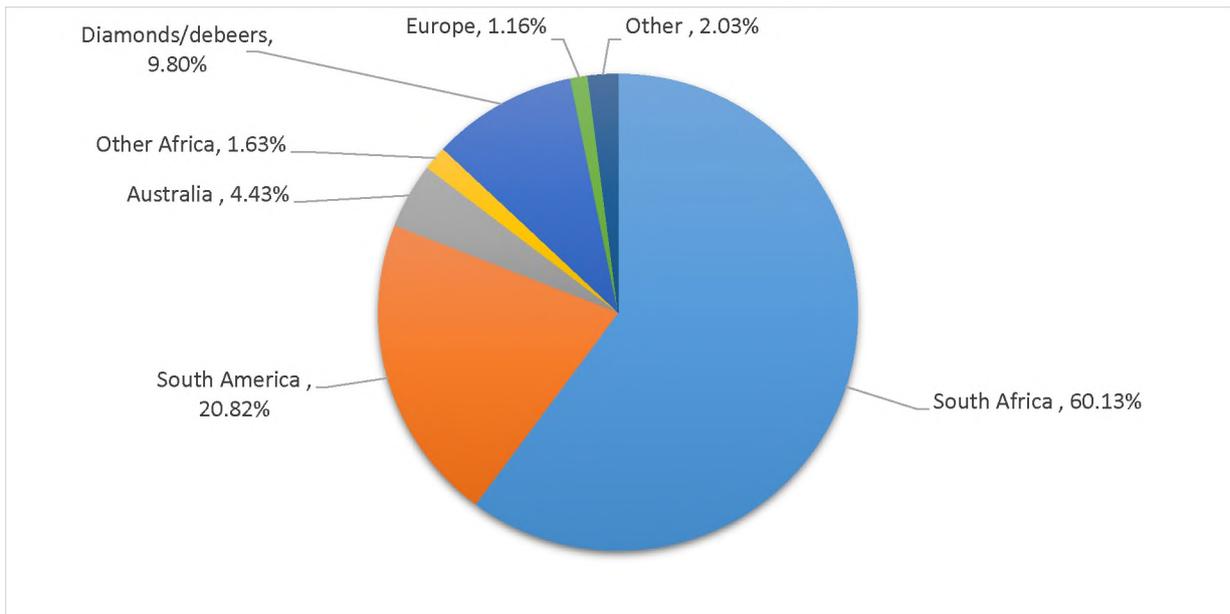


Figure 1: Anglo American's revenue by origin during 2007

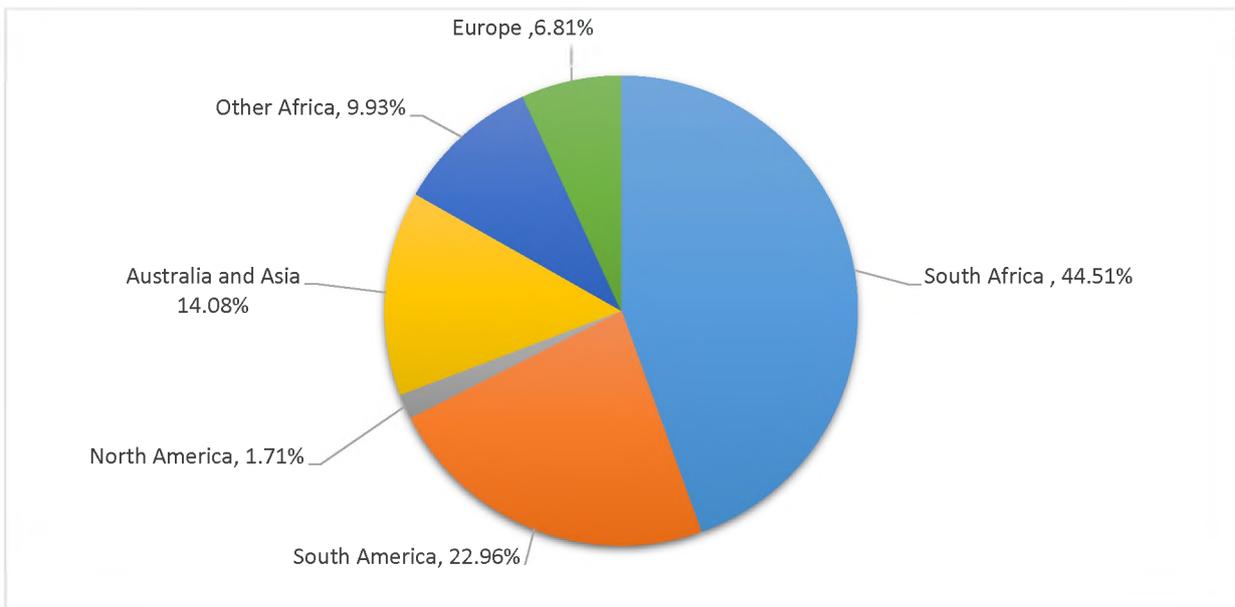


Figure 2: Anglo American's revenue by origin during 2012

As presented in Figures 1 and 2, Carroll lowered the revenue derived from South Africa from 60.15% to 44.51% during her tenure. She did this by investing in assets on a global scale while selling off underperforming South African Assets.¹

¹ Due to the nature of the available data, in figure three, diamonds are not presented in the same manner as in Figure Two. As De Beers operates in multiple regions, they could not be

4.3.1.1.4. Improving safety

What was evident in the analysis of Cynthia Carroll's tenure, is that a primary goal from the time of her appointment, was the improvement of safety on Anglo American's mines. Demonstrating her seriousness, Carroll personally toured mines in Australia, Chile, Colombia, Venezuela and South Africa, reviewing the safety precautions (Carroll, 2012a). After a particular visit to the Rustenburg platinum mine, Carroll was informed of a fatality. She immediately shut down the mine, restraining 30 000 people from working while they overhauled the safety measures of the mines. She achieved success in that she decreased the death toll in the operation by a third (McFarlane, 2012). To achieve this the mine was closed for seven weeks, halting all production (Carroll, 2012a). The closure of the mine acted as a change catalyst in terms of organizational culture, emphasizing the importance of safety. To further stress the importance of safety, Carroll replaced all managers at the Rustenburg operations as she was not pleased with their performance and attitude toward the issue (Carroll, 2012a).

During Cynthia Carroll's tenure at Anglo American, she was able to implement a variety of strategies aimed at achieving the mission and vision of the company. These included improving the safety record at Anglo American, streamlining the company in terms of management, concentrating their asset portfolio, investing abroad, community engagement and improving dialogue with governments.

Carroll is most notably known for the implementation of a successful strategy to combat the poor safety record of Anglo American. She was also applauded at her ability to better

categorised, as Anglo American did not substantiate how much revenue was derived from each mining location. In the 2007 Anglo American annual report, the values were calculated from the mines which were then categorised in accordance to their location. During the 2012 annual report, the figures for revenue by location were given and hence did not have to be calculated. They have been presented in the most suitable manner to draw a comparison between the two periods.

governmental relations, improve community engagement imperatives and streamlining the company in terms of both management and resource portfolio.

Although Carroll implemented successful strategies to achieve and improve the above objectives, she was portrayed with a certain level of negativity after the failure of Minas Rio, which shaped investors impressions of her (Anetos, 2017). She received the most media attention for the implementation of Anglo's Minas Rio mine in Brazil. Carroll concluded the purchase of Minas Rio in July 2008 and believed this to be a fruitful project (Prinsloo, 2015) (Carroll, 2012b). However, since its purchase, the project has suffered both time delays and cost overruns. Its initial cost projection was estimated at \$3.6 billion, however, in 2015 it had already required a \$8.4 billion input, \$4.8 billion over budget (Prinsloo, 2015). Carroll anticipated that Minas Rio would produce viable returns but did not foresee the licensing problems, construction challenges and multiple political and social challenges that Brazil would present.

Coupled with difficulties within Brazil, the iron ore price fell before Minas Rio was able to produce any iron. From the iron ore price of \$187 a ton in February 2007 it fell to \$100 per ton by the end of 2012 (Prinsloo, 2015). It continued to fall to \$50 a ton during 2015. Carroll has been subject to scrutiny from the media and shareholders for the mistiming of the Minas Rio project (Spector, 2012).

Although shareholders were unforgiving about the Minas Rio project, Carroll successfully implemented three of Anglo's other projects on time and within budget. These included copper mine Los Broncos, nickel mine Barro Alto and the Kolomela iron ore mine.

4.3.1.2. Developing organizational culture

Prior to Cynthia Carroll's appointment, Anglo American had a high rate of fatality in their mines. Carroll realised that the mines were not achieving what she believed to be an acceptable safety rating. During the 5 years prior to Carroll's appointment there were 200 deaths on site at Anglo American (Carroll, 2012a). Carroll aimed much of her effort into bettering the safety status of Anglo's mines. She believed that if the mines were a safe place to work, employees would feel more comfortable and produce a better output on a daily basis

(Carroll, 2012a). She did this through the strategy and implementation discussed in the strategy direction/formulation and implementation section. Through this she managed to create a culture within Anglo American which emphasized the importance of safety within the company.

4.3.1.3. Emphasizing ethical practises

Cynthia Carroll placed a high priority on ethical behaviour. She conducted herself in a manner which conveyed ethical characteristics during Anglo American business endeavours. She maintained a standard of ethical leadership through giving back to the communities in the locations in which Anglo American operated. Carroll aimed at improving the current situation of the surrounding communities as opposed to negatively effecting it (Carroll, 2010). She did this through a multitude of projects aimed at social outreach at many of the mining locations of Anglo American.

Currently, Anglo American has the largest workplace HIV testing and treatment centre, which provides free antiretroviral to more than 3000 employees (Emmons, 2009). Carroll initiated many other programmes which are geared toward bettering the surrounding community. These include business support initiatives, multimillion dollar projects to improve cattle breeds, mine water filtration plants, infrastructural developments such as schools, hospitals, job training systems and environmental support initiatives (Carroll, 2010; Emmons, 2009). She emphasized the importance of moving from a paternalistic approach to a participatory approach, thereby accommodating the needs of the people that Anglo affected.

Although Anglo American boasts a collection of social and environmental imperatives, media critics argue that Anglo has ignored many social and environmental concerns on several of its sites (Emmons, 2009). A controversial case of particular concern was that of the pebble mine in Alaska. Although considerations were made during 2012 for the advancements of the pebble mine in Bristol Bay in Alaska, Anglo Withdrew from this agreement (Goldenburg, 2013). The controversial pebble mine project earned Cynthia Carroll the name of Cyanide Cynthia, cyanide being one of the by-products of mining gold (Goldenburg, 2013). Although Anglo American pulled out of this agreement, they received a large amount of negative media coverage (Goldenburg, 2013).

4.3.1.4. Managing the firms resource portfolio

Cynthia Carroll's goal was to streamline the company (Ghobadian & O'Regan, 2011). This related directly to the commodities they mined and translated into how the company was structured across the board. Carroll's goal was to focus on core activities within the business and sell off the rest, increasing the focus on the core activities and thereby attempting to return profits to shareholders (Ghobadian & O'Regan, 2011). She not only wanted to streamline the company in terms of their core assets but also invest abroad (Bawden, 2013). The seven core commodities in which Carroll focused on were copper, iron ore, platinum, metallurgical coal, diamonds, nickel and thermal coal (Carroll, 2010). She therefore planned on selling non-core businesses such as the zinc, gold and steel division (Armitstead, 2012). During March 2009 Anglo sold its remaining shares in Anglo Gold Ashanti (Filen, 2012). They then went on to sell its Zinc division to Vedanta resources for \$1.3 billion (McKay, 2010). Then, in January 2011, Anglo Sold Moly Cop and Alta Steel to One Steel.

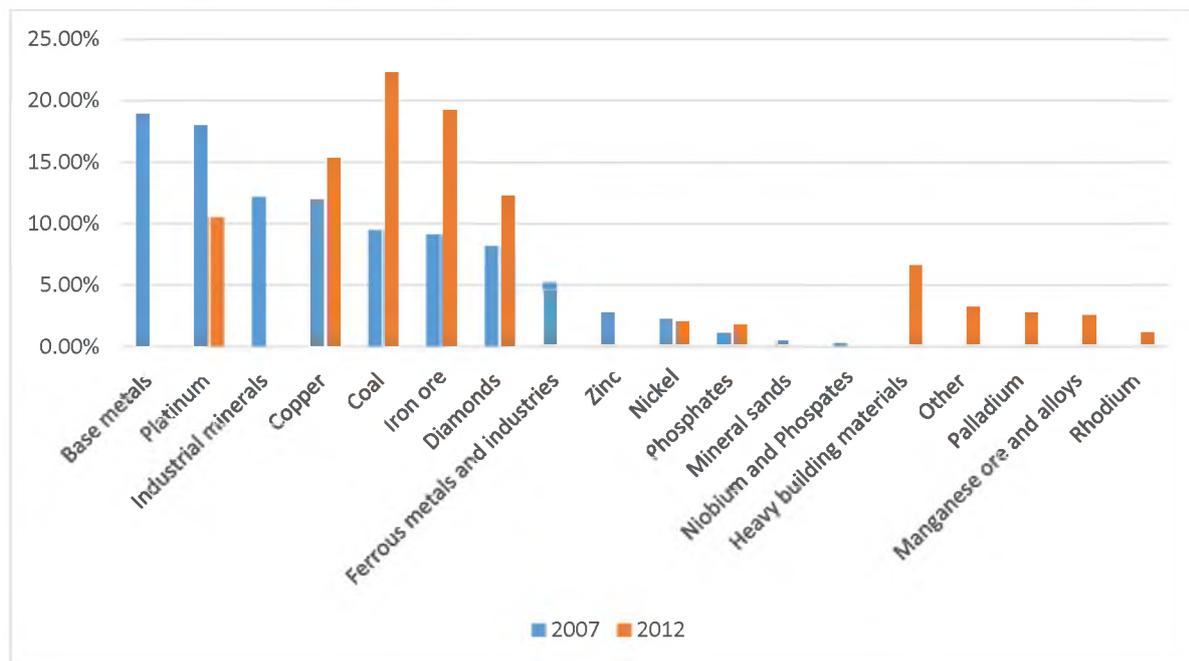


Figure 3: A comparison of Anglo Americans revenue by product during 2007 and 2012

As seen in Figure 3, Carroll greatly improved the revenue streams from four of the seven commodities she initially planned to focus on. These included copper, coal, iron ore and diamonds. Nickel and platinum, however, decreased in revenue streams during her tenure.

However, she burdened Anglo with debt which was partly as a result of the cost over runs and time delays experienced with Minas Rio (Anetos, 2017).

4.3.1.5. Establishing balanced controls

It is clear from how the media portrayed Carroll's actions and what she alluded to during interviews, that she placed a high priority on safety and improving communication with various governments. She also strategized to concentrate Anglo's assets, streamline the portfolio and invest on a global scale, which was aimed at lowering Anglo's dependence on financial revenue from South Africa. These three objectives were geared toward bettering Anglo's financial performance and return to shareholders.

She bettered Anglo's safety by a third and improved communication with governments, the latter being demonstrated by what the organizations had to say about Carroll after business dealings; that she was open and transparent and that she was unlike anything they had seen before (Carroll, 2010).

However, soon after her appointment, she purchased an iron ore mine named Minas Rio in Brazil. Due to the poor planning and timing, the mine cost the company millions due to cost overruns and time delays. This single purchase straddled Anglo with debt which negated their profit margins and returns to shareholders. It may be said that she did not exercise balanced control during her tenure due to this fatal mistake, which adversely impacted Anglo's profits. The performance of Anglo was not balanced due to the lack of financial performance.

She did, however, initiate the strategy of concentrating, streamlining and globalising Anglo's asset base which was continued during Cutifani's tenure.

4.3.2. Mark Cutifani

4.3.2.1. Strategy formulation and implementation

Throughout Cutifani's tenure, he made it clear that his goal was to better the financial performance of Anglo American (Yeomans, 2017; McKay, 2015). In 2015 he announced his desire to restructure the company in terms of their resource portfolio while decreasing their

debt and improving their efficiency (McKay, 2015). The following sub-sections cover the strategic direction which he set since his appointment as CEO.

4.3.2.1.1. Increase shareholder return

Throughout Mark Cutifani's tenure, he expressed his desire to better shareholder returns. When looking at the strategies he implemented it is clear that his actions were geared toward this objective (Shabalala, 2016; Yeomans, 2017). A statement which articulates this approach was made during an interview with Mark Cutifani in which he expressed, "We are taking decisive action to sustainably improve our cash flows and materially reduce net debt, while focusing on our most competitive assets" (Shabalala, 2016). In another interview he told the media that, "Shareholder returns must come first" (Yeomans, 2017).

Cutifani implemented multiple strategies to improve the poorly performing share price. Soon after his appointment he stated his desire to improve the overall efficiency of the mines to counter falling commodity prices and rising input costs (Yeomans, 2017). He achieved this goal as he proclaimed in an interview that Anglo was producing more than they did 3 years ago, with 40 percent less assets and 40 percent less people while decreasing costs by approximately 30% (Yeomans, 2017). He achieved this partly through restructuring their resource portfolio in an attempt to focus primarily on their core assets such as diamonds, platinum and copper.

Cutifani's intense focus to improve shareholder returns may have been in reaction to the undercurrent of discontent displayed from the shareholders. This was displayed at an annual Anglo American shareholder's AGM during April of 2016 (Wilson, 2016). Shareholders called for a vote where they could vote for, or against Anglo Americans pay policies. The majority of shareholders voted against Anglo's pay policies (Wilson, 2016), ultimately implying that their returns were being utilised for overpaying top management (Hutzschenreuter, *et al.*, 2012). Anglo has undergone intense corporate restructuring during Cutifani's tenure which has been geared toward improving investor returns (Seccombe, 2017). He has implemented strategies to improve the production in various operations at Anglo, decrease debt and lower operational costs and further lower Anglo reliance on South Africa (Seccombe, 2017).

4.3.2.1.2. Decrease reliance on South Africa

In a statement, Cutifani expressed his worry as he exclaimed, “Our share price is languishing compared to our peers, and we are not being rewarded for the potential we have” (Cutifani, 2013a). This demonstrated his desire to decrease Anglo’s exposure to South Africa through purchasing operations abroad. Cutifani was experiencing difficulty in balancing the labour unions, labour unrest, government policies and the increasing cost of inputs (Seccombe, 2016). To further support his aspiration to decrease Anglo’s reliance of South Africa, he stated that Anglo would aim to decrease their earnings before interest, tax and depreciation from approximately 50% to 30% (Seccombe, 2016).

Analysts have raised concerns in terms of Anglo’s exposure to South Africa through its assets (McKay, 2015). Cutifani further corroborated this concern when he stated that South Africa was becoming increasingly uncompetitive due to its hostile labour relations and the trust deficit between labour, business and government (Le Cordeur, 2015). Anglo has not made aggressive attempts to exit South Africa, however there have been no signs of future asset purchases within South Africa. The sale of the Rustenburg mine, however, shrunk Anglo’s ties to South Africa (Jamasmie, 2015). It may be assumed that this transaction was geared toward decreasing their earnings before interest, tax and depreciation from approximately 50% to 30% (Seccombe, 2016). Similarly, the transaction aimed at achieving Cutifani’s restructuring plan, which included cost cuts and lay-offs (Seccombe, 2016).

Anglo has further plans to assess a possible copper mine in Peru. If the transaction takes place they will invest \$5-6 billion, furthering their asset investment on a global scale (Yeomans, 2017).

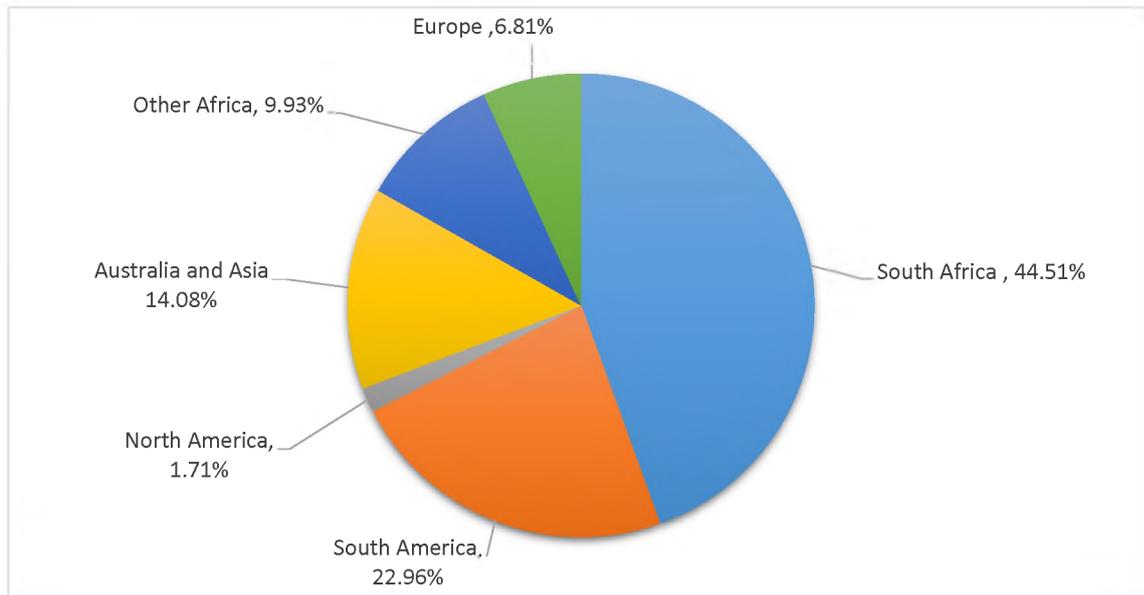


Figure 4: Anglo American's revenue by origin during 2012

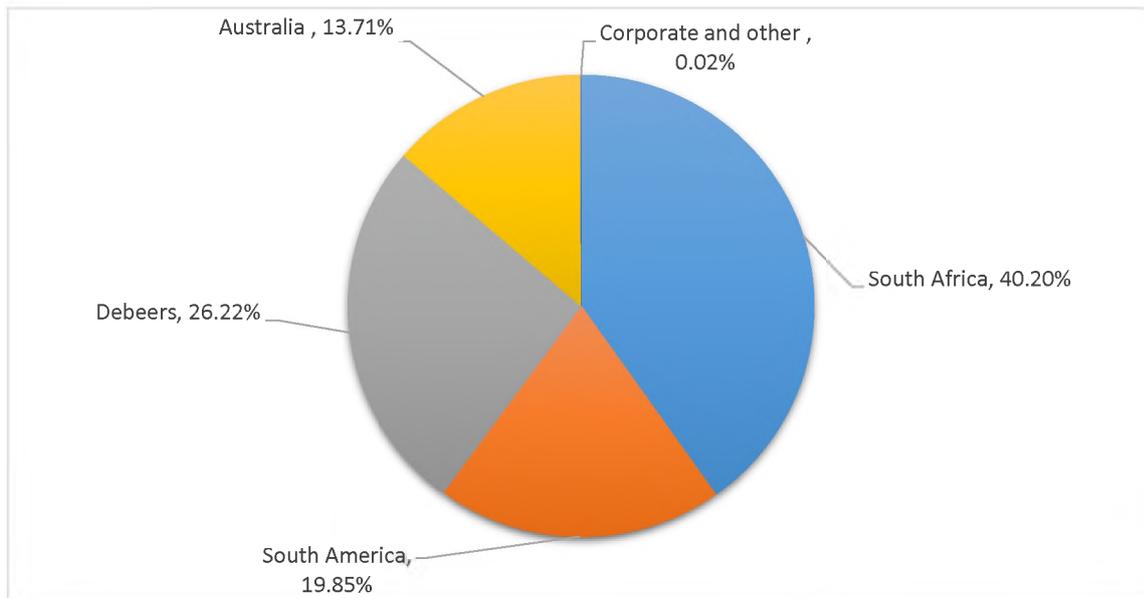


Figure 5: Anglo American's revenue by origin during 2016

During Cutifani's tenure, he has successfully implemented strategies to further decrease Anglo American's reliance on South Africa by approximately 4% at the end of 2016. This was achieved through selling South African Assets.²

4.3.2.1.3. Improve production and performance in Kumba Iron Ore, Minas Rio and Anglo American's platinum operations

Before Cutifani's appointment, there were three operations which had adversely impacted Anglo's performance. These were Minas Rio, Kumba Iron Ore and the South African platinum mines (De Lange, 2013; Yeomans, 2017; Stoddard & Ferreira-Marques, 2013).

Firstly, Minas Rio was subject to time delays and cost over runs which ultimately acted as a drain to the company's finances. This was due to licensing problems, construction challenges and multiple political and social challenges which were not taken into account at the time of the purchase (Prinsloo, 2015). Minas Rio is considered to be the largest contributor to Anglo's debt struggles (Mtongana, 2016). One of Cutifani's primary goals aimed to decrease the

² De Beers has been labelled as a separate category as they operate in multiple countries and do not specify the percentage weighting of revenue from the various origins in which they derive their revenue.

burden of Minas Rio on Anglo and attempt to turn it into a profitable operation (Mtongana, 2016).

Secondly, Anglo American faced problems in its South African platinum mining operations. These were primarily due to rising cost of labour, restricting government policies and hostile labour relations which resulted in strikes (Seccombe, 2016). Anglo had experienced severe strike action toward the end of 2012 at the platinum mine operations (Stoddard & Ferreira-Marques, 2013). These had negatively impacted the company's ability to produce platinum thus negating the company's earnings. In reaction to this Cutifani has implemented various strategies to overcome such troubles. Toward the end of 2015 Anglo sold its Rustenburg platinum operation for \$4.5 billion to Sibanye (Leroux, 2015). In February 2017 Anglo made another sale of one of its platinum operations, namely Union mine, this time to Siyanda resources (Crowley, 2017). The sale of the Platinum mines was aligned with Anglo American's strategy to reposition themselves. They plan to further reposition Anglo American Platinum as a high quality, largely mechanised operator yielding high returns (Leroux, 2015).

Thirdly, Kumba Iron Ore had also been underperforming, in reaction to this, Cutifani told the media on multiple occasions that Kumba had challenges which needed to be addressed (De Lange, 2013). He stated in an interview, "There is work to be done at Kumba, it will be difficult" (De Lange, 2013). Cutifani appointed experts to work with the Kumba Iron Ore management team in an attempt to boost production. However, during 2015, Anglo announced its interest to sell Kumba as part of their plan to deleverage the company (Whittles, 2016; Jamasmie, 2017). Anglo then went on to announce that it would not sell its bulk assets, including Kumba Iron Ore in the face of a global commodity rally, where Kumba proved itself profitable (Seccombe, 2017).

4.3.2.1.4. Lower debt and decrease costs

During Cynthia Carroll's tenure, Anglo American experienced the 2008 global financial crisis, which had a devastating effect on commodity prices, ultimately impacting the financial performance of the company. During this time, Anglo accrued debt and the costs of running operations increased (Shabalala, 2016). Increased debt and high costs thus negated the ability of Anglo to perform financially (Shabalala, 2016). Consequently, Cutifani implemented a

variety of strategies during his tenure in an attempt to deleverage the company and lower input costs. One of Cutifani's strategies to decrease debt was to sell off mines which did not form part Anglo's core commodity mix (Seccombe, 2017). Anglo planned to focus primarily on Copper, platinum and diamonds (Seccombe, 2017). In an interview Cutifani stated that, "They are to take decisive action to sustainably improve our cash flows and materially reduce net debt, while focusing on our most competitive assets" (Shabalala, 2016). In 2016 Anglo announced that they were to retain only 16 core assets from the previous 45 while cutting 78 000 jobs from a work force of 128 000 (Shabalala, 2016).

However, during 2016 there was a dynamic change in strategy in reaction to rebounding commodity prices. Many of Anglo's non-core assets became profitable, creating positive cash-flow. Due to this, Anglo was able to meet its net debt reduction target by the end of 2016 without the further reduction of Assets (Le Cordeur, 2016). Anglo benefitted primarily from the rallying iron ore and coking coal prices (Le Cordeur, 2016). Coupled with the divestment of the niobium and phosphate division, Anglo substantially improved its debt position (Le Cordeur, 2016). Additionally, the sales of 100% interest in the Australian Callide thermal coal mine, 70% interest in the Foxleigh Australian coal mine, and the sale of 9.7% interest in Exxaro further contributed to deleveraging Anglo (Le Cordeur, 2016).

Anglo's target for the end of 2017 is to decrease the debt of the company to \$7bn (Yeomans, 2017). Coupled with the sale of non-core assets which do not produce income, Anglo plans on achieving this goal through limiting capital expenditure (Capex) (Yeomans, 2017). Cutifani confirmed this when he said, "We don't have plans to go and splash out and do anything new" (Yeomans, 2017).

4.3.2.2. Developing organizational culture

Mark Cutifani entered Anglo after the global commodity cycle had taken its toll on all the major mining corporations. Many major mining corporations, including Anglo American, had suffered as a result of the poor commodity prices, negatively impacting their underlying earnings and therefore their financial performance. In reaction to this, Cutifani restructured not only Anglo's asset portfolio but also changed Anglo's organizational culture.

Cutifani emphasized a culture of performance within Anglo. Through restructuring Anglo's portfolio, he aimed to create a higher level of efficiency within the company, but this needed to be accompanied with a culture of efficiency (McKay, 2015). Speaking in terms of the operations in Anglo's portfolio, Cutifani stated in an interview that "if you can't deliver, you won't survive in the portfolio", (Kayakiran, 2014). This statement demonstrates that poor performance in the company was not to be tolerated under his leadership.

In another speech, he further went on to speak about three aspects of mining, which form a crucial role in the success of a business. These included innovation, sustainability and resilience (Cutifani, 2017). He stated the importance of creating a culture which incorporates each of these elements to create a successful business operation (Cutifani, 2017). Innovation through the use of current technologies to improve safety and efficiency. Cutifani emphasized the importance of sustainable business practises to not only create beneficial future relationships, but noted that in entering a period of limited resources, sustainable business practises were vital (Cutifani, 2017). He made this point with the statement, "to earn profits, but to earn them in such a way as to make a real and permanent contribution to the well-being of the people" (Cutifani, 2017).

4.3.2.3. Emphasizing ethical practises

During interviews Cutifani did not speak directly on the matter of ethical practises. However, Anglo American carried out ethical practises while conducting business. Cutifani focused primarily on the financial and operational performance of Anglo American. That being said, Anglo did employ ethical practises during business. Anglo abides to policies ensuring sustainable practises in the jurisdictions in which they operate, one of which being the King Code (AngloAmerican, 2017a).

4.3.2.4. Managing the firms resource portfolio

After a poor commodity cycle, Anglo American had to reshape their portfolio to counter low commodity prices, while at the same time facing unfavourable conditions in a South African context. These included regulatory uncertainty, militant trade unions, skills shortages, power and rail constraints and ageing ore bodies (Mathews, 2013). Cutifani noted that the company

would now focus primarily on copper, diamonds and platinum and sell their remaining costlier operations to lower their debt and create more attractive earnings for investors (Mathews, 2013). Multiple sales have been made to lower costs and create a more efficient organisation in terms of cost and productivity. These included coal operation sales in Australia, niobium and phosphates business, its 100% sale of Amapa Iron Ore and South African platinum operations. Cutifani’s strategy decreased Anglo’s debt from above \$10bn to a target of \$7bn which should be achieved by the end of 2017 (Yeomans, 2017). The strategy to create a smaller, more efficient portfolio in terms of assets was geared to combat a future that is going to be short of food, water, energy and the commodities that support infrastructural development (Mathews, 2013). Cutifani believes that a resource portfolio of this nature will be better suited for the future economic climate (Mathews, 2013).

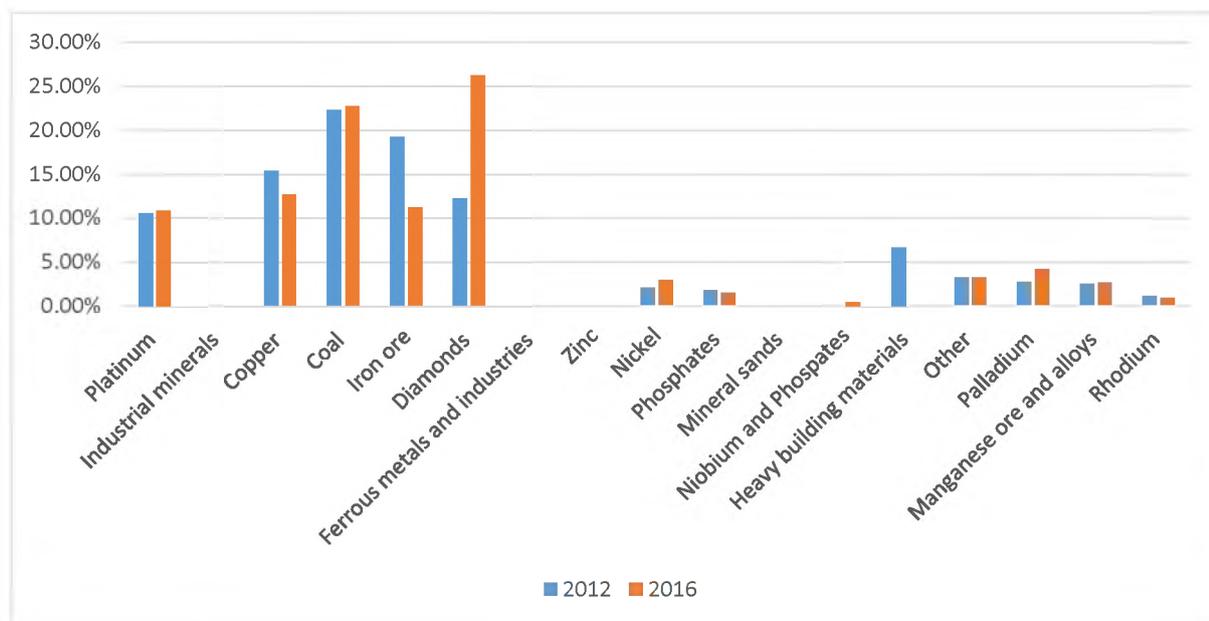


Figure 6: A comparison of Anglo American’s revenue by product during 2012 and 2016

Mark Cutifani stated that he planned to focus primarily on copper, diamonds and platinum and sell off other underperforming assets. As it is shown in Figure 6, he has focussed on these three commodities, however, it is evident that coal and iron ore still constitute a large portion of Anglo American’s revenue stream. This was as a result of the rebounding commodities prices which changed the decision to sell off iron ore and coal mines. Anglo then benefitted from this decision, as many of their previously unprofitable assets became profitable due to rising commodity prices (Biesheuvel & Crowley, 2016). Although this is the current position of Anglo American, Mark Cutifani has still not carried out his full length of tenure. In a statement,

Cutifani made it clear that the vision to further streamline Anglo's operation will continue in the light of fluctuating commodity prices (Els, 2016).

4.3.2.5. Establishing balanced controls

It was clear from soon after his appointment that Cutifani's primary goal for Anglo was to enhance its financial performance. This was in reaction to Anglo underperforming in comparison to its peers, in the preceding years. Cutifani continued the trend of concentration, globalization and streamlining Anglo's Assets with an increased focus on the financial betterment of the company. Cutifani has implemented this strategy through selling off multiple assets. He plans to sell a further 29 assets to lower Anglo's asset base to 16 core assets (Shabalala, 2016). This will include lowering Anglo's workforce from 128 000 to 78 000. Cutifani has stated that currently Anglo is producing more now than three years ago with 40 percent less assets and 40 percent less people while decreasing costs by approximately 30% (Shabalala, 2016).

4.3.3. Section Summary

When analysing both CEO's, a pattern arises in that there are certain strategies which continued from one CEO to the next. There are also strategies which may be contrasted between both CEO's. Cynthia Carroll's collection of strategies comprised primarily of streamlining Anglo American, creating sustainability and dialogue, divesting, improving Anglo's safety record and concentrating on valuable assets. On the other hand, Cutifani has focused primarily on restructuring the organisation to improve financial performance, creating a culture of performance and concentrating on performing assets. The following section will review both sets of strategy in greater detail.

4.4. A comparison of Mark Cutifani and Cynthia Carroll

The following comparison, which is summarised in Table 3, will examine both leaders in terms of strategy formulation, strategy implementation, organizational culture, ethics and resource portfolio and how each of them impacted these areas of Anglo American. To compare two

leaders of a firm who were CEO's through different periods proves a challenging task. This is firstly due to the fact that each CEO would have exercised leadership of the firm in accordance with their particular strategic imperatives. Also, the newly appointed CEO would have picked up where the previous CEO left off, leaving the new CEO with an organisation which would have differed from when the previous CEO was appointed, and creating new situational challenges. Secondly, both CEO's would have carried out their tenure during different periods, posing different challenges internally and externally to the organisation. In making the following comparison, these factors cannot be ignored. The following comparison will be divided into two parts. Section 4.4.1 will note the similarity in the roles which both CEO's displayed, and will therefore focus on the continuation of certain strategies. Section 4.4.2 will focus on aspects of their strategic leadership which differed between them.

4.4.1. Internationalisation, divestment and concentration

Both Cynthia Carroll and Mark Cutifani shared the similar goal of lessening Anglo's reliance on South Africa, concentrating Anglo's resource portfolio and investing on a global scale. Carroll demonstrated this through announcing Anglo's plans to invest \$40 billion on a global scale. She also acquired many assets out of South Africa. These included Minas Rio in Brazil, coal projects in Australia, an approximately 60% stake in a coal project in Mozambique, mine Los Broncos in Chile, and the Barro Alto mine in Brazil. She reduced Anglo's revenue stream from South Africa by approximately 15%. During Carroll's tenure, she divested approximately \$10 billion of non-core assets.

During Cutifani's tenure, he sold the Rustenburg platinum operation and the Union mine platinum operation to further decrease the amount of earnings Anglo Acquired from South Africa. At the beginning of 2017 he also announced Anglo's interest to purchase a copper mine in Peru during 2018, which would require a capital laydown of approximately \$5-6 billion. Since Cutifani has been appointed, there has been a further 5% reduction in revenue from South Africa. However, Cutifani's tenure has not ended and he has stated in interviews that he intends to continue his restructuring plan for Anglo American.

There are multiple possible reasons both CEO's are attempting to create a larger asset base outside of South Africa. These range from attracting foreign investors, input costs rising faster than inflation in South Africa, exposure to global markets, labour unrest, labour unions and unfavourable government policies (Seccombe, 2017; Spector, 2012; Ibrahim, 2012).

Furthermore, during Carroll's tenure, she introduced an initiative to streamline Anglo's operations. She did this by focusing on the core resources that Anglo mined and began to sell operations that did not fit this profile. Carroll focused on seven commodities which she believed would allow Anglo to achieve a competitive advantage in the future. These were copper, iron ore, platinum, metallurgical coal, diamonds, nickel and thermal coal. This translated into how the management responsible for each of these commodities were managed. Carroll also stripped away multiple levels of management thus improving the communication among the business sectors. Cutifani employed a similar strategy in that he aimed to focus on assets which he believed to provide a strategic advantage in the future. However, unlike Carroll, Cutifani has chosen to focus on only three core commodities. These include diamonds, copper and platinum. Cutifani aimed at reshaping the portfolio to accommodate fewer assets, which outperformed their counterparts. Cutifani employed such a strategy to counter high levels of debt and better operational performance in the face of economic uncertainty. Cutifani believes that a resource portfolio of this nature will be better suited for the future economic climate (Mathews, 2013).

Table 3: The strategic similarities between Cynthia Carroll and Mark Cutifani

Similarities	
Cynthia Carroll	Marck Cutifani
Internationalise	Internationalise
Both CEO's aimed at decreasing Anglo Americans reliance on South Africa through investing into assets on a global scale	
Divestment	Divestment
Both CEO's employed a strategy in which they sold of subsidiary assets which were not performing up to standard.	
Concentration	Concentration
Both CEO's, similarly to divestment, sold off underperforming assets to streamline the company's resource portfolio. This enhanced the performance of the company as only the best performing assets were kept.	

4.4.2. Shareholder versus stakeholder interests

As summarised in Table 4, how Carroll and Cutifani differed, was their outlook on financial performance. This may be seen as the distinction between shareholder and stakeholder relations. What is realised through further research, is the emphasis both CEO's placed on certain aspects of the company. Carroll focused on aspects concerned primarily with safety, corporate social responsibility and creating sustainable dialogue with governments and affected parties. Cutifani focused primarily on the financial aspects of the firm in an attempt to recover its lagging share performance in comparison to its peers.

During media interviews, Carroll emphasized the importance she placed on safety and dialogue with governments and affected communities. Carroll emphasized safety as a result of a high fatality rate in Anglo's operations and focused on improving dialogue with stakeholder's due to Anglo's poor reputation with stakeholders prior to her appointment (Carroll, 2010; Bawden, 2013). Carroll, also placed more emphasis than Cutifani on streamlining Anglo internally. She removed tiers of management to create a close knit operation within Anglo, greatly improving the communication among divisions within the company.

Carroll is prominently known for implementing her strategies to improve the safety record of Anglo American. This was seen during the shut-down of the Rustenburg platinum operation to overhaul the safety regulations. However, Carroll was also criticised for her decision to purchase the Brazilian Minas Rio operation which straddled the company with debt due to cost over-runs. Carroll also made the choice in buying back shares in Kumba Iron Ore at the top of the market during 2008 (Marais, 2012). She also encountered legal issues with a Chilean copper mine where Anglo was forced to sell a stake at a discounted price for \$2.8 billion (Ulmer & Ferraira-Marques, 2012).

Thus far during his tenure, Cutifani has been primarily financially orientated. During interviews, Cutifani speaks principally on the finances of Anglo American. At the time Carroll left Anglo, its share price lagged in relation to its peer's. This may be attributed to poor commodity prices; however, what shareholders and the media opposed was that Anglo

lagged in relation to its peers in terms of financial returns as reflected in the share price. This was primarily due to market sentiment, which is governed by how much confidence investors had in Anglo American. Due to this, when Cutifani was appointed, he made shareholder returns a priority within the business (Yeomans, 2017; Bawden, 2013).

Cutifani implemented a variety of strategies to improve the financial performance of Anglo American. Cutifani primary strategy to better the performance of Anglo was to sell underperforming assets which didn't suit his desired commodity mix, which consisted of diamonds, platinum and copper. The benefits of this were two-fold. Firstly, Anglo greatly reduced its debt and improved its efficiency, as they only kept the best performing assets. This therefore improved Anglo's financial performance and shareholder returns.

During Carroll's tenure, she bettered Anglo's performance in some areas, and others not. She successfully bettered the safety and dialogue between governments. She concentrated, invested globally and streamlined the company's assets. However, her performance was not balanced throughout. Due to events unforeseen by Carroll, she underperformed financially which impacted Anglo's revenue and return to shareholders. It was clear upon her appointment, that the market did not believe in her ability to lead Anglo Effectively. This was demonstrated by Anglo's market capitalisation dropping upon her appointment. Soon after, she purchased Minas Rio which further negated Anglo's financial performance due time delays and cost overruns. This further impacted Anglo's share performance negatively, in relation to its peers.

When Cutifani was appointed he saw it fit to develop and implement a strategy solely geared toward Anglos financial performance. This was in reaction to Anglo's poor financial performance in relation to its peers. In order to balance Anglo's performance, financial performance needed to be bettered. It may be assumed that the initiatives which were started during Carroll's tenure continued into Cutifani's tenure. However, for an organization to perform optimally, its performance must be balanced throughout its various sectors. Therefore, Cutifani attempted to balance out Anglo's performance by implementing strategies to better its financial performance.

Table 4: The strategic differences between Cynthia Carroll and Mark Cutifani

Differences	
Cynthia Carroll	Mark Cutifani
Shareholder interests	Stakeholder interests
During her tenure, Carroll was prominently known for her actions geared toward the stakeholder interests. She did this through implementing strategies to better safety, corporate social responsibility and create sustainable dialogue with governments and effected parties.	It is evident, that during Cutifani's tenure he has primarily focused on the share price of Anglo America. He has done this by selling underperforming assets, whilst, at the same time, using cash flow derived from these assets to lower Anglo American's debt.

4.5. Chapter Summary

Both Cutifani and Carroll differed in their strategic approach toward Anglo American. While Carroll concentrated on primarily improving dialogue with governments, stakeholders, streamlining the company, investing globally and sustainability, Cutifani concentrated primarily on the financial aspects of Anglo American. Both CEO's formulated and implemented strategies to combat areas of the business which they believed had been neglected.

Both CEO's addressed the issues which they believed were of concern when they were appointed. However, Carroll made decisions which created a negative stigma around her ability to lead a company. Most notably, was the purchase of Minas Rio in Brazil which cost the company billions and increased the debt of the company. She did however, better the safety record of Anglo, improve sustainable and ethical practises of Anglo and improved the dialogue with governments. Cutifani has lowered the debt of the company while improving the efficiency of Anglo with fewer operations thereby streamlining Anglo as a whole. In terms of employing balanced controls, Cynthia Carroll focused on the ethical aspects of the business as she believed these had been previously neglected. Although she bettered the company's safety and stakeholder engagement, Anglo's financial performance during her tenure underperformed in relation to its peers. In reaction to this, when Cutifani was appointed, the majority of his emphasis was focused on organizational performance in an attempt to address Anglo's financial performance.

It proves a challenging task to compare leaders who have led an organisation at different periods as they would have faced different challenges during their tenure. However, comparisons may be drawn in the manner in which they responded to certain situational events.

Chapter 5: Discussion

5.1. Introduction

The aim of the study was to describe how the roles of two CEO's of the same company differed, during different time periods. The study analysed and described these roles and how they changed between both CEO's in reaction to differing situations, and in the context of succession.

The literature acknowledges that changes in the top management of firms impact the performance of the organization. It is concerned primarily on how a firm is impacted once succession takes place in terms of financial performance, change in strategy and stockholder reaction (Shen & Cannella, 2002; Barron, *et al.*, 2011; Friedman & Singh, 1989).

Although their predisposition will largely influence the manner in which the incoming CEO acts, the literature has largely neglected the role the incoming CEO must fulfil once in their new position and how he/she steers the company once appointed. This takes form in the adaption of the strategic leadership roles which they carry out in the context of their new environment once succession has taken place.

The discussion will firstly describe the context each CEO was presented with during their appointment, it will then go onto describe how both CEO's dealt with the context in terms of the strategic roles they fulfilled. Due to their similarity in nature with the case concerned, strategy formulation and implementation will be grouped together.

5.2. Context during Cynthia Carroll's appointment

Upon her arrival, Carroll was faced with a variety of difficulties which created a challenging context for her to operate successfully in. At the time of her appointment, Anglo American operated with multiple commodities. It had been termed as a "bureaucratic sprawl", due to the number of divisions which operated under Anglo American (Bawden, 2013).

Anglo also faced multiple operating challenges in South Africa. The political instability of the South African economic environment, coupled with the threat of nationalization of Anglo's South African mines negated Anglo's competitiveness in terms of investor confidence (Ibrahim, 2012; Spector, 2012). Secondly, South African input costs were increasing at a rate

faster than inflation, thus slimming the profit margin of the company (Carroll, 2012b). And lastly, Carroll faced challenges in balancing the labour unions, labour unrest and government.

When operating with governments, communities and other stakeholders, Anglo was known for the lack of cooperativeness in certain instances (Parker, 2012). Due to their stubborn method of dealing with business, Anglo gained a reputation of a hard headed business.

At the time of Cynthia Carroll's appointment, much like other mining companies, Anglo had multiple deaths on their mines on an annual basis. However, this was seen to be normal in the mining industry due to the dangers that came with mining. As Anglo American had multiple stakeholders, one of its primary goals was to achieve optimal financial performance to satisfy its shareholders.

5.3. Context during Mark Cutifani's appointment

Mark Cutifani was faced with multiple challenges during his appointment. Some challenges continued throughout Carroll's tenure and were faced again by Cutifani during his tenure. These included the political instability of South Africa coupled with inflation hikes, rising input costs, labour union unrest and the threat of nationalisation.

During Cynthia Carroll's tenure, Anglo American experienced the 2008 global financial crisis, which had a devastating effect on commodity prices, ultimately impacting the financial performance of the company. During this time Anglo accrued debt and the costs of running operations increased (Shabalala, 2016). Increased debt and high costs thus negated the ability of Anglo to perform financially (Shabalala, 2016).

This left Anglo's financial performance not only underperforming, but also underperforming in relation to its peers. This may have been due to large subsidiary assets of Anglo American, which were not performing at an optimal level. These included Minas Rio, Kumba Iron Ore and the South African platinum mines (De Lange, 2013; Yeomans, 2017; Stoddard & Ferreira-Marques, 2013).

5.4. Strategy formulation/direction and implementation

Strategy formulation/direction comprises of developing a vision and mission, establishing long term objectives and generating appropriate strategies to achieve the goals (Azhar, *et al.*, 2012). Ireland and Hitt (1999) allude to the importance of effective strategy in the turbulent market environment of the current market place. Strategic implementation is the fundamental process of turning strategy into action. Strategy implementation has been argued by Jooste and Fourie (2009) to hold higher importance than strategy formulation.

5.4.1. Cynthia Carroll to Mark Cutifani

During Carroll's tenure, she primarily addressed four issues: bettering communication with governments, improving the poor safety record, streamlining Anglo and mitigating the risks posed by the poor operating conditions in South Africa. Soon after her appointment, she initiated strategies to improve these areas of the business which she felt were previously neglected. To overcome the disconnected subsidiaries which Anglo owned, Carroll concentrated on seven core commodities. This allowed Anglo to sell off underperforming assets while creating a more effective company. At the same time, Carroll eliminated tiers of management in an attempt to create a close knit organization, which operated on a more personal level.

To counter the poor operating conditions in South Africa, Carroll implemented a globalisation and divestment strategy, which additionally complemented her strategy to concentrate Anglo's resource portfolio. She lowered Anglo's revenue from South Africa by approximately 15% while increasing the revenue from four of the seven commodities which she initially strategized to concentrate on.

To better the communication between governments and stakeholders of Anglo, Carroll dealt with business dealings with an open and transparent approach. This was displayed in an interview where Carroll stated that Anglo's business partners were not accustomed to the way she acted during meetings (Carroll, 2010).

To improve the safety, Carroll's unorthodox strategy was to shut down a mine for seven weeks while restraining 30 000 employees. Such a bold action would have cost the company financial resources. However, closing down a mine of such calibre acted as a statement to the rest of the company. A statement of this nature conveyed her views on safety.

Throughout Carroll's tenure, she attempted to redefine the company's strategy and culture. She tailored her strategy to address the issues within the company which were of concern to her. This put Anglo on a trajectory, which in turn, begins to create a picture of Carroll's legacy. During Carroll's tenure, she concentrated Anglo's assets and bettered the communication between business units, she implemented her strategy to invest globally, she improved Anglo's dialogue with governments and she improved Anglo's safety record by approximately one third. Although Carroll bettered Anglo in the aforementioned aspects of the business, Anglo underperformed financially in relation to its peer's. Toward the end of Carroll's tenure, she faced ever increasing pressure from shareholders to resign as they did not believe she could lead Anglo to financial recovery.

After Cynthia Carroll's tenure, Anglo was financially underperforming in relation to its peers. Mark Cutifani, through forming a strategic vision, implementing these strategies and successfully managing Anglo's asset base, made it his objective to return profits to shareholders (Shabalala, 2016). In an interview, he made this clear by stating that "Shareholder returns must come first" (Yeomans, 2017). These were geared toward improving the trajectory of Anglo as it was not improving financially during Cynthia Carroll's tenure.

Cutifani responded to the context of the situation by implementing a variety of measures to better the financial performance of Anglo American. These included selling off multiple assets to further streamline the company and lower debt and costs, better the performance of three underperforming assets and further decrease Anglo's reliance on South Africa. Cutifani further concentrated Anglo's portfolio to focus on only three commodities, which included diamonds, platinum and copper.

Cutifani's focus was primarily on the financial performance of Anglo, this was directly translated into the strategies he implemented throughout his tenure. Thus far, Cutifani further plans to retain only 16 assets from 45 which Anglo owned in 2016.

Similarly, to Carroll, Cutifani continued the strategy which entailed further internationalisation, divestment and concentration of assets. This was in reaction to unfavourable operating conditions in South Africa while also attempting to create a more resilient asset portfolio to withstand the turbulence of the commodities market. In multiple interviews Cutifani has made statements about the uncompetitive economic landscape of South Africa (Seccombe, 2016; Le Cordeur, 2015). It was clear however, that Cutifani placed a higher degree of emphasis of the financial aspect of Anglo. In the majority of interviews with Mark Cutifani, he stressed the importance of organizational performance and financial returns to shareholders, thus creating a perception of a CEO who expected only high levels of performance throughout the business. Although Cutifani's tenure has not yet ended, his legacy will comprise of expecting high levels of performance while creating an intense focus on the financial performance of Anglo.

5.5. Organizational culture

Organizational culture refers to the ideologies, symbols and core values that are shared throughout the firm (Ireland & Hitt, 1999). As Whitehurst (2016) explains, organizational culture is largely influenced by the actions of the leader. It is therefore imperative that the leader leads by example to create a culture that aids the company in achieving their strategic objectives (Whitehurst, 2016).

5.6.2. Cynthia Carroll to Mark Cutifani

For Carroll's strategy and implementation to be successful, she needed to match Anglo's culture to her objectives (Seah, *et al.*, 2014). Carroll emphasized a culture of safety and stakeholder engagement within Anglo during her tenure. To exemplify her message, she closed down a platinum mine to be overhauled with regard to safety regulation. In the process, she fired multiple managers in the business as they did not fully agree with her view on the severity on safety. Seah *et al.*, (2014) elaborate on the importance that all levels of leadership within the business must believe in the vision and mission being carried out by the top leader. Hutzschenreuter *et al.*, (2012) puts forward a theory of internal impetus, which explains Carroll's ethical standpoint on creating a culture of safety. Internal impetus states

the concept of post succession change being influenced by factors residing within the new leader. Carroll had no obligation at the time to better the safety record of the company, however, from a personal ethical standpoint, she intervened with the course of action she took.

When Cutifani was appointed, Carroll had implemented resilient strategies to improve the safety of Anglo's mine, which did not need further attention from Cutifani. This meant that Cutifani could focus on other priorities and needed to attend to the issue to financial performance. Cutifani not only restructured Anglo's portfolio, but changed the organizational culture of the company to accommodate the change in strategy. As stated in McKay (2015), the culture of an organization must be matched with its strategy. Cutifani created an organizational culture of performance. In an interview he emphasized this point when he stated that "if you can't deliver, you won't survive in the portfolio" (Kayakiran, 2014).

5.6. Ethical behaviour

Ethical practises entail the moral conduct in which a leader carries out his/her duty. Many authors state that characteristics such as trustworthiness, integrity and honesty will play a role in the effectiveness of organizations in the 21st century (Ireland & Hitt, 1999; Trevino, *et al.*, 2000). Characteristics such as these will form the foundation upon which strategic decisions are made in terms of the strategic leadership role of instilling ethical practises.

5.6.1. Cynthia Carroll to Mark Cutifani

Carroll's ethical behaviour echoed further than purely improving the safety of Anglo American. She conducted herself in an ethical manner during business dealings which influenced the relationship between Anglo and its business partners. Carroll ensured that she conducted herself in a manner which conveyed "transparency and openness, with no hidden agendas" (Carroll, 2010).

From an ethical standpoint, the issue of safety was not at an acceptable level to Carroll, she therefore initiated change even though it cost Anglo financial resources. In conjunction to this, her business dealings emphasized her approach in relation to how she interacted with

business partners. Her ethos resonates with that of the definition of ethical behaviour put forward by Ireland and Hitt (1999) in that ethical behaviour entails the responsibility of trustworthiness, integrity and honesty. She employed this mentality when dealing with governments and communities which the company impacted. She aimed at improving the current situation of the surrounding communities as opposed to negatively effecting it (Carroll, 2010). Anglo has established multiple community outreach programmes in the locations in which they operate.

When Cutifani was appointed, Carroll had established mechanisms which ensured ethical practises within the business, which would continue during Cutifani's tenure. Instead Cutifani shifted his focus elsewhere in the business. Cutifani realised that for Anglo to remain competitive, he needed to shift his focus elsewhere in order to achieve this. He therefore shifted his energy toward the financial betterment of the company.

5.7. Resource portfolio management

Managing the firms resource portfolio refers to how the assets of a firm are managed (Wernerfelt, 1984). Examples of these may be machinery, capital, in house procedures and skilled personnel. Firms have multiple resources and the management of these prove critical in the success of the business (Amos, 2013). Strategic leaders must effectively manage the resource portfolio by structuring the portfolio according to its capabilities while implementing a strategy to leverage these capabilities to create a competitive advantage (Hitt, Ireland, Hoskisson, 2015).

5.7.1. Cynthia Carroll to Mark Cutifani

Carroll's strategy to streamline the company, decrease reliance on South and concentrate their commodity mix translated directly into how Anglo's resource portfolio was managed. She sold off multiple subsidiary companies and initiated the purchase of assets on a global scale. She was successful in that she lowered revenue derived from South African assets by approximately 15%. While also increasing the revenue in four of the seven commodities she initially strategized to focus on.

At the beginning of Cutifani's tenure, Carroll had already begun the process of streamlining, divestment and globalizing Anglo's assets. Cutifani continued this and sold further underperforming assets in an attempt focus on only three core commodities. Carroll spoke on improving the communication amongst Anglo's subsidiaries to improve performance. Cutifani emphasized the importance of performance in creating a resilient, optimal performance resource portfolio to withstand economic turbulence. Cutifani, similarly to Carroll, employed and implemented a strategy geared toward the internationalisation of Anglo's asset base.

5.7.2. Establishing balanced controls

Upon Carroll's appointment, she addressed issues which she believed to have been neglected previously in the organization. She successfully implemented nearly all of her strategies to better the performance of Anglo in the targeted areas. She bettered the safety record of Anglo, she bettered the communication between governments and stakeholders and she concentrated, globalised and divested multiple assets in Anglo's resource portfolio. However, during the process of globalization she purchased Minas Rio which cost Anglo millions, thus increasing the company's debt while lowering its revenue. This took place soon after Carroll's appointment, thus tarnishing the market sentiment toward her ability to successfully lead Anglo. Throughout Carroll's tenure, Anglo continued to underperform in relation to its peers. Finally, Carroll resigned, stating that her tenure at Anglo had run its course. However, prior to her resignation she had received pressure from shareholders to step down. In effect, during Carroll's tenure, Anglo's performance was not balanced as it lacked the element of financial performance. From the manner in which Cynthia Carroll played out her strategic leadership roles and how these impacted Anglo American, she forged a legacy for stakeholder engagement with an emphasis on ethical practises and safety.

Shortly after Cutifani was appointed, he implemented measures to better the financial performance of Anglo American. He did this by continuing to concentrate, globalise and divest Anglo's assets. However, to improve cash flow and lower debt, he concentrated on only three core commodities while selling off assets at a faster rate than Carroll. When Cutifani took over, Anglo's portfolio was not balanced in the sense that, Carroll had greatly improved its

ethical practises and stakeholder engagement, but underperformed financially. In essence, the practises that Carroll implemented would continue and did not need high levels of regulation. Therefore, Mark focused his effort on the areas which had lacked in performance in order to balance Anglo's organizational performance. This is clearly seen in the manner in which he carried out his strategic leadership roles in order to shift the trajectory of Anglo American. In the light of how Cutifani has carried out the strategic leadership roles, he is forging a legacy of a high performing organization, with a focus on improving financial performance.

5.8. Chapter Summary

It is acknowledged that a change in leadership is followed by a shift in organizational performance (Amos, 2013; Barron, *et al.*, 2011; Barwise & Papadakis, 2002; Ireland & Hitt, 1999; Hambrick & Mason, 1984). Quantitative studies have established that the predisposition of CEO's influences the outcome of the firm once succession has taken place, similarly, multiple quantitative studies have analysed the effect the type of succession has on a company (Shen & Cannella, 2002; Giambatista, *et al.*, 2005; Friedman & Singh, 1989). With that being said, the literature acknowledges that something happens at a symptoms level which is linked to the aforementioned variables, thus influencing organizational performance. However, it does not uncover how or why these changes take place within an organization. The aim of this study was to investigate the manner in which both CEOs played out their strategic leadership roles.

Although there has been limited qualitative research which focused on these roles, two studies were particularly relevant to the following research. These were Seah *et al.*, (2014) and Graetz (2000). Graetz (2000) carried out a cross scale analysis of three firms which underwent successful change. She then attributed the success of these changes to leaders effectively implementing instrumental and charismatic leadership which involved creating capacity for change, creating a vision and setting direction, leadership commitment, communicating the message and reinforcing and institutionalising the new behaviours (Graetz, 2000). Such research proves valuable in the light of the current study as it demonstrates how certain leaders effectively adapted to their surrounding environment by

implementing a variety of strategies to achieve their objectives. A similar study by Seah *et al.*, (2014) demonstrates the importance of aligning organizational culture with organizational strategy to successfully adapt and compete in the turbulent economic environment.

During Cynthia Carroll's tenure, she fulfilled her roles in response to key imperatives in her environment. She addressed issues within the firm which she believed to be priority areas. This resulted in her playing out her roles to address the issues of poor operating conditions in South Africa, disjointed subsidiaries owned by Anglo, poor communication with government and Anglo's safety record. During her tenure, Carroll directed Anglo's trajectory in accordance with the roles she carried out. She attended to the aforementioned issues within Anglo, however, during this time, the financial performance of Anglo began to lag behind its competitors.

This created a platform from which Cutifani had to operate from. From the manner in which he carried out his roles, it was apparent that he aimed to address the previously neglected issue of financial performance. Although Carroll concentrated, globalised and divested Anglo's assets, Cutifani continued this trend with an increased emphasis on lowering Anglo's debt and increasing its revenue. From how the media portrayed Cutifani and his response to certain questions during media interviews, it was clear that his primary objective was to provide returns to shareholders.

Both Carroll and Cutifani clearly shaped their legacy while leading Anglo. Cutifani focused his efforts on organizational performance, while Carroll demonstrated ethical behaviour with regard to sustainability and safety. It is clearly demonstrated that both these unique approaches shaped Anglo Americans trajectory, due to how the CEO's carried out their strategic leadership roles.

The contribution of the study therefore rests in the comparative element of how one CEO succeeded another. It demonstrated how leaders respond to the context of their environment and their predecessors, while shaping the trajectory of the organization in relation to how they fulfilled their strategic leadership roles.

Chapter 6: Conclusion

6.1. Introduction

The following chapter will summarize the key findings of the study and discuss the implications for management practice. It will then go on to discuss the limitations and delimitations of the research. Recommendations for further research in strategic leadership will then be presented.

6.2. Summary of the case study

The study set out to comparatively analyze two CEO's of the same firm during different periods. Both CEO's were investigated from the perspective of their strategic leadership roles, which allowed for a comparison of their behaviour.

The succession from one CEO served as the comparative element of the study, which allowed the researcher to contrast how both CEO's adapted to their environment and how they guided the trajectory of the company in the manner in which they carried out their strategic leadership roles. The study also took into account what both CEO's were confronted with at the start of their tenure and how this influenced how they carried out their leadership roles. It was found that Cynthia Carroll exercised her roles in a manner which addressed ethical and stakeholder engagement issues within the business. This was translated directly into how she guided the trajectory of the company. Upon appointment, Cutifani exercised his roles in a manner which addressed the organizational performance and financial well-being of the company, and the legacy that was left by Carroll. This translated directly into how he shaped Anglo's trajectory in an attempt to better its financial performance.

6.3. Implications for management practices

The findings of this study demonstrates how the type of CEO influenced how certain roles were carried out and how this, in turn, influenced the performance of the organization. Each CEO influenced Anglo American's direction according to how they exercised their strategic roles in the company. It was shown that Cynthia Carroll improved the stakeholder engagement, communication and safety within the company, demonstrating behaviour that

emphasized the importance of the ethics of a company. When the business had been carrying out its ethical practices effectively, but underperforming financially, Cutifani demonstrated the roles which would be geared toward resurrecting the organizational performance of the organization. Cutifani therefore displays appropriate leadership in the light of poor financial performance.

This insight may be applied to companies who have not balanced out their performance across all aspects of the business and need to target certain areas for improvement. Richardson (1994), observes that each leader brings a particular style, skill base and perspective to the job, and goes on to describe nine different prototypical leadership approaches that are adopted by leaders in response to certain circumstances that a business encounters over time. By implication, when selecting a successor, besides using the range of attributes that have been highlighted in quantitative studies, the organization needs to match the company trajectory with the type of leadership currently required.

If applied on a contextual basis, a CEO should be chosen if he/she has performed well in the division of the business where the current company is underperforming. This was demonstrated in the case of Anglo American where Carroll was chosen with the goal to streamline the company and better its safety record. During her tenure she carried out her strategic leadership roles in an attempt to address these issues within Anglo. Similarly, Cutifani had a proven ability of financial performance, and was thus chosen to address Anglo's financial situation. This may be applied to current company's when selecting a suitable successor.

6.4. Recommendations for further research

Although the study employed a qualitative methodology, no interviews were done. Due to the nature of the study, interviews would have been extremely difficult to obtain. Thus, the researcher was limited to the perspectives gained from online sources. Furthermore, some sources may have been subject to a certain level of bias. The exact agenda and potential bias of the media companies from which the information was gained, was not fully known. This may have led to a limited perspective in the research findings. Future research that

incorporates interviews with the CEO and other board members would provide a more comprehensive understanding of the role of strategic leaders, and how and why they are exercised.

The research delimited the issue of CEO predisposition that is reflected in proxy variables such as age, gender, whether the CEO was an insider or outsider, or the previous industry which the CEO operated in. Although it has been acknowledged in the literature that such predispositions do impact how a leader carries out his/her role as CEO, the research did not include these aspects in the investigation. This delimitation helped the researcher to concentrate on how the CEOs exercised their strategic leadership roles and how these were informed by, and interacted with, the environment. Nevertheless, future comparative research on how CEOs carry out their strategic leadership roles, could take these characteristics into account in the design of studies to see how the strategic roles would be affected.

Finally, this study has made a contribution by analyzing the strategic leadership roles of successive CEOs in one company. To extend the contribution of the current study, an adoption of the same research methodology may be applied to carry out similar studies in a broad spectrum of industries, in order to analyze how these roles are carried out in a variety of other companies. This will develop a greater understanding of how CEOs carry out their strategic leadership roles, and how this impacts the strategic trajectory of the business.

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