

# **DEVELOPING AN ORGANISATIONAL CULTURE IN SUPPORT OF ORGANISATIONAL CAPACITY FOR CHANGE: THE CASE OF A SOUTH AFRICAN BANK**

A thesis submitted in partial fulfilment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

of

**RHODES UNIVERSITY**

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**DECEMBER 2019**

## **ABSTRACT**

Business organisations are increasingly being exposed to challenging environmental pressures. It has been widely acknowledged and observed that an organisation that crafts an effective organisational culture should be well positioned to react to these threatening changes, and to proactively seize opportunities to adapt and learn. This research study seeks to investigate how an organisational culture that supports organisational capacity for change can be developed. It analyses what a banking organisation's espoused culture is made up of and how it was formulated. A thematic analysis of how the bank's aspirational and innovative culture contributes to the organisation's capacity for change is also presented.

Organisational management should take a leading role in developing the values and practices that foster participation, which are then imparted to the entire organisation. The research study thus only focused on analysing the development of organisational culture from the management perspective. An interpretivist research approach was adopted, with a case study design as the research method. Data was gathered through conducting personal interviews with twelve managers from a Retail and Business Banking cluster of one of the big South African banks.

Numerous interventions were employed in the organisation to develop espoused values, aspirational culture and to encourage all employees to champion innovations and constantly search for better ways to offer delighting value propositions to clients. The research findings can assist managers and organisational leaders in building their organisational capacity for change through developing an effective organisational culture that supports change initiatives. Since the research study only focused on analysing the development of organisational culture from the perspective of management, further research studies may involve employees as well, due to the fact that everyone is expected to take an active role for an organisation to display the overall capability to effectively respond to a progressively volatile environment. The research was able to reveal how key initiatives that are designed from theoretical constructs can be used to deliver on an innovative organisational culture that contributes to organisational capability for change.

**KEYWORDS:** Organisational change; organisational culture, organisational capacity for change, dynamic capabilities, resource-based theory.

## ***Declaration***

I declare that the Dissertation/Thesis entitled, Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank, which I hereby submit for the degree, Master of Business Administration at Rhodes University, is my own work. I also declare that this thesis/dissertation has not previously been submitted by me for a degree at this or any other tertiary institution and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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Howard Dhobha

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Date

## ***Acknowledgements***

I wish to express my profound gratitude to my supervisor, Prof Noel Pearse for the unwavering support and expert guidance throughout this research project. Without his incredible patience and encouragement this project wouldn't have been possible.

## ***Dedication***

To my late mom, for all her hard work and encouragement. You shall always remain a source of my inspiration.

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## ***List of Abbreviations***

**CIT**- Critical Incidence Technique

**L&D**- Learning and development

**OCC**- Organisational capacity for change

**CVF**- Competing values framework

**RBB**- Retail and Business Banking

**RBT**- Resources-based theory

# CHAPTER 1: Introduction and research overview

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## 1.1 Introduction

Every day in the life of any organisation, presents new challenges that have to be addressed, if the organisation is to remain relevant in the market in which it serves. The environment in which organisations operate is becoming increasingly complex and client sensitive (Heckmann, Steger and Dowling, 2016). This changing organisational environment means that organisations need to be nimble, agile and adaptable through redesigning work processes (Schein, 1992). Business restructuring, implementing artificial intelligence and process automations in the mainstream organisational functions, are being introduced to survive. Successful management of change is therefore considered a crucial factor for organisations to continue and remain competitive in the highly turbulent business environment (Lawler, 2007). How organisations can best cope with these volatile and rapidly changing and unpredictable business environments is receiving increased attention amongst both academics and organisational leaders (Heckmann *et al.*, 2016).

The mere mentioning of the need for change creates uncertainty due to the typical negative connotation associated with organisational change. The main reason is that many people, especially organisational employees, view organisational change as associated with restructuring, retrenchments, and the introduction of information technology that renders their roles redundant (Martins and Martins;2002). There is thus a need to change this general view so that the change initiatives implemented are embraced by the entire organisation. Lawler and Worley (2011) observed that as organisations are constantly exposed to the constant competitive pressures that require them to change, they are mandated to appreciate the requirement to construct an effective capacity for change that is anchored in the organisation's culture. The current study thus attempts to add to the existing body of knowledge by analysing, through a case study of an organisation in the banking industry, how an organisational culture that supports organisational capacity for change can be developed.

With the increasing turbulence and uncertainty in the business environment, there has been an increase in studies focusing on getting a deeper understanding of organisational change. Kotter (2002), suggested that organisational change, rather than being just a rational activity, is mainly

about matters of the heart, and not the head. An attempt is thus sought to investigate how some “soft” processes can be used to establish a values-based organisation-wide readiness for behaviour change (Armenakis, Harris and Mossholder, 1993). McGuinness and Morgan (2005) concurred with this idea by also noting that the ability to shape and construct the capability for incessant change is found in the organisational culture, because it is the unanimity of purpose that is obtained from a strong organisational culture that builds cohesiveness, loyalty and generates innovative ideas. One unknown that remains to be revealed from a number of previous researchers is how can the organisation culture – or the basic values that are expected to be shared by organisational members - be best entrenched in everyone. Day (1999) as cited by McGuinness *et al.*, (2005) postulated that the responsibility for instilling an organisation-wide agreement on the need for change is best achieved by leadership. Senior managers are therefore the research subjects for this current study.

Before delving into the examination of how organisational culture supports the capacity for organisational change, specific components of organisational culture must be analysed to appreciate how such constructs of organisational culture are shaped, implemented and nurtured in a manner that supports the organisation’s capacity for change. This is because there is a misconstrued view that should be debunked or at least balanced, where organisational culture is seen to either stimulate or hinder the creativity that is necessary to adapt the organisation to the changing environment (Tushman and O’Reilly, 1997). There are a multitude of definitions for organisational culture, however in essence the overarching idea is that, it relates to a pattern of deeply and distinctly held beliefs and values that are usually observed as the most acceptable ways of solving problems in an organisation (Ahmed,1998). These deeply rooted set of values and beliefs provide norms of behaviour in the organisation (Slater and Narver, 1995). Organisational culture is also seen as the glue that binds together people and processes to deliver the desired results (Artkinson, 1990). This points to the very reason organisational culture issues are increasingly becoming important as a source of strategic competitive advantage (Martins *et al.*,2002). To remain competitive, however, organisations should implement drastic changes in strategy, technology and working systems. These changes are also observed by Martins *et al.*, (2002) to require an in-depth analysis of the values, beliefs and behaviour patterns that guide day-to-day organisational performance.

In the midst of change, organisations and their management are striving to promote their espoused values, as well as encourage creativity and innovation as part of their response to the demands for constant change (Martins et al. 2002). Judge, Fryxell, and Dooley (1997) also

agreed that organisational culture contributes to the degree to which innovative behaviour is found amongst employees. In the context of the growing importance that the role of an innovative organisational culture plays in the organisational change process, there is a need for research to examine the specific forms of organisational culture that will make an organisation capable of adapting to the constant change in its business environment. There is therefore a need to analyse how an organisational culture which supports the capacity for change is developed.

## **1.2 Background to the study**

In the financial services sector, where disruptive innovation is now the norm (Au and Kauffmann, 2008), it becomes essential to possess distinct resources such as an innovative organisational culture, which can create a sustainable competitive advantage. The banking sector has been chosen as the context in which this study is to be carried out. Significant disruptive innovations are being experienced in the South African financial services sector. Non-traditional banking players in the form of insurance companies and telecommunication companies have been expressing interest in offering money transfer services (Businesstech, 2017). Digital solutions, low-cost operating models and supply chain integration by up-and-coming disruptors like Capitec, Discovery, Tyme Digital and Bank Zero, have posed a growing threat to the established institutions in the banking industry (PwC, 2017). PwC (2017), further noted that the traditional big four banks of ABSA, Nedbank, Standard Bank, and First National Bank, are continuously finding new ways to enable them to stay relevant and competitive in the market.

The senior management in these traditional banks are expected to take leading roles in formulating values that are core to the strategies and practices and are observed by every employee in the organisation (Schein, 1986). This will ensure that their organisations develop the capabilities to adapt to these threats and even take advantage of opportunities presented by the changes in the market. In that context, the current research is only centred on the management within the organisation, and not lower level employees. The major banks operating in South Africa are always looking for possible initiatives to reduce their cost base, so that they can provide services to their clients at competitive charges (Businesstech, 2018). In line with this, restructuring of operations has become the norm, as information technology and artificial intelligence are being taken on board as part of the new ways of work

(Businessday, 2019). Organisational change in the banking sector in South Africa has become an everyday occurrence.

### **1.3 Problem statement and research questions**

The research problem this current study proposes to investigate, is to explore how an organisational culture that supports organisational capacity for change can be developed. The research seeks to achieve the following objectives:

1. To describe the espoused culture of the bank and explain how this was formulated by the management of the bank as their espoused culture.
2. To explain how the aspirational culture of the bank has been developed.
3. To analyse how the bank has developed an innovative organisational culture that has contributed to the organisation's capacity for change.

The research study also pursues to answer the following:

1. What makes up the espoused culture of the bank, and how has it been it formulated by the management for it to be widely adopted as the organisation's espoused culture?
2. Is there an aspirational culture in place that has been developed to support the bank's capacity for change?
3. Has the bank developed an innovative organisational culture that contributes to the organisation's capacity for change?

### **1.4 Overview of the methodological approach**

The research adopts an interpretivist approach, with a case study design as the research method, and using personal interviews and the analysis of documents from the banking institution as data collection techniques. An interpretivist approach will enable a deep understanding of the phenomena being investigated, while acknowledging the subjectivity of the information obtained (Darke, Shanks and Broadbent; 1998).

The Critical Incident Technique (CIT) was selected as the data collection method for the research study. This was mainly for reason of trying to minimise the risks associated with interviewing. In line with other researches, however a modified approach to the CIT was found to be appropriate so as to specifically match with the concepts under study. This means the

organisational cultural focus was thus widened to include espoused culture, aspirational culture and innovative culture. A sample of twelve interviewees was selected using convenient sampling, with the use of the emailing list for business unit heads obtained from the bank's email address book, as the basis for approaching prospective interviewees. A purposive sample with managers from the main departments of the financial institution was obtained. The bank's integrated reports for the previous three years were also analysed. These were obtained from the organisation's website. The integrated reports provided invaluable information pertaining to the business and financial strategies, as well as entrenched espoused organisational values.

### **1.5 Research contribution**

The current research study builds on well-established resource-based theory (RBT) and organisational culture and aims to extend this in line with the current business environmental developments. It also brings in valuable constructs to the already existing body of knowledge so that not only business leaders in the banking sector, but also in all other various types of organisations can learn on how to fulfil their strategic mandates through the building and reshaping of a resilient organisational culture. Managers can then be able to implement change processes that are shared widely and deeply in the entire organisation (McGuinness *et al.*, 2005). The current research project also enables business leaders to concentrate on taking a proactive rather than a reactive approach to the organisational change process, thereby creating a competitive advantage (Judge *et al.*, 2015).

Few studies have been directed towards the investigating of values, preferences and norms that supports the capacity for change, especially in the South African context where the banking sector has been turned into a red-sea, which reflects a market that is not growing but with an increasing entry of new players in the industry (Kooyman, 2019). There is thus an opportunity to fill in this knowledge gap, to understand better how an organisational culture that contributes to organisational capacity for change is developed. From this current study, it is also possible for managers, employees and scholars at large, to enhance their understanding of organisational culture and change.

### **1.6 Thesis structure**

Outlined below is an overview of how the current research study is structured and organised

#### Chapter One

Chapter one has provided an introduction to the topic area and the discipline of the current study. It has also outlined the research problem and covered the research questions together with the research objectives for this study. The expected contribution of this current study to the already existing body of knowledge was also noted.

## Chapter Two

This chapter is a literature review that reflects on several studies within organisational change and have investigated how organisational culture that determines an organisation's innovativeness and contributes to capacity for change can be developed.

## Chapter Three

Chapter three outlines the research design and the methodological approach that was adopted for the current study. Data sources and data collection methods as well as the selection criteria for the participants in the research study are also covered. The list of questions used in the semi-structured interviews are presented in this chapter as well. Current research bias and limitations are also outlined. The chapter further outlines the ethical considerations that were noted throughout the current research study.

## Chapter Four

Chapter four presents the findings for the current research study.

## Chapter Five

The chapter provides a discussion of the findings and link these to the research objectives and the broader purpose of the research study.

## Chapter Six

This chapter articulates the research contribution and provides recommendations for management practise as well as for future research work.



# CHAPTER 2: Review of Literature

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## 2.1 Introduction

This chapter outlines the relevant literature on organisational change, organisational capacity for change and organisational culture in the context of organisational change. A literature review was conducted to get a deeper understanding and broader insight into how organisations develop and deploy organisational culture during the organisational change processes. A thorough examination of the relevant literature led the researcher into identifying a gap in the existing literature. This essentially aided in coming up with a narrower research focus.

### 2.1.1 2.1.1 Research subject

There has been increasing interest in researchers to explore the concept of organisational capacity for change, as one of the observed constructs that can lead to successful implementation of any organisational change process. The relationship between organisational culture and organisational change is of paramount importance especially in the context of the dynamic nature of the modern environment in which businesses operate. It has been realised that within the South African context the financial services industry, and in particular the banking sector, has of late been experiencing one of the most complex business environments (Moneyweb, 2019). There have been new players expressing interest to move into the already fiercely competed market, which also has not been growing, due to economic pressures experienced by customers (PwC, 2017). The established banks are continuously implementing restructuring initiatives so that they can realise optimal operating efficiencies that can create positive and impactful client experiences and service excellence in a fast evolving, competitive global environment with tough economic conditions (Informationweek, 2018).

A review of organisational change literature has revealed the close relationship that exists between organisational capacity for change and organisational culture. The dynamic nature of the technological, social and economic environments also demand that organisations possess the capacity to implement organisational change. Organisational culture influences the behaviours, values and beliefs in an organisation, which can impact the capacity that an organisation as a whole can have to implement change (Hartmann, 2006). The research therefore intended to analyse the role of organisational culture in supporting organisational

capacity for change (OCC). This chapter reveals the research studies done to this end around the OCC, and how organisational culture can contribute to OCC.

## **2.2 The nature of organisational change**

In the face of a myriad of perspectives around organisational change, there is still increasing interest to further explore how organisations can best deal with the evolving and rapidly changing business environments in which they operate (Heckmann, Steger and Dowling, 2016; Judge & Elenkov, 2005; Worley and Lawler, 2009). Amongst a number of these researchers it has come out that organisations need to develop their capacity for agility, flexibility and innovation (Judge, Hu, Gabrielsson, Talaulicar, Witt, Zattoni, Chen, Rivas and Kibler, 2015). Organisational capacity for change has emerged as a significant new construct that enables effective organisational change (Judge & Elenkov, 2009). Before delving into the detailed analysis of the OCC construct and how can this be achieved, it is important to highlight how OCC is related to the broader concept of organisational change.

Previous research studies on organisational change agree on certain issues about the nature and form of organisational change. Firstly, change itself has been observed to be happening at an alarming speed and momentum (Kotter, 1996; Burnes, 2004). This means organisations are facing increased speed, complexity and the unpredictability of change (Kotter, 1996; Burnes, 2004 and Miller 2004). Thus, secondly, the ability to manage this change in organisations has become increasingly critical for organisational survival and success in a highly competitive business environment (Lawler, 2007; Heckmann *et al.*, 2016).

The above-mentioned issues have led to the high failure rate of organisational change initiatives (Jones, Jimmieson and Griffiths; 2005). Day (1999) and Burnes (2004) observed that there is more than a two-thirds failure rate of organisational change initiatives. It was noted by Jones *et al.*, (2005) that while failure of planned organisational change may be due to many factors, few are as critical as employees' attitudes towards the change event. They further submitted that employees' perceptions of an organisational culture that is strong in employee relations and open systems values, presents a greater contribution to capacity for change, which in turn leads to successful implementation of change process. In the same vein, Schein (1988, 1999), argued that the reason for so many change efforts failing is the inability to effectively unfreeze and create capacity for change, before attempting to change. In contrast to this notion, Lawler and Worley (2006) argued that organisational change may fail because the change is based on equilibrium assumptions. For example, the well-known Lewin's (1947) three- step process of

unfreezing-moving-refreezing, suggests that organisations exist in some form of equilibrium before disruption occurs. In fact, organisations are in a mode of incessant, unpredictable change. Change is thus ongoing. This reveals that change in today's organisational environment is not that clear-cut and steady (Jones *et al.*, 2005; Heckmann *et al.*, 2016). It therefore takes only organisations that resource themselves with the capacity to adapt and reconfigure to withstand failure. It is what the current study intends to examine how the capability for change can be developed.

Amernakis and Harris (2001) proffered that implementing organisational change is one of the most important topics, yet it is also one of the least understood by organisational leaders. In line with this, Judge *et al.*, (2005) suggested that the organisational leadership's task is to enhance an organisation's capacity for change. This can be achieved through identifying and developing resources that can be renewed and bundled in a manner that delivers dynamic capabilities (Teece, 2007). The dynamic capabilities concept, which is built on resources-based theory postulates that an appropriate leveraging of dynamic capabilities has a positive effect on the organisation in a dynamic environment (Lin and Tsai, 2016).

### **2.3 Resource-based Theory**

The resource-based theory (RBT), which was propounded by Wernerfelt (1984) and later popularised by Barney (1991), put great emphasis on resources and capabilities as the starting point for an organisation's competitive advantage. The proponents of the RBT argued that simultaneously valuable, rare, inimitable and non-substitutable (VRIN) resources can be a source of superior performance and may enable an organisation to achieve sustained competitive advantage (Barney, 1991). These resources have an influence on the sort of market that the organisation can serve and the level of return that can be obtained from such a market (Wernerfelt, 1989).

Whilst recognising the lack of standardised nomenclature on resources, Galbreath (2004) classified resources into two main distinct categories of tangible and intangible resources. Galbreath (2004) posited tangible resources are those containing financial and physical value as measured by a company's balance sheet. The intangible resources were suggested as those non-physical in nature and cannot be included in the company's balance sheet (Galbreath, 2004). Hall (1993) suggested that if the intangible resource is something that an organisation has, it is an asset for example the various intellectual property assets; and if it is what the organisation does, the intangible resources are the capabilities. It is against this theoretical

background that organisational culture as a reflection of the routines that are carried out tacitly by organisational employees, it can act as a critical facilitation in the organisation's adaptation to changes in the business environment (Galbreath, 2004), and can deliver competitive advantages to the organisation in episodes of never ending change (Teece, 2007).

The resource advantage has been noted as an essential but not sufficient condition for an organisation's competitive advantage (Zahra, Sapienza and Davidson; 2006). The organisation needs to further possess distinctive capabilities to make better use of its resources (Penrose, 1959). The dynamic capabilities concept thus emerged to enhance the RBT (Teece, 1997; Zahra *et al.*, 2006). The dynamic capabilities added more value to the RBT, as they transform what is seemingly a static view into one that can encompass competitive advantages in a dynamic context (Barney, 2001).

#### **2.4 Organisational dynamic capabilities**

Winter (2003) defined dynamic capabilities as the configuring of a firm's resources and routines in a manner envisioned and deemed appropriate by the management to deliver an organisation's strategic intent. Dynamic capabilities have also been defined by Teece, Pisano and Shuen (1997) as the capacity to renew capabilities so as to conform to the changing business environment by adapting, integrating and reconfiguring internal and external organisational skills, resources and functional competencies. It is this definition that has been adopted for the current research study, as it gives the motivation to investigate further how such capabilities can be developed so that they can support the capacity for the organisation to adapt to the changing internal and external business environment. It is widely noted that dynamic capabilities resemble organisational change process (Winter, 2003), since the dynamic capabilities governs the rate of change in an organisation (Teece, 2007). Research however is not so clear on how organisations may develop the dynamic capabilities that can enable it to take some proactive action towards organisational change.

Zahra *et al.*, (2006) observed that the possession of dynamic capabilities per se does not guarantee exceptional organisational performance. Dynamic capabilities must be well targeted and deployed for an organisation to achieve its strategic goals (Winter, 2003). This is because the dynamic capabilities should seek to adapt an organisation's resources to the evolving customer demands and market trends (Teece, 2007). Dynamic capabilities allow an organisation to build its capacity to respond to change by altering operational capabilities (Winter, 2003). Drawing on the dynamic capability theory, the organisational capacity for

change is of paramount importance in the dynamic and fast-paced business environments in which quick and effective organisational change would determine an organisation's future survival and success (Lawler *et al.*, 2006).

## **2.5 Organisational capacity for change**

Organisational capacity for change (OCC) is a broad and dynamic organisational capability that allows an organisation to continually reconfigure and adapt its old capabilities to changing situations as well as to create new capabilities, (Judge, 2011; Klarner, Probst and Soparnot, 2008). It is thus because of this view that OCC is an organisational dynamic capability, as it enables organisational adaptation to threats and opportunities that are posed by the business environment (Judge *et al.*, 2005). This reflects that the OCC must be supported by those elements that can be configured to be in line with environmental changes. Drawing from this, OCC is viewed to be of special importance in dynamic and fast-paced environments in which quick and effective organisational changes are decisive for an organisation's future survival and success (Lawler, 2006). Judge *et al.*, (2005), further argued that OCC is an attempt to characterise the overarching nature of the RBT's notion of dynamic capabilities for a specific organisation.

McGuinness and Morgan (2005) highlighted that OCC is a multi-component formative construct that represents an organisation's capability of implementing incessant change, through leading and managing a cascading series of interrelated change initiatives. Judge and Douglas (2009) noted that OCC is similar with other change constructs such as readiness for change, but unique in its own right as it describes the organisation's collective, and not individual, readiness for change. A similar viewpoint was also suggested by Cunningham, Cristel, Shannon, McInstosh, Lendrum and Rosenbloom (2002). Soparnot (2011) also described OCC as a dynamic capacity, which is an organisational aptitude that enables the mobilisation of various resources and links them to the change process, with the view of renewing the characteristics of the organisation. The linkages are believed to be achieved through procedures such as communication and training of the employees in the organisation (Quinn, 1988).

## **2.6 Organisational culture in the context of change**

There are a multitude of definitions for organisational culture, however in essence the most overarching idea is that, it relates to a pattern of deeply and distinctly held beliefs and values that are usually observed as the most acceptable way of solving problems in an organisation.

(Ahmed,1998). Janicijevic (2013) upholds the idea that organisational culture creates a frame of reference in which an organisation's management engages in the process of decision-making. Organisational culture is dynamic and created by interactions with others, and is largely shaped by leadership behaviour (Schein, 2006). Thus, the pattern of assumptions, values and norms that may have worked well in the past, are passed on to new members within the organisation (Ortega-Parra, 2013).

Organisational culture is vital in redesigning capabilities that determine how ready the organisation is to impending change (Jones *et al.*, 2005). Judge *et al.*, (2005) also concurred to this notion by stating that organisations that optimise their OCC should be well positioned to react to any form of change, and can proactively seize opportunities to adapt, learn and innovate.

Using RBT, Judge *et al.*, (2005) sought to analyse the relationship between an organisation's capacity for change and its environmental performance within Bulgarian companies. Their study looked at organisational change in the context of how unbalanced and unsustainable growth cause environmental degradation, the depletion of natural resources and pollution of the environment. Judge *et al.*, (2005) noted a positive association between OCC and environmental performance.

### **2.6.1 Innovative organisational culture**

An innovative organisational culture can help an organisation to succeed in the market place in which it serves (Ahmed, 1998). This means that managers have to be actively involved in developing a supportive culture that makes it easy to implement innovation strategies. Denison and Mishra (1995) identified adaptability as a cultural trait associated with cultural effectiveness and noted that it is positively related to organisational effectiveness. Organisational culture may therefore have an influence on organisational capacity for change. However, there has been little research conducted especially in the developing economies to explain how culture may influence organisational capacity for change (OCC), especially in a client sensitive and rapidly changing environment. A client sensitive environment in the banking sector has been described as one where banks are expected to adapt the core product offering to suit the clients' needs and deliver a product that is offered with additional services such as rewards and financial advice, which is carried out through increased engagements using online platforms and social media (PwC, 2017).

While there is consensus that organisational culture is an important determinant of organisational innovativeness (Barney, 1986; Tucker, 2002), it has been observed that it is rather difficult to change organisational culture (Tucker, 2002). Dombrowski *et al.*, (2007) noted that organisational culture elements that aid in the change process are easily deployed if the organisation's culture is well understood to identify the specific areas that can effectively influence the change process. The current research study sought to investigate how some of these elements were developed for an organisation to have an innovative organisational culture. Table 2.1 below presents elements of innovative culture as suggested by Dombrowski *et al.*, (2007).

### **2.6.2 Espoused and aspirational organisational culture**

It is vital at this point to differentiate between espoused and aspirational culture. Schein (1983) submitted that espoused culture refers to values that are supposed to create a particular image for an organisation, are explicitly stated in company documents and media, and that describe company principles and ethics. Jaakson (2010) observed that these clearly stated values are there for all organisational members and are shared with other external stakeholders. On the other hand, aspirational values are those that a company needs to succeed in the future but currently lacks (Lencioni, 2002). Consequently, the espoused and aspirational cultures need to be aligned to what the organisation intends to achieve, and in response to the specific environment in which it is operating. Lencioni (2002) further noted that aspirational values should be well managed to avoid being confused with the organisation's core values. The responsibility to clarify these values has been noted by Schein (1983) to specifically rest with the organisation's management, as they can espouse the values that members of the whole organisation should embrace.

Based on this theoretical background on organisational culture, it is evident that organisational culture adopted in an organisation play a significant role in reshaping its capabilities for change (Martins *et al.*, 2002; Jones *et al.*, 2005). Weiss (2001) also posited that organisational culture determines the way policies and best practices are communicated, understood and accepted or rejected. It is that unity of purpose which is obtained from a strong organisational culture that builds the loyalty, cohesiveness and the commitment to oneness as the organisation strives to remain relevant in the ever-changing and volatile environment. McGuinness *et al.*, (2005) assented to this by stating that it is in the basic values shared by members of an organisation where the foundation for incessant change resides. This foundation can only exist if there is a

compelling reason why incessant change is necessary for organisational success; and should be communicated widely and convincingly to all organisational members (Kotter, 1996). It is therefore proposed that leadership plays a pivotal role in communicating and inculcating the values for change reinforcement (Martins *et al.*, 2002).

Some research has been done to analyse how organisations implement some shared values to guide the direction of the organisation (Judge, 2011; Jaakson, 2010). This has revealed that organisation's leaders must develop and espouse the desired values to employees. Buchko (2007) posits that espoused values, which are an enduring system of beliefs in an organisation, take precedence over the individuals who populate the organisation. These espoused values represent the intent of the organisation to operate in particular ways and to encourage particular behaviours from organisational members (Bourne, Jenkins and Parry, 2019). It was also submitted by Kabanoff and Daly (2002) that espoused values reflect what senior managers believe their organisation to be like or, what they would like critical stakeholders to believe their organisation is like. This highlights the public nature of espoused values and also reflects that senior managers are likely to observe the existence of cultural norms but emphasise more socially desirable norms when they develop espoused culture (Bourne *et al.*, 2019). The current research thus attempts to analyse and explain how the espoused values were formulated by the management.



**Table 2.1: Elements of innovative cultures**

	<b>Innovative mission and vision statements</b>	<b>Democratic communication</b>	<b>Safe spaces</b>	<b>Flexibility</b>	<b>Collaboration</b>	<b>Boundary spanning</b>	<b>Incentives</b>	<b>Leadership</b>
<b>Typical Emphasis</b>	Single organisational goal	Participation by employees	Teams or units with resources and facilitation	Open mindedness and questioning of protocol and procedures	Communication and joint problem solving	Collaboration across various organisational boundaries	No spot bonuses, every employee has innovative responsibility	Successful innovations need champions who can manage innovation from ideas to successful commercialisation
<b>Pitfalls</b>	Departments may have their own agenda and may not identify with the mission and vision statements	Desire for security may lead to risk-aversion	Innovation diffusion more difficult	Lack of deep, expert knowledge	Experts may spend more time teaching than working on their own projects	Challenge is in developing employees to be successful boundary spanners	Annual reviews may be too far away to motivate employees	Idea sponsors may not see merit in the innovative idea
<b>Most encouraged type of innovation</b>	All	Incremental or modular	Radical or modular	Incremental	All	Incremental	All	Usually radical, through incremental innovations may need champions too

Source: Adapted from Dombrowski *et al.*, (2007), page 03

## 2.7 Organisational culture for adaptable change

The analysis of organisational culture mainly focused on values (Jones *et al.*, 2005). The current study adopts a similar approach in the analysis of organisational culture. Based on this theoretical background, Quinn, Hildebrandt, Rogers and Thompson (1991); and Quinn and Rohrbaugh (1981) used the notion of values to develop the competing values framework (CVF) which is presented in Figure 2.1 below. The CVF revealed how an organisation's values system influence the change process. The manner in which organisations value flexibility or control, as well as being internally focussed or externally oriented, is represented by the two axes. Organisations are categorised according to how they value flexibility and control. Even though the CVF is a quantitative approach to the analysis of organisational culture, its reference has been made in the current study to reveal how, by adopting an open systems orientation, organisations can develop an innovative culture by fostering adaptability and readiness, visionary communication and adaptable decision making (Quinn *et al.*, 1991). Below is an illustration of the quadrants as envisaged by Quinn *et al.*, (1991)

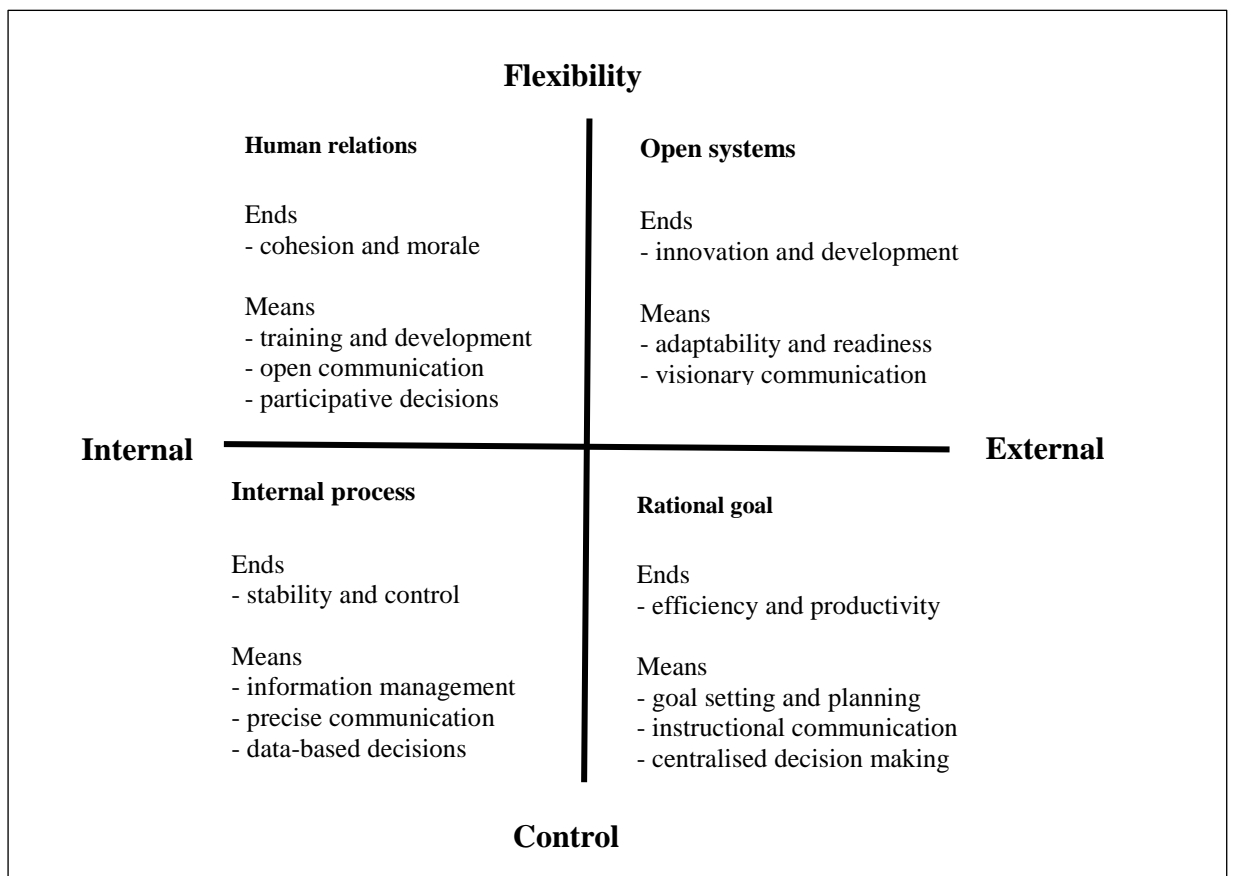


Figure 2.1, Competing Values Framework

Source: Quinn, R.E. and Rohrbaugh, J., 1981. A competing values approach to organizational effectiveness. *Public productivity review*, pp.122-140.

It was noted that employees who perceive the workplace to be leading in human relations or open systems values, are more likely to hold positive views towards organisational change (Quinn *et al.*, 1983; Quinn *et al.*, 1991; Jones *et al.*, 2005). Innovative dimension to culture in addition to the espoused and aspirational culture is also widely agreed as an essential dimension for organisational culture (Jones *et al.*, (2005); Cunningham *et al.*, 2002). To that effect the current research analyses if at all there are specific values, beliefs and artefacts that supports organisational capacity for change, as well as to appreciate how these have been developed.

## **2.8 Chapter summary**

Organisational change management has been studied extensively. Equally organisational culture has been given much attention in relation to how it can facilitate organisational change. It is quite clear that the successful management of organisational change is essential for any organisation to survive. This change is prompted by both internal and external forces. The Resources-Based Theory depicts the broad foundation on how organisational culture influences the organisational capacity for change, which is a dynamic capability that allows organisations to continually reconfigure and adapt in the face of a volatile and unpredictable business environment. The dynamic capabilities that develop in response to identified internal pressures or envisaged external change allows an organisation to gain a competitive advantage.

The chapter has outlined that organisational culture is a resource that an organisation can effectively manage and develop to build the organisation's capacity and ability to effectively manage change. Organisational culture has also been noted as a key element in enhancing innovation. This has provided an insight into how organisations can develop an innovative culture that supports organisational change.

The following chapter outlines in detail how the primary research for the current study was carried out, including how the sample was selected and the data collected and analysed.

# CHAPTER 3: Research Methodology

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## 3.1 Introduction

This chapter aims to give a detailed presentation of how the research was actually conducted as well as to deliberate on the strategy that was used to collect the data. An outline of the instruments employed in data collection is presented and the reasons for choosing the specific approach for data gathering. The chapter ends with a presentation of the limitations and challenges for the research methodology approach chosen, as well as an outline of the possible mitigating measures that were put in place to avoid the occurrence of potential bias.

## 3.2 Research design

The research adopted an interpretivist approach, with a descriptive case study design being implemented as the research method. The critical incident technique was identified as the appropriate tool to use in analysing organisational culture. The interpretive and exploratory focus of the study favoured a qualitative approach (Tuuli and Rowlinson, 2009). Because of the association with soft aspects and ethnographic influences, organisational culture studies have traditionally been seen to be appropriately covered using a qualitative research paradigm (Hemmelgarn, Glisson and James, 2006). An interpretivist approach enabled a deeper understanding of the phenomena being investigated, while acknowledging the subjectivity of the information obtained (Darke, Shanks and Broadbent; 1998). The case study approach also gave the researcher a better opportunity to explore the research questions, which focused on the process of the development and deployment of organisational culture (Riege, 2003). Data was collected using multiple data collection methods as proposed by Yin (1994). The use of multiple sources of evidence in the form of semi-structured, face-to-face interviews and publicly available documents from the internet, contributes to the reliability and the constructed validity of the study (Muratbekova-Touron, 2005).

The qualitative paradigm was adopted since organisational culture and how it capacitates an organisation for expected organisational change was the main aspects to be analysed. Qualitative research has been used in similar studies and it has demonstrated the ability to reveal how organisational culture is developed through the patterns displayed by individuals' behaviour (Morey and Morey, 1994). Morey *et al.*, (1994), also noted that analysing the patterns of behaviour from events, allow for the detailed and meaningful analysis as well as the

examination of underlying values, beliefs and assumptions, and how these are indoctrinated into the entire organisational staff, in order to capacitate an organisation for intended future change projects. This foregoing discussion prompted the selection of a qualitative research as the best to use for the current research study.

An adapted critical incident technique (CIT) was adopted as an appropriate tool to be used to analyse organisational culture, as it has been observed in previous studies, to provide a broader understanding of organisational culture (Tripp, 1994). The CIT was originally developed by Flanagan and his peers (Flanagan, 1954), through various studies at an Aviation Psychology Program of the United States of America Army Air Forces. The technique consisted of a set of procedures that enabled direct observations of human behaviour or the elicitation of experiences that were referred to as incidents (Flanagan, 1954). Flanagan (1954) submitted that an incident refers to an observable human activity that is sufficiently complete in itself, to permit inferences and predictions to be made about the person performing the act. Since its inception, CIT has been utilised across a variety of disciplines including organisational culture and organisational change (Anderson and Wilson, 1997). Hettlage and Steinlin (2006) also observed that the CIT can be used as an action-oriented assessment method. It has thus been recognised in recent studies as an effective exploratory and investigative tool. Semi-structured interviews were thus utilised in the context of the critical incident technique because of the flexibility of giving the participants a leeway to open up. It is this action-oriented approach that rendered the CIT being favourable for the current study.

### **3.2.1 Sample size**

A purposive sampling technique was employed to maximise the quality of information (Riege, 2003). Two respondents from the six main business units under the Retail and Business Banking (RBB) cluster of the bank were selected. The typical targets of participants were the senior managers who were in charge of client-facing teams and those heading teams directly involved in the development of new client offerings or products. The diversity of respondents was to ensure that the incidents collected are comprehensive in their coverage of diverse perspectives. The respondents comprised seven females and five males of varying racial background. Participants were also selected with at least five years of service in the bank. The interviewees were recruited using an emailing list for business unit managers in the RBB cluster. The emailing list was obtained from the address book of the bank's outlook email and was used as the basis for approaching prospective participants.

The considerably smaller sample size was limited due to the amount of work that was involved in getting access to the managers out of their busy schedules to partake in the research study. This sample size was also observed fit to enable reaching a point where the main organisational cultural aspects would have been covered by all the participants. This was in line with the practice suggested by Bott and Tourish (2016), that the sample of participants in a CIT study should be limited to a number that is seen appropriate to reach a saturation level, where no new behaviours may be expected to be raised from additional interviews or observations.

### **Background of research participants**

As alluded to in the research strategy, the main source of data were the responses from a sample of twelve senior managers. Below is a presentation of the demographic background of the managers selected for the purposive sample that was selected to take part in this research study.

**Table 3.1: Demographics of research participants**

<b>Characteristic</b>	<b>Comments</b>
Gender	42% of the research participants were male and 58% were female
Race	3 African 3 White 4 Indian 2 Coloured
Years of employment	8% of participants had 5-7 years of employment 25% of participants had 7-10 years of employment 67% of participants had over 10 years of employment

The decision to include respondents with at least five years of service in the bank was to interview people who would have spent long enough period in the organisation to have noted and observed certain experiences relating to the development of organisational culture.

### 3.3 Data collection

#### 3.3.1 Critical incident technique

Semi-structured face-to-face interviews mode was employed to gather data about critical incidents from the participants. The semi-structured face-to-face was adopted as it offered greater flexibility and the opportunity to probe for clarifications and deeper insights (Flanagan, 1954). Since the intention of the research was to elicit specific examples of how certain values are developed and acted, the semi-structured interviews based on the critical incident technique would provide a bounded scope for participants to follow (Hettlage *et al.*, 2006). Flanagan (1954) observed that to ensure objectivity from the participants' reported observations, the participants should be made to follow clear and specific set of rules, that would address the intended incidents. The researcher had to thus initially give a brief explanation about what the interview with each participant was intended to achieve. This made it possible for interviewees to report incidents that were relevant to the aim of the study (Flanagan, 1954).

Besides clarifying specific issues to the interviewees that enabled the phenomena being studied to be addressed, the researcher also asked questions that were easily understood by the participants. Introductory remarks on the issues being researched on were followed by questions to further probe and provide more detail. The questions were also constantly referring to the general aim of the interview session, which would have been discussed more fully in the initial opening remarks. This was revealed by Anderson *et al.*, (1997) that such a practice assists in making sure that the whole conversation would tie down to the selection of incidents that would address the intended aim.

Throughout the conversations with participants, the researcher made an effort to avoid leading questions. Neutral and permissive remarks were suggested by Flanagan (1954), to encourage participants to do most of the talking, as this would usually ensure that they disclose unbiased incidents. Where the interviewee seemed to not have understood the questions, the researcher had to repeat the question with some reference that could clarify what the question meant. The questions were also tried out with a researcher's work colleague before being put into real use in the current study. Tripp (1994) outlined that it is essential that the reported critical incidents are mostly straightforward accounts that would have occurred in routine professional discourse. These could only be well explained if the participants had fully understood the requirements of what they were being asked (Bott *et al.*, 2016) As stated by Hettlage *et al.*, (2006), a critical incident reflects a surprise or a problematic situation which stimulates a period of reflection.

In the organisational cultural context, critical incidents are practices that conceal cultural assumptions (Hargreaves, 1995). In essence, the intention of the participants reporting on the critical incidents was to learn from the managers what they would have seen to have worked in the specific areas in the development of various facets of organisational culture under study, and that also supports the organisation's capacity for change.

### **3.3.2 Recording of critical incidents**

The senior managers interviewed shared their experiences and provided relevant information for the study. The researcher took verbatim notes as the participants narrated their critical incidents. Most of the participants expressed some reservations because of confidentiality issues and were not willing to have the interviews recorded. To ensure that the researcher had accurately captured participants' responses, at the end of the interview, the researcher provided a summary of the interview, to confirm that those were the specific issues raised by each participant for the various questions asked.

All the issues pointed out by the participants were noted down regardless of whether there were some overlaps in the reported incidents from the different interviewees. Care was also taken to ensure that the questions were asked in as consistent manner as possible. This was mainly done by using prompts to direct interviewees into clarifying what they would have raised in their explanations. Such a practice has been reported to aid in establishing confidence in the reported and recorded critical incidents (Flanagan, 1954). This aided in the drawing of conclusions from the reports obtained from various participants.

### **3.4 Publicly available data**

An organisation's values, beliefs and aspirations are well articulated in some of its publicly available documents such as the yearly integrated financial reports (Lawler, 2007). In the same vein, it was noted that the bank's strategic aspirations were clearly spelt out in various documents such as the Chief Executive Officer's reports and the Sustainability report that accompanies the financial statements, and which are accessible from the company's website. The documents also detail the espoused values and aspirational values. These documents were carefully analysed. They gave an indication of how the banking institution's strategic intent, as outlined in the Chairman's statement, the CEO's statement and in the statements of various Board committees. These specific statements were readily available in the integrated reports for the years 2016 to 2018. The integrated reports for these years also presented information



relating to the bank's espoused values, as well as the disruptions implemented to its value propositions in order to hold on to the share of the fiercely contested market.

### **3.5 Data analysis**

The specific incidents that were expected to be reported were those that gave indications on the deployment of espoused values, and the development of aspirational culture and innovative culture. All the incidents reported were initially screened to check that they meet the basic requirements of a critical incident. This screening was also done to ensure that the critical incidents reported addresses the specific issues that the current study intended to analyse. As outlined by Anderson *et al.*, (1997), all critical incidents should conform to the requirements of the criticality test (i.e. These were the reported events that revealed what the bank is doing to cultivate an innovative and accountable culture that supports the capacity for change). What the researcher was looking for in the incidents reported by participants were situations that resemble the crafting, deployment and the adoption of deep routed values in the operational teams or in the entire organisation. This was expected to play a pivotal role in capacitating the organisation-wide ability to implement change projects with ease. Such incidents would certainly affect the way in which change could be implemented and the impetus with which different teams seek change (Flanagan, 1954).

The use of the critical incident technique in the study of organisational culture is consistent with the use of qualitative methods in such forms of research (Gundry and Rousseau, 1994). However, Hettlage *et al.*, (2006) noted that the types of events reported by participants should demonstrate theoretical validity by linking well to the cultural norms being analysed. The researcher strived to link the verbatim transcripts from each interviewee to the specific themes for organisational culture being analysed, and also triangulated these to OCC. Some simple judgements were employed to link these recorded incidents to the themes that were being investigated in the current study. The recorded data was also further tested for its link to the information obtained from the financial reports, to see if the reported incidents were also being revealed in the actual strategies being implemented in the entire bank. This helped in assessing whether the incidents had an influence in the implementation of the various change strategies that the organisation had implemented in the recent past.

The researcher had to evaluate and classify the recorded behaviours whilst they were still fresh in the mind just after recording the participants, so that the data analysis procedure could also be simplified. In this study, the researcher paid great attention to real facts that could be

extracted from precise details as outlined by the interviewees. The recorded detail was further analysed to check that what the management were implementing was linked to the development of a certain organisational element. Of note was to relate to the development of espoused culture, aspirational culture, as well as the innovative culture. Flanagan (1954) suggested that care must be taken to avoid taking vague reports as critical incidents. Critical incidents that address the concepts being studied should be those that are well remembered and can be clearly explained (Anderson *et al.*, 1997).

### **3.6 Research bias and limitations**

Throughout the course of empirical data collection, challenges were encountered. There were some moderate risks that were encountered in the research. Since the research involved interviewing, there were some ambiguities and possible bias in the manner in which interviewees responded to the questions. Of note was the fact that even though all employees had to voluntarily consent to participate in the research study and their participation was treated with utmost confidentiality as well as their comments presented in an anonymous manner, some stand-out critical incidents that were reported by some participants raised the possibility of the interviewees being identified. In such instances, the researcher had to use judgement in order to avoid revealing some incidents that could possibly expose the identities of certain individuals who had participated in the research study. More focus was also placed on typical recurring incidents and regular features reported about the bank's operational life. Such typical incidents with more predictive effects have been reported in previous studies, to raise issues where certain individuals are recognised by either the executives or by colleagues (Tripp, 1994; Bott *et al.*, 2016).

The current study involved collating reported incidents about human behaviour to construct a proxy of a possible collective organisational culture. Constructing such a collective construct resembling the whole organisation's culture is however not so easy. Different individuals behave differently for varied reasons, and the reported incidents may not clearly reflect the actual practised organisational culture that is related to the change programmes being implemented. Individuals may behave in a certain manner out of fear, to seek promotion or because they genuinely enjoy what they do (Morey *et al.*, 1994). It has been observed that using critical incident technique, may not be so easy to explicitly define what constituted a critical incident (Anderson *et al.*, 1997), and as such the classification of reported events and practices as critical incidents was challenging.

It was observed that participants were mainly able to remember very recent events and could recite them vividly. For those events where participants could not remember and that were not well explained, it was more difficult to come up with conclusive findings. It was noticed during the initial interviews that asking participants questions without giving them ample time to prepare for the interview, resulted in them not coming up with proper critical incidents. Participants were therefore emailed or called in advance and requested to think about the critical incidents to discuss. This strategy helped participants to recall events to discuss during the semi-structured interviews. As suggested by Bott *et al.*, (2016) the questioning strategy was also alternated between asking positive and negative questions to avoid bias.

### **3.7 Ethical clearance procedures**

The research study entailed interaction with human subjects in the form of semi-structured interviews using the critical incident technique. An ethics application was submitted to the Rhodes Business School Human Research Ethics Committee. An application to carry out the research study at the bank, where the researcher is a fulltime employee was also initiated. Copies of an institution participation letter, individual participation letter, a sample of the participant informed consent form and the sample of interview questions that were asked in the interviews are included in the appendix section of this research study. Approval was granted through Retail and Business Banking cluster heads. A gatekeeper's letter was issued by the Executive: Human Resources signalling the granting of permission to carry out the research at the banking institution.

### **3.8 Conclusions**

Chapter 3 provided an overview of how the sample for this research study was selected using purposive sampling, from the business heads in the RBB cluster of the bank. The use of critical incident technique as an appropriate tool to support this qualitative research is emphasised. A detailed outline of how the CIT and the use of data from publicly available documents to deduce information relating to how an aspirational and innovative culture that contributes to OCC is developed is presented.

The next chapter gives a detailed presentation of the research findings.

# CHAPTER 4: Findings

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## 4.1 Introduction

The previous chapter described the way in which the research study was conducted. This chapter presents the findings of the research study. These research findings were expected to address specific research objectives, namely:

1. To describe the espoused culture of the bank and explain how this was formulated by the management of the bank as their espoused culture.
2. To explain how the aspirational culture of the bank has been developed.
3. To analyse how the bank has developed an innovative organisational culture that has contributed to the organisation's capacity for change.

The structure of this chapter is thus aligned with the above stated research objectives. A description of the bank's espoused culture and how it was formulated is first outlined. Events that took place in the organisation in relation to the development of the aspirational culture are given. Thereafter, an outline of what was implemented to develop aspirational values for an innovative and agile institution are spelt out. Finally, the findings of the thematic analysis are presented to reveal how an innovative culture that created delightful experiences for customers and contributed to the bank's OCC was also developed through innovative mechanisms and tools.

## 4.2 Espoused culture

The bank's espoused culture relates to the values that are shared by all the organisation's members and are reflected in its practices. The bank's espoused values are integrity, respect, accountability, people-centred and client-driven. Integrity entails being honest, trustworthy and transparent in all the bank's actions and decisions, while respect resonates with treating everyone with dignity. By accountability, the bank entails that it is prepared to take ownership of its commitments and actions. It also strives to be people-centred by investing in its people and creating an environment that empowers the people to excel. Finally, client-centricity drives all employees to focus on creating value and delightful experiences that exceed the expectations of the bank's clients.

These values were mainly formulated by the senior managers and then communicated to all employees for them to be guided by them in their behaviour, and thereby to build a truly client-focused culture. In formulating these values, management focused on what its key stakeholders - employees, the community, clients and government - should see and believe the bank to be.

The management in the bank have been playing a central role in the development of espoused values that are manifested in the strategies to achieve what the organisation should be, which is to be client-centric and be the most admired financial service provider. It is also from such an external organisational focus and being more attuned to the demands of the market, that the widely shared beliefs emerge. The espoused values are thus expected to guide all employees as they carry out their day to day roles, working on what the bank intends to achieve. The bank intends to create value for its major stakeholders, that have been outlined. All members of the organisation have been encouraged to embrace the espoused emergent values. This espoused culture has been instrumental in stimulating creativity and an innovative culture, by making all employees to focus their efforts on achieving the bank's strategic intent. This led the bank to invest in information technology as a lever to promote innovation and creativity amongst various teams and individuals in the bank. What then followed were innovative products to deliver client value propositions. They also enabled employees working across functional boundaries to collaborate. Sharing technologies further led to more automation and a great reduction in operational costs.

### **4.3 The change programme**

The bank's management instituted several interventions after having realised what the organisation was lacking on competences that can make it to succeed in the future. From September 2016 to December 2016 intensive communication was carried out using emails advising managers on the specific change initiatives that everyone was requested to be part of. Managers were also having sessions with their teams to clarify any concerns and queries they may have had, and to get feedback and suggestions from their team members. Everyone was made aware of the changing needs and expectations of clients in the South African market. Such an influx in the communication flows signalled the intention to adopt new ways of working in the bank.

Emails were then sent out in January 2017, outlining a programme of road shows that were to be presented by the RBB's Managing Executive from April to July 2017. Employees were encouraged to attend these road shows at any of the bank's campuses near to where they work

from, or to join the road show sessions through Skype on the date it was held in the various provincial regions. The overarching message that was put across was that for the organisation to succeed it had to find initiatives to best serve its clients and to also win other clients from competitors.

It was quite evident that from 2016 the bank's management had observed that the bank's operating system was failing to help it achieve its strategic performance objectives. This was reflected by the poor performance in several financial and non-financial performance metrics that are used to measure performance. For example, the proportion of revenue from new products was declining and no notable new product launches were done in the first two quarters of 2016. This was seen to reflect an unsustainable business performance. Employees also displayed lack of proper knowledge about the value propositions the bank was offering to its clients. In response, the bank considered rectifying this by crafting and implementing several culture tools that helped in creating strong values alignment and high levels of employee engagement. These tools were used to measure the extent to which the bank's values and those of its employees were aligned, as well as to assess customer loyalty. The bank used the Barrett Survey, the staff survey and the Net Promoter Score (NPS) to analyse the existing shortcomings, and then decide how any shortfalls could be addressed. The Barrett Survey is a tool that the bank uses to measure and manage its organisational culture. The survey is carried out by employees and can highlight the degree of alignment between an employee's personal values to their perceptions of the bank's current and desired values set.

The bank also initiated a brand audit, which was meant to investigate whether its products and service attributes were in line with what clients were expecting to get from financial products. The NPS result, which is a yearly customer survey to check the levels of brand loyalty, had also declined in 2016 in comparison to its competitors in the market. It was noted that clients were seeking financial services brands that offer them trustworthiness, innovativeness, value-for-fees paid, excellent security, competitive interest rates, as well as friendly and knowledgeable staff. This exercise culminated in a brand repositioning, which was to be launched with a transformed organisational culture, where the main focus for the bank was to use its financial expertise to do good for clients. In this rebranding exercise the main values that managers communicated to employees were about making clients and communities view the bank as the most admired bank.

In order to further create a strategy and mission alignment in the face of the increased rate of regulatory and economic changes, the Organisation Effectiveness department in the bank chose the CVF as the preferred frame for shifting the organisational culture, to enable it to deliver on the strategic goals. The decision was reached after realising that the espoused values that should shape the organisation into the future, should accommodate the differing expectations of various stakeholders from within and outside the organisation. The values to shape organisation's practices should therefore accommodate the competing value systems of these stakeholders.

From the end of 2017 up to the beginning of 2019, managers from junior levels to senior levels attended Leadership Lekgotla sessions. These sessions were designed to create awareness of the required behavioural changes that were needed to bring about cultural change due to the changing expectations of clients. The leadership sessions were meant to impart leadership skills and aptitudes required to deliver on the strategic and emergent goals of the bank. The expectation was that if managers were to lead on the desired culture and to live the banks brand, then it will be easy for all the employees to follow their example, and to become brand ambassadors. Leaders were encouraged to create an organisation-wide impetus for a shift in the way they lead, through an adoption of a completely different leadership persona, which focussed on leading accelerated change and business innovation. These training programs and sessions were implemented by an Organisational Effectiveness Department, which falls under the Learning and Development (L&D) function in the bank.

The bank also formulated a Market Conduct and Culture Programme in February 2018, with its main intention being to help achieve its aspirations of being exceptional in good behaviour when serving clients in the market. This programme has been seen to enhance clients trust and service levels, as reflected by improvement in the NPS results at the end of 2018. Thus, this has enhanced the bank's customer loyalty. Developing aspirational values in this manner has been noted to contribute to the capability of the bank to implement various change projects. The culture programme sought to get ideas from employees on what values they believe would bring improvements in the bank and it was carried out through one-on-one engagements with the managing executives across the Retail Business Banking (RBB) cluster of the bank. It also looked to help in transforming the bank into a more agile, innovative, digital, client-focused, and competitive organization, which concurs with what customers expect of a banking institution in the current business environment. The programme further revealed the very

important values that everyone in the organization should observe when serving clients and when developing new products to be presented to the market.

During the whole of 2018, the bank increased its efforts to deliver market leading technology and digital experiences for its clients. A banking App was first revealed to its employees in March 2018, before a full market launch. This was done to get internal feedback and acceptance first, as well as soliciting for opinions of improving this lifestyle focused innovation, before being taken outside the organisation. It was reported that throughout 2019 up to the time of the current study, the bank's Digital team had made a number of reviews to the banking App after getting feedback and suggestions from employees and customers. This resulted in new features being added to the banking app. This is a notable example of where employees are encouraged to champion innovations from wherever they work from and be part of the commitment to client-centricity. Client-centricity entails having client needs and expectations as core to the shaping up of the bank's strategy. It also ensures that employees are an integral part of the disruptive technologies that the bank wants to introduce.

#### **4.4 Mechanisms of change**

From literature it has been pointed out that an innovative culture supports the overall capability of an organisation to effectively prepare for and respond to environmental change (Ahmed, 1998; Dombrowski et al, 2007). Specific key initiatives were implemented to foster an innovative organisational culture. This enabled the bank's employees to bring forward innovative ideas, think creatively and experiment. It also provided lower level employees with opportunities to initiate and forward new ideas to their managers and openly discuss the ideas. Such an innovative culture contributed to the OCC as it encourages reception or openness to creativity given the dynamic nature of the banking sector. It also enabled the employees to realise that, for the bank to survive and continue to do well into the future, it must continuously develop new products that meet and exceed the expectations of its clients. The following levers of change were utilised and were instrumental in the drive for innovation.

##### **4.4.1 Collaborative tools**

From January 2018, enhanced functionalities of Office 365, such as Microsoft Teams as well as enhanced Skype for Business were rolled out across the whole bank. This was meant to encourage the setting up of work-teams that can collaborate and share ideas. Since then, the bank has made great strides in the adoption and implementation of the digitalisation agenda



and encouraged people to join the digital platforms and groups, where the main intention is to grow and embed a culture of data science, machine learning and artificial intelligence across the whole bank. Microsoft Teams brought everything together in a shared workspace, where teams can chat, share innovative ideas through secure files and collaborate on documents to get work done across the bank's teams. Research participants noted that this has necessitated a movement away from a silo structure set up in the entire organisation and encouraging teams with members from different organisational functions to share ideas on new and innovative products that could be developed to take advantage of opportunities presented by changes in customer needs. These collaborative tools were observed to have played a role in developing an innovative and open culture. Participants in the research study noted the degree to which employees and various teams just shifted to being so open in sharing ideas in the Teams platforms. This also led to an agile and faster decision making and execution, that made the bank to strive to be the first to the market with new product and service offerings. Another Office 365 functionality, the OneDrive, was reported to have led to securely store files on the cloud and share them with colleagues and have access to them from anywhere. This made it possible for teams to work on single project documents from different locations in real time.

The bank has an Events App which employees can download on their mobile phones and follow through any events that may be happening, such as the launching of new products. Employees can then forward any comments or suggestions directly to the managing executive of RBB cluster of the bank, who can then channel the issues raised to the respective business heads. Setting up of such a concerted approach in crafting an innovative culture was noted by the research participants to have led to a shift in the skills sets of professionals that the bank is recruiting. The bank is now recruiting more data analysts and behavioural economists to be part of teams that can comprehensively analyse employees' suggestions and relate to customer behaviour in the market, so that they can provide valuable information for strategic decisions. These professionals are involved in the collating of data from employees as well as market surveys and analysing it so that it can provide insights on the products and services to produce, and fine tune them in line with market needs. It was reported that the availability of feedback mechanisms also encouraged open and transparent communication, that lead to sharing of innovative ideas between managers and their teams. Respondents further noted that employees were observed to be more willing to participate in decision making and take additional initiatives after realising that they could set up chat sessions for sharing ideas across their teams.

#### **4.4.2 Communication and transparency**

Open and transparent communication is being encouraged across the organisation in support of an innovative culture. Managers reported that they constantly communicate about the need to acknowledge the dynamic environment in which the bank is operating in. To survive in such an environment the bank has to be on the forefront of developing products and services that deliver the convenience and trust that customers are looking for. It was noted that, every week, senior managers including the CEO, send out emails to all employees to emphasise active participation by employees in any specific initiatives that may be underway at that particular point in time. All employees' mail box sizes were upgraded to 99GB, so that the facility can be extensively used, and time is saved in not having to archive mails too often. Respondents stated that this has been further ingrained by a listening culture, and everyone in the bank feels valued and empowered, as they can openly contribute to the innovative discussions. In instances where people are to be made aware of new products to be launched, posters with such information are usually placed in tea rooms, canteens and in elevators across the organisation's premises where everyone can see them. One notable incident that was reported by many of the respondents was when one morning employees got to their desks to find a key holder inscribed with the words "#I am digital". Another example was when small cubes were placed in all meeting rooms and board rooms, with inscriptions about ethical behaviour, people centred culture and the brand essence statements. Involving everyone through open communication has been observed to stimulate creativity, which respondents believed has also built a sense of shared responsibility, as evidenced by numerous innovative cost management initiatives that were adopted after lower level employees had suggested such initiatives to their business heads.

Open communication across teams was observed to have also encouraged courageous conversations (Gleason, Nkomo and De Jongh; 2011), as employees were no longer afraid of their managers, but could openly partake in strategic change discussions. Half of the respondents reported that employees assumed higher levels of joint responsibility after having adopted a practice of not having to hold formal meetings, but to rather discuss issues through ad hoc Skype team meetings. That is, any member could set up meeting requests and bring to the team's notice any issues that needed urgent attention. Using Skype for Business further increased the use of instant messaging and document sharing. This open communicating amongst employees also led to a behaviour shift as they began to think about new initiatives that could improve the projects being undertaken. Such transparency was also instrumental as it encouraged employees to share their innovative ideas with managers.

#### **4.4.3 Training and development (T&D)**

The Organisational Effectiveness department took an initiative to use the Competing Values Framework (CVF) as the basis to develop the desired innovative values and norms that were then imparted to all employees. The CVF was used as the preferred formalised frame for shifting the bank's innovative culture. Training sessions were organised for various teams from January 2018, where members were advised of the need to align the individual employee's values with what the bank was focusing on transforming into. That is, to be an agile bank that leads in the digital world. The emphasis was to achieve increases in the levels of commercial innovations, by making sure that all employees' efforts are directed towards creation of innovative products that can address the gaps in the market. With a cultural shift, it was also seen fit to monitor risk due to changes in the practices that were adopted in serving the market, as well as to make sure that the new products were in line with regulatory requirements such as the handling of private personal information. Teams responsible for risk management were then trained to ensure that the compliance and risk management are also applied in a manner that does not hinder innovation.

It was also found that managers encouraged their subordinates to consider how best they could equip themselves with the necessary skills that would make them stay relevant amongst a family of agile and tech savvy professionals. Such forms of encouragement made employees realise where the entire bank aspires to be in the future, and thus acted on acquiring the requisite skills that are in line with the bank's drive for an innovative culture. The T&D department also set aside financial resources to fund those employees who were keen in taking up courses in data analytics, robotics and digitalisation to prepare for future roles. Employees were also trained on how to effectively use the deployed collaborative tools outlined earlier.

#### **4.4.4 Recognition**

Teams and individuals within their various work streams were accorded monetary and non-monetary forms of recognition for initiatives that had far reaching business impacts for the bank. The bank launched a Top Achievers Awards programme in January 2018, where individuals and teams that would have achieved outstanding levels of performance, or who would have implemented new and outstanding bank-wide initiatives, are nominated through various platforms for awards. Nomination could be done online using a specific nomination system, or by using badges that are displayed on an employee's intranet profile. The badges inscribed for example, "I am Agile", "I Deliver Value Adding Ideas" or "I am Action

Oriented”, can be received by employees on an ongoing basis. If an employee receives more than ten of the same badges, they are then nominated for a formal recognition, such as a day off. This badge system is accessible on employees’ mobile gadgets such as their cell phones, so that badges can be given by anyone who would have noticed that an individual has displayed behaviour which is in line with a particular badge. For example, an “I am Agile” badge means that the individual is adaptable and would have responded in a nimble and flexible manner to a new approach. It also reflects that an employee has displayed a future-focused learning attitude whilst performing effectively in his/her current role.

There is also a top achiever recognition programme, which was deployed to foster a culture of employees coming up with innovative initiatives that can improve the entire bank performance. It involves taking individuals and teams for all-expenses paid overseas holidays for having developed new products that improves the bank’s performance. Most of the participants interviewed, highlighted that these various recognition initiatives created an environment where employees are encouraged to be creative and to come up with new ideas, as they are aware of the rewards that come with such great innovative work. The main driver of such behaviour was the understanding that it is a formal recognition for new remarkable initiatives.

#### **4.5 Chapter summary**

A recap of the current research objectives has been outlined to specifically spell out what the findings from the research study were intended to address. The espoused culture in the bank was mainly reflected by the organisation’s practices that were specifically emphasised by the senior management to be embraced by all members in the bank, as well as what they wanted the significant stakeholders to believe the organisation is like. In the face of the dynamic environment in which the bank is operating in, the bank wanted to be seen as an agile institution that is innovative. Collaborative tools, open communication, training and development as well as recognition were specific levers that were developed and instrumental in developing an innovative culture that contributed to the organisation’s change. These tools played a pivotal role in the development of an innovative culture through the participation of all employees as they engaged in open communication, which was also facilitated by appropriate feedback mechanisms.

Employees were equipped with information technology skills to continually monitor customer behaviour and market developments so as to come up with innovative ways to develop propositions that clients seek to obtain from their banks. An innovative mindset, which

employees were encouraged to embrace, was also noted to further encourage the entire organisation to focus on disruptive innovations. This also improves the organisation's performance through having a competitive edge in the market. The organisation's management also displayed commitment to the development of the innovative culture through investments in information technology and availing financial resources for training of employees. This also stimulated innovative ways of meeting customer needs.

The next chapter discusses the research findings.

# CHAPTER 5: Discussion of findings

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## 5.1 Introduction

The research study sets out to describe the espoused culture of the bank and explain how it was developed, to explain how the aspirational culture has been developed, as well as to analyse how an innovative culture that supports the bank's capacity for change has been developed. The research was able to confirm what has been noted in the literature, that organisational culture is a building block of organisational change.

This chapter discusses the research findings of the current study considering the literature on organisational culture and OCC. The chapter then presents a proposal on how organisational culture can be developed to support OCC in tandem with this discussion.

## 5.2 Development of organisational culture

The empirical study indicated that managers should take specific initiatives to develop an organisational culture that supports OCC. Analysis of the results for the current research study also revealed invaluable insights into various initiatives implemented by the bank's management in the formulation of espoused culture within the organisation. Notable levers were also used to develop an innovative culture that contributed to organisation's capacity for change. Change has been observed as a necessary undertaking for the bank to achieve its strategic objectives and survive in the fiercely competitive South African market.

Organisational culture was developed that enabled the bank to develop client propositions that delights customers. This was after realising that it was no longer acceptable to operate without having to learn how to nurture the loyal core of customers. The business managers were on the forefront, working together with their teams to initiate ways of avoiding the high volume of customers changing to other banks. Much focus was placed on striving to be different by developing a regular flow of innovative products that entice customers. This is in line to what was observed in a previous study by Hogan and Coote (2014) that for sustainable operations in the service industry in particular, organisations should develop a culture of innovation as a precursor to performance improvement.

In the current study, it was reported that having realised the increasing level of change in the external environment, the management initiated a process to reconfigure the organisational

culture to be able to deliver the expected strategic outcomes. Ahmed (1998), suggested that both explicit and implicit aspects of the organisation necessitates altering the value set of the organisation and the individual members to the extent that it becomes an unconscious norm of action in the life of an organisation. What the current study specifically noted is that developing a deep rooted organisational wide culture is essential for implementing series of change initiatives. A previous study by Heckmann *et al.*, (2015) only looked at developing OCC as necessary for implementing a single change project. The environment in which banks operate in South Africa is characterised by constant changes in the regulatory, socio-economic and technological environments (Kooyman, 2019). Almost every manager interviewed signalled an appreciation of the changes in the environment within which the bank is currently operating. The incessant changes as well as the introduction of new digital banks, such as Discovery Bank, Bank Zero, and Tyme Bank, was noted as contributing to the increasingly complex and competitive banking industry in the country (PwC,2017). This was noted to cause continuous client behaviour changes and constituting the building blocks for the digitisation of the banking industry landscape. In the current study the managers were observed to be encouraging their various teams to think creatively to take advantage of these changes. An organisation has to be agile enough to implement successful successive change projects (Martins *et al.*, 2003). This can be possible when an organisational culture is developed and embedded in the organisation through various ongoing interventions. This signifies that developing an organisational culture that supports OCC is an on-going phenomenon (Klarner *et al.*, 2007). The bank's management realised the need to shift the organisational culture into one that capacitate the organisation to also change the way it operates.

One popular approach to making an organisation more open to change is to adopt some fear-based tactics, so as to increase the sense of urgency and productivity of the whole organisation (Judge, 2011). In the current study it was reported that managing executives and senior managers were resorting to expressing a sense of urgency to employees for them to be able to better accept and welcome the need for implementing change. This was out of the belief that employees are better able to accept the painful or difficult aspects of the change process, for example the job losses that may result from loss of revenue if the bank doesn't change and be able to present better propositions to its customers. Instilling a sense of urgency was observed to bring positive results in the short term, as employees were taking initiatives to equip themselves with the skills relevant for the future organisation, such as machine learning and data analytics. This is just one of the incidences reflecting that a greater portion of the

organisation were quick to understand the need to change and to respond by expressing the willingness to implement ambitions and objectives of the bank that ensure success. Organisational capacity for change was thus supported by the sense of urgency instilled in the employees. Judge (2011), also postulated that such an act of invoking a burning platform metaphor should not be used for an extended time period as it may be unhealthy for the organisational change and can lead to pathological resistance from frontline employees. No specific incidences of resentment and breaking own of the organisation due to this induced fear were reported in the current study.

Change in the organisation under study was seen to be pervasive because of the degree and rapidity of change in the external environment and the challenges presented by business environmental pressures. The conditions in which the bank operate are demanding a response without which organisational demise is the only possible result. It was noted that the volume of clients leaving the bank for competitors was significant, and all employees were made to clearly understand that the bank intends to be an agile and digital bank by 2020. Clients served by the bank are being exposed to loads of information due to technological developments and can easily move to the next bank coming onto the market and looks to be offering better services. This was reported to have created an environment intolerant of the status quo, and clients who have become so slippery and can be lost soon after being taken aboard. This has gone to the extent that almost everyone visualises the velocity of change to be increasing exponentially (Quinn, 2000).

### **5.3 Mechanisms for change**

Specific levers were noted to have been used to drive a culture of innovation that contributed to the organisation's capacity for change. These ranged from mechanisms that were put in place for improved communication amongst the employees in the bank, to tools that allowed people in the organisation to collaborate and share innovative ideas. Below is an outline of the communication and transparency, collaborative tools, training and development, as well as recognition programmes, that were instrumental in developing a culture that contributed to OCC.

#### **5.3.1 Communication and transparency**

Change has been happening not as isolated events, but as a series of interrelated changes. The current research noted that to effectively manage change and build a capacity for change within



the organisation there was need to constantly communicate about the change in the whole organisation. A previous study by Meyer and Stensaker (2006) also echoed the same sentiments. An organisational culture that values constantly communicating with all employees, reminding them of the aspirations of the organisation works so well to encourage the employees to want to be part of the future organisation (Worley *et al.*, 2009). This was also reflected in the current study, as it was noted that after emails were sent out requesting feedback on new products to be launched and related change projects, organisational members began to actively engage in the change projects the teams were carrying out. Thus, the teams became more committed to the series of change that were being implemented by the organisation, after realising much communication about the need for the organisation to change in the face of the changing business environment.

It was also noted in the current study that in order to shift to an organisational culture that delivers change, the management has been amongst other things, encouraging courageous conversations (Gleason *et al.*, 2011), that breaks silos and encourage the sharing of innovative ideas. Deal and Kennedy (1982) also shared the same sentiments, when they stated that openness and trust in the change process influence whether and how change occurs. Senge, Kleiner, Roberts, Ross, Roth and Smith (1999) also supports this notion when they pointed out that developing an open spirit of inquiry and trust often plays a crucial role in the change process. Literature has also indicated that an organisational culture that supports open and transparent communication based on trust will have positive influence on promoting creativity and innovation (Martins *et al.*, 2003; Robbins, 1996). Communication and transparency was also noted by Quinn *et al.*, 1999, to foster morale and create high levels of trust that make it possible for innovative ideas to be shared across the organisation.

In the current study it was quite evident that the bank had developed an innovative culture where individual employees are encouraged to champion innovations. This is encouraged by open and transparent communication where employees are not afraid of their managers but can freely express some innovative ways that can help the bank to meet the changing market needs and expectations. There was an active involvement of all employees brought by initiatives set up by management to encourage participation of all employees. This concurred to the notion posited by Lewin (1952) that the organisation will less likely have challenges in its management of organisational change if communication is used to foster dynamism that encourages active staff participation.

### **5.3.2 Collaborative tools**

Collaborative information technology tools were central in creating an enabling environment that encouraged the sharing of ideas. This is in line with what was noted by Martins *et al.*, (2003), that information technology is an important resource for successful innovations as a support mechanism. In organisations where it is part of the culture to use information technology to communicate and exchange ideas, the level of innovations taking place are improved (Martins *et al.*, (2003). Ahmed (1998) posited the same, by suggesting that innovative culture is cemented by the provision of enabling resources in the organisation including IT and by providing financial resources (i.e. seed funding). Such activities were described by Ahmed (1998) as developing a climate of an innovative culture within the organisation. In addition to encouraging creative alternatives and innovation, Quinn *et al.*, (1999) noted that some of the elements that encourage adaptability and making the organisation more receptive to change, are encouraging and celebrating risk taking behaviour. Collaboration tools such as Microsoft Teams, OneDrive and Skype for Business were found to facilitate communication and joint problem solving. This also ingrained a listening culture in the managers and they were more receptive to innovative ideas that were coming from employees. This concurred with what Dombrowski *et al.*, (2007) found in their research, where at Whirlpool the use of collaborative online intranet tools was observed to reduce hierarchy constraints by allowing employees to comment on any other employee's ideas and form cross-departmental connections.

### **5.3.3 Training and development**

To create an atmosphere that instil innovative values to employees and encourage the accumulation of skills that are relevant in the future, the bank started training and development programs to clarify the vision of being first in digital in the market. These organised sessions were also set up to allay any fears about change and helped create an enabling environment that would foster innovation. This confirms the suggestion by Quinn *et al.*, (1999), that developing an organisational culture that supports change should start by initiating steps to create a momentum toward that culture change. In the current study it was noted that funds were set aside which were then utilised to finance educational programmes for those who were keen to acquire skills for the future. This signifies that the commitment of management should be made clear on their intention of making the organisation a forward-looking organisation (Dombrowski *et al.*, 2007; Naranjo *et al.*, 2010)

The use of posters inscribed with aspirational values that were placed in elevators and various pause areas where employees have tea and coffee, also signifies one amongst the various strategies adopted within the organisation to teach employees about certain values they are expected to live and make them be part of their day-to-day working life. It is however essential to note that merely inscribing the values on posters that are placed everywhere in the organisation may be meaningless and empty (Lencioni, 2002), unless they are embedded in the whole organisation. The bank's management were cognisant of this, and thus they had to arrange strategic sessions through the L&D department, to impart the desired values to the senior level managers. These were then expected to be passed on throughout the various organisational levels.

#### **5.3.4 Recognition**

Recognition of good practices and behaviour displayed by employees was noted in the current research study to be more aligned to an innovative culture. The recognition encouraged employees to take risks and experiment and also provided a positive reinforcement to the employees as they realised that striving for creativity is rewarding. Barney (1986) put forward a similar argument that employees need some encouragement and positive reinforcement for them to take initiatives that are innovative. He noted that an innovative culture is developed through giving a strong emphasis on employees to experiment and to be rewarded when they achieve some good things for the organisation. In the current research it was found that in developing recognition strategies, the managers were cognisant of the need to develop initiatives that do not contradict with the intended objective of using collaborative tools, which was to enable the easy and timely sharing of information within teams. This is in line with what was noted by Dombroski et al., (2007), that if employees are recognised for innovative ideas in the organisation through rewarding them based on their individual effort, it may work against the encouraging innovative culture through collaborative sharing of information.

Acknowledging the creative and innovative work having been displayed by employees was reported by research participants as an empowering tool. It was highlighted by one manager that a certain team that once received awards for having developed an automation tool that led the bank to make huge costs savings, was seen working on more innovative solutions. This confirms what Martins *et al.*, (2003) posited that rewarding employees for innovative work is encouraging, and it also provides support to come up with new ideas.

#### **5.4 The mechanisms-jointly developing organisational culture**

As reflected in the current study developing of an organisational culture that contributes to the organisation's capacity to change involves implementing change mechanisms that can deliver the expected results. It was the collective working of the change mechanisms that brought about effective development of an innovative culture within the bank. Collaborative tools, open communication, training and development, as well as recognition should be deployed in unison within the entire organisation. Open and transparent communication should be facilitated by collaborative tools that presents smarter and more productive ways of sharing innovative ideas. For these to produce the intended results, all employees have to be trained on the appropriate use of the tools so that communication is enhanced. This can then lead to effective decisions being made from informed insights that are obtained from the stunning interactive reports that can be produced and shared through the collaborative tools.

Recognising employees for excellent performance delivered with the right behaviours provides a positive reinforcement that influences the employees' innovative behaviour and practice. Such a recognition programme should be constantly communicated so that it continuously encourages the required attitudes and habits that help build an organisation that is digital, client-centred and more agile, so that it can be competitive in the ever-changing business environment. Thus, recognition and rewards should be part of the cornerstone of a strong innovative culture. As noted in the current study, the properly designed and communicated recognition programme helped in embedding change behaviour to transform the way everyone in the organisation act. It was also noted that the recognition programme was instrumental in enabling the bank to deliver its products fast, cheap and in line with customer expectations, as confirmed by the improvement in the 2019 Net Promoter Score (NPS) performance (Consulta, 2019).

#### **5.5 Contribution of the organisational culture to OCC**

Managers interviewed acknowledged that survival and improved performance of the bank in the market is dependent on its ability to continuously develop and launch new products in the market. It is that which can make the organisation to win customer loyalty and continue to attract new customers from other banks in the market. Martins *et al.*, (2003) also observed that an innovative organisational culture is critical to the success of any organisation. Successful organisations are those that are able to adapt to change. O'Reilly (1996) also suggested that successful organisations have the capacity to absorb innovation to be part of their

organisational culture and management processes. It was observed in the current study that the management took initiatives to encourage innovativeness such as rewarding creativity as well as encouraging teams to collaborate and share innovative ideas. This is in line with what Tucker (2002) noted, that an innovative culture that is developed through analysing the external business environment is supportive of creativity and encourages innovative ways that produce products that addresses the current problems or provides solutions to the environmental challenges.

Espoused and aspirational culture were developed as the organisation strived to address some dysfunction in the banks operating system, and to also keep pace with social and technological demands from the market. In his research Schein (1985) observed that organisational culture is developed as an organisation learns to cope with the dual problems of external adaptation and internal integration. Schein (1985) also noted that organisational culture is developed to enable effective change implementation. It was noted in the current research that the main values that managers were specifically interested in developing to support the bank's efforts to drive change, were those that foster team involvement, collaboration and innovative behaviour amongst employees. This was necessary to enable the organisation to prepare for change emanating from the changing business environment. Similar notion was posited by Quinn and Cameron (1999) in their steps for designing organisational culture change process study. It is thus clear that developing an organisational culture that supports the business' initiatives to change should start with a clear understanding of the current culture and why the organisational culture needs to change (Quinn, 1993; Quinn *et al.*, 1999). From there a clear strategy is set up on how the values that makes the entire organisation more receptive to change can be developed.

## **5.6 Summary**

Organisational culture can indeed be developed to influence the attitude of people in the organisation towards organisational change. The research findings were seen to be in line with various theoretical propositions. Managers are actively involved in formulating espoused values that guides the overall organisational practices. Various mechanisms were also implemented to improve communication as it is pivotal in building and shaping a resilient culture through encouraging everyone to embrace change, share innovative ideas and provide feedback.

Change in organisations is pervasive because of the degree and rapidity of change in the external environment. Values are then redefined in line with the changing business environment. The conditions in which organisations operate have been noted to demand a response without which the only expected result is organisational failure. Managers and leaders are driven towards changing the generally accepted norms and beliefs in order for the collective organisation to direct effort towards the perceived change. This therefore confirms the shared view from literature that innovative culture contributes to OCC. Managers are taking a leading role to develop an innovative organisational culture that supports change. In the current study, work teams across the organisation have realised the essence of being prepared for the unpredictable future. This has gone to the extent that almost everyone assumes the velocity of change to increase exponentially (Quinn, 2000). It was also revealed in the current study that senior management play a pivotal role in shaping the organisational culture by stressing priority to innovation, which then directs the organisation towards change.

The current research revealed that developing organisational culture that has a facilitating element in managing organisational change, can be a complicated phenomenon as it is influenced by a myriad of influencing factors. The study has brought to light the appreciation that when implementing change, there are essential organisational aspects that are more than just the personal readiness that have to be addressed to build the capability for implementing change, particularly during the current turbulent times in which organisations operate. The current research has revealed that organisational culture is a major element that should be developed and nurtured to create the organisational support for change initiatives. The current research findings also confirm what was noted by Judge *et al.* (2005), that organisational values and norms are a vital dimension that enables and supports the OCC. Reports by participants provided evidence of various initiatives implemented to develop espoused values, inspirational values and an innovative organisational culture. This strengthened the capability of the bank to face the reality of the need to change, due to advancement in technology and the changing customer needs.

The next and final chapter concludes this study. It also outlines the managerial implications for the study and provides recommendation for future studies.

# CHAPTER 6: Conclusions and recommendations

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## **6.1 Introduction**

This final chapter provides summaries of the broad conclusions drawn from the current research study. The intended purpose of the research was to investigate how an organisational culture that supports organisational capacity for change can be developed. Managerial and theoretical implications of these findings are articulated, and recommendations for further research are also provided.

## **6.2 Managerial implications**

The research focussed on how an organisational culture that supports OCC can be developed. Specific interventions and actions were identified that managers and leaders can institute and employ, to embed an organisational culture that leads to effective implementation of interrelated series of organisational changes. These interventions are essential in the development of the espoused values, aspirational values as well as the innovative culture that make an organisation at least survive and at best prosper in the increasingly dynamic and complex business environment.

The current research study revealed notable insights that can provide the management with a framework that can be applied in organisations going through change or in need of implementing change. It is vital to acknowledge that changes happening in the business environment may affect organisations in varying ways. Both the literature review and empirical findings point to the need for organisations to develop an effective organisational culture that can be implemented to capacitate the organisation for change. Managers should realise that the phenomenon of organisational change is a complex one and cannot be implemented through simply imposing certain values and behaviours. Managers have to identify specific values that are no longer aligned with the business environment in which the organisation is serving, and then institute a delicate process to communicate, train and prescribe the set of fundamental strategically sound values and beliefs on a broad group of people within the organisation. In that manner, organisational culture can be developed to capacitate the organisation to effectively manage organisational change.

### **6.3 Mechanisms for change**

To develop an organisational culture that supports OCC, management should create a dynamic environment where innovation is appreciated and supported. Management is also recommended to take a leading role to empower and inspire the rest of the people in the organisation by presenting some compelling vision for the future, which is enshrined in a changing organisation. A changing and learning organisation will not develop some inertia that resists the need to change in the current unstable environment in which organisations operate. Leaders have to be as compassionate as they are so passionate to see their subordinates sharing the same sentiments about learning how to reskill themselves with those skills that an organisation of the future would need. This can be achieved by the use of communication and transparency, collaborative tools, training and development and recognition as mechanisms of change.

***Communication and transparency-*** Open communication and transparency should be used to clarify the organisation's esteemed practices. Open communication can provide some feedback mechanism that delivers on the innovative culture through participation of employees in strategy formulation. Transparency that creates high levels of trust encourages teams to try new ideas in developing new products that address gaps in the market or exploit some unforeseen opportunities. It was noted in the current study that total employees' buy-in and commitment was displayed when managers developed and further encouraged a spirit of openness and employees' participation. Managers are therefore encouraged to allow their subordinates to bring forward new ideas that can be implemented as part of the strategic options. They should openly communicate that they allow employees to always try new things and experiment on new concepts that can be tried in the market to take advantage of the changing market environment.

***Collaborative tools-*** information technology should be used in organisations to provide enabling platforms for the sharing of innovative ideas. Time and costs are saved when product development meetings are conducted using the latest Microsoft collaborative platforms such as the various enhanced Office 365 functionalities, such as Microsoft Teams, OneDrive and Skype for Business. This breaks unnecessary barriers that can be created where employees can freely share innovative ideas across different work teams. These also enhances the communication process within organisations.



***Training and development-*** Management should craft effective training and development instruments that are meant to clarify the organisation's vision and the values to be observed by all employees. Management should also be prepared to commit resources support to those who intend to acquire relevant skills that are needed in the organisation of the future, and those trying on innovative ideas. For an effective implementation of change, all employees should be trained on new practices being brought in. This also include training on the effective use of the various collaborative tools, so that expected benefits from their use can be achieved.

***Recognition-*** Managers should design appropriate recognition tools that reward good behaviour, build trust and make employees feel encouraged to reveal their innovative abilities. Developing a recognition system that is aligned to an innovative culture does encourage and celebrate risk taking within the organisation. Recognition and reward programmes should be continuously reviewed so as to encourage the required attitudes.

Management is expected to ensure that the above outlined mechanisms for change are jointly implemented, for them to deliver the desired organisational culture without conflicting results. Ongoing communication campaigns should be used to make all employees aware of the collaborative tools that are in place, which they can utilise to easily share information. Training and development should be in place to equip employees with relevant skills on the use of the collaborative tools, as well as to provide knowledge about the expected habits that can make the organisation thrive in the market going forward. A recognition programme can only be used to change behaviour and transform everyone in an organisation if it well communicated about and employees are trained on how it works.

It is also suggested that managers and leaders recognise the active role that they should play in the development and deployment of organisational culture that supports OCC. A lesson learnt from this research study is that organisations may attempt to institute various forms of change like product or service reconfiguration, downsizing or restructuring; but without management developing and embedding appropriate values that support the intended change, the organisation may not achieve the desired outcome.

The research findings enhance the understanding of how to develop an effective organisational culture that not only supports the capability to successfully implement change initiatives, but also contributes to organisations' success in the dynamic and complex business environment. Growth, profitability and performance improvement are critical factors for success of any business. These factors require deep understanding of organisational culture, so that it can be

embedded in line with the strategic changes that are instituted as the business environment changes. The research study therefore provides a means to assess and manage specific elements of an organisational culture. The research findings presented can thus assist managers and organisational leaders in building their organisational capacity for change through developing an effective organisational culture that supports change initiatives being implemented. It is also relevant and handy for those leaders seeking to be more proactive towards change.

#### **6.4 Limitations of the study**

The researcher does acknowledge the presence of limitations relating this study. The study was only centred on the management within the organisation, and not lower level employees. A more complete approach of analysing the development of organisational culture would have also included lower level employees. Any developed organisational culture in an organisation can be observed from the values and practices demonstrated and confirmed by all the employees, including the lower level employees. Client facing employees can easily reveal the organisation's culture as they carry out their daily duties of serving clients.

The research study also only targeted interviewing business unit heads in one cluster of the bank who are stationed at its head office. A cross-sectional analysis that involved managers from Corporate and Investment Banking (CIB) and Wealth business clusters would have provided an across the brand analysis of how organisational culture that supports OCC is developed. A challenge to this is that these different clusters serve different markets, and thus are impacted differently by changes in regulation and other business environment changes. Interviewing management at the branch level would also have provided a deep understanding of the deployment of the organisational values at the market end, where it also matters most.

#### **6.5 Recommendations for future research**

The current research study was conducted to analyse how organisational culture that supports organisational capacity for change, was developed in a banking environment. This was after observing the nature of change experienced in this sector. Organisational culture values are formulated to support practices that are employed to respond to changes in the business environment in which organisations operate. Future research may therefore be carried out to analyse how an organisational culture that contribute to OCC is developed in a different sector of the economy for example in the airline industry or fast-moving consumer goods (FMCG) sector.

It is again suggested that further research to analyse how an organisation develop an organisational culture that supports OCC can also target employees as the respondents. This would lead to understand this concept from employees' perspective as literature has proffered that employees who view an organisation's culture as reflecting an open system are in a better position to act as agents for change in the organisation (Barney, 1986; Tucker, 2002). The better the employees understand and act on the mission, objectives and values of the organisation, they should be prompted to share the information and work towards change.

Judge (2011) outlined that OCC is a multidimensional overall capability comprising human skillsets and resources, formal systems and procedures, as well as organisational culture. The current study only focussed on analysing how an organisational culture that contributes to OCC can be developed. Further research studies can also be carried out to analyse the other dimensions of OCC, for example to analyse how effective formal systems and procedures that enable an organisation to upgrade or revise existing competencies while cultivating new competencies for organisation's survival and prosperity may be developed.

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# Appendices

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## **Sample of Questions using critical incident technique format interviews**

The research to take note of phrasing questions appropriately

- Introductory questioning phrases to follow style such as... “Think of a personal experience during the recent past where you.....”.
- Follow up questions to be of a probing nature.

### **As individual business unit leader(s)**

1. Are there any core values that employees in the bank should live and observe in their day to day professional operations?
2. Are there any actions that you normally take to ensure that the organisation’s core values are protected whilst encouraging change?

### **As a manager in this organizational unit**

3. Can you account for a remarkable incident when some challenges were experienced in trying to balance change initiatives and the need to get work done? If it has happened, was it resolved?
4. Does it ever happen that there is timeous and effective flow of information across the organisation from clients to the executives, and what was its impact in responding to changes in the marketplace?

### **Within specific business units and the whole organisation**

5. Has the bank developed an organisational culture that values innovation and supports change?
6. Have you ever come up with initiatives that you have implemented before that encouraged your subordinates to have the impetus to take risks and be prepared to fail?
7. Are any resources provided (time and financial) that allows people to experiment with new ideas? Why?
8. What is your take on the organisational Top Achiever concept, on its ability/inability to strengthen the corporate culture. Has it ever happened that it led to the emergence of respected personalities who are willing to challenge the status quo?

### **About the frontline employees**

9. If you are to implement some initiatives that can constantly remind and conscientise frontline staff about the broad organisation values, what would you do?

10. What have you thought of doing before, to make employees be open to, and consider some change proposals brought before them?

11. Is there a platform for employees to voice concerns? Can you give an outline of what you would normally do to give opportunities for the employees to voice their concerns about change?

12. How would you figure out if the frontline employees know how any form of change will/will not help the business unit and the entire organisation?

### **How is the innovative culture developed?**

13. Can you recall a moment when you were part of a new initiative. How were such new ideas brought forward?

14. Has there been any guiding principles developed and implemented to encourage bringing up of more fresh and new ideas? What are they?

15. Can you think of what may be the driving force behind you and your colleagues wanting to see new product offerings being rolled out?

## Institution participation letter



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15 July 2019

[Institution address]

Dear [.....]

### **Re: Invitation to conduct research at your institution**

I Howard Dhobha under the supervision of Prof Noel Pearse, is a Rhodes Business School postgraduate student studying for a Master of Business Administration degree at Rhodes University carrying out a research study entitled, Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank. The research study seeks to investigate how an organisational culture that supports organisational capacity for change can be developed. The participation and cooperation of your institution is important so that the results of the research are accurately portrayed.

The research will be undertaken by administering semi-structured personal interviews as well as open-ended questions designed to gather interviewees' recollection and perspectives on critical incidents influencing the development of the organisation's culture. Interview data will be gathered from a sample of twelve, senior and middle level managers. The identity of your institution and the employees who voluntarily consent to participate will be treated with utmost confidentiality. The collection of this data will require about 30 to 45 minutes of your time to complete.

We look to you for guidance in identifying those employees at your institute that would be suitable to interview (at a time and date that suites them).

Attached for your information is a copy of the participant's Informed Consent Form. If you have questions or wish to verify the research, please feel free to contact us.

If you would like your institution to participate in this research, please complete and return the attached form.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

Howard Dhobha  
Research Student

Prof Noel Pearse  
Supervisor

**Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank**

**Institution Consent Form**

<b>Participation Consent</b>	
I consent for you to approach employees of ***** Retail and Business Banking division to participate in the research study, Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank.	
<b>I acknowledge and understand:</b>	
<ul style="list-style-type: none"> <li>• The role of the institution is voluntary.</li> <li>• I may decide to withdraw the institution’s participation at any time without penalty.</li> <li>• Employees the Retail and Business Banking will be invited to participate, and that permission will be sought from them too.</li> <li>• Only employees who consent will participate in the project.</li> <li>• All information obtained will be treated in strictest confidence.</li> <li>• The employees’ names will not be used and individual employees will not be identifiable in any written reports about the study.</li> <li>• The institution will not be identifiable in any written reports about the study.</li> <li>• Participants may withdraw from the study at any time without penalty.</li> <li>• A report of the findings will be made available to the institution.</li> <li>• I may seek further information on the project from Howard Dhobha on 083 421 0634.</li> </ul>	

<b>Full Name:</b>	
<b>Position:</b>	
<b>Signature:</b>	
<b>Date:</b>	

<b>Please return to:</b>	[return address]
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## Individual participation letter



**RHODES UNIVERSITY**

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Rhodes Business School  
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Fax: [+27] 046 603 8613  
E-mail: [N.Pearse@ru.ac.za](mailto:N.Pearse@ru.ac.za)

04 June 2019

[Address]

Dear [Name]

### **Re: Invitation to participate in research study**

You are invited to participate in a research study entitled Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank. The aim of this research is to investigate how an organisational culture that supports organisational capacity for change can be developed. It seeks to determine how the espoused and aspirational culture of an organisation that supports capacity for change is formulated and developed. Your participation and cooperation is important so that the results of the research are accurately portrayed.

The research will be undertaken by administering semi-structured personal interviews as well as open-ended questions designed to gather interviewees' recollection and perspectives on critical incidents influencing the development of the organisational culture. Your identity and that of your institution will be treated with complete confidentiality. The collection of this data will require about 30 to 45 minutes of your time to complete.

We will provide you with all the necessary information to assist you to understand the study and explain what would be expected of you (the participant). These guidelines would include the risks, benefits, and your rights as a study subject. Furthermore, it is important that you are aware that this study has been approved by a Research Ethics Committee of the university.

Participation in this research is completely voluntary and this letter of invitation does not obligate you to take part in this research study. To participate, you will be required to provide written consent that will include your signature, date and initials to verify that you understand and agree to the conditions. Please note that you have the right to withdraw at any given time during the study without penalty.

Thank you for your time and I hope that you will find our request favourable.

Yours sincerely,

**Howard Dhobha**  
Research Student

**Prof Noel Pearse**  
Supervisor



## Participant Informed consent form



### RHODES UNIVERSITY

## INFORMED CONSENT FORM

Rhodes Business School

<b>Research Project Title:</b>	<b>Developing an organisational culture in support of Organisational Capacity for Change: The case of a South African bank</b>
<b>Principal Investigator(s):</b>	Prof Noel Pearse Howard Dhobha

### Participation Information

- I understand the purpose of the research study and my involvement in it
- I understand the risks of participating in this research study
- I understand the benefits of participating in this research study
- I understand that I may withdraw from the research study at any stage without any penalty
- I understand that participation in this study is done on a voluntary basis
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential
- I understand that I will receive no payment for participating in this study

### Information Explanation

The above information was explained to me by: [\[name of investigator\]](#)

The above information was explained to me in: English Afrikaans isiXhosa isiZulu  
Other:

and I am in command of this language

**OR**, it was comprehensibly translated to me by: [\[name of translator\]](#)

**Voluntary Consent**

I, [leave space for full name of participant], hereby voluntarily consent to participate in the above-mentioned research.

Signature:

**OR**, right hand thumb print

Witness signature:

Date: / /

**Investigator Declaration**

I, [full name of investigator], declare that I have explained all the participant information to the participant and have truthfully answered all questions ask me by the participant.

Signature:

Date: / /

**Translator Declaration**

I, [full name of translator], declare that I translated a factually correct version of:

1. all the contents of this document
2. all questions posed by the participant
3. all answers given by the investigator

In addition, I declare that all information acquired by me regarding this research will be kept confidential.

Signature

Date: / /