

**Evaluation of the applicability of Lewin's Force Field Analysis in the
implementation of the Financial Sector Charter at Standard Bank**

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INTEGRATIVE SUMMARY

According to the Financial Sector (FS) Charter, in August 2002, at the NEDLAC Financial Sector Summit, “the financial sector committed itself to the development of a Black Economic Empowerment (BEE) charter. It made this commitment, noting that:

- “Despite significant progress since the establishment of a democratic government in 1994, South African society remains characterised by racially based income and social services inequalities. This is not only unjust, but inhibits the country’s ability to achieve its full economic potential.
- BEE is a mechanism aimed at addressing inequalities and mobilising the energies of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa.
- Inequalities also manifest themselves in the country’s financial sector. A positive and proactive response from the sector through the implementation of BEE will further unlock the sector’s potential, promote its global competitiveness, and enhance its world class status”.

Parties of the Financial Sector Charter agreed on the seven pillars below:

- 1) Human resource management – provide resources to develop skills of black people with the aim of increasing black participation in all levels of management in the sector.
- 2) Procurement policies – implement a targeted procurement strategy to enhance BEE.
- 3) Enterprise development – improve the level of support provided to BEE companies in all sectors of the economy. This would be achieved through skills transfer, administration and technical support.
- 4) Access to financial services – provide affordable financial services to the previously disadvantaged groups and making sure financial services are accessible to these groups.

- 5) Empowerment financing – work closely with government and government financial institutions to increase resources for empowerment financing.
- 6) Ownership in the financial sector – 25% of shares in each party of the FS Charter should be owned by black people by 2010.
- 7) Corporate social investment (CSI) – Each financial institution will have to spend 0.5% of their after-tax profit on corporate social investment projects. The projects should be targeted at black groups with a strong focus on transformation.

The research evaluates the applicability of Lewin's Force Field Analysis (a change management model) in the implementation of the Financial Sector Charter at Standard Bank of South Africa. It attempts to achieve this by looking at how the Financial Sector Charter is being implemented at Standard Bank. The research looks at three main areas:

- 1) The "context" of the research problem, by seeking to understand Standard Bank's understanding of the FS Charter, the importance of implementing the FS Charter by the bank, the progress made thus far in the FS Charter implementation and comparison to the BEE scorecards of the other three main bank.
- 2) The "process", i.e. how the FS Charter is implemented in the bank, the driving and restraining forces of successful implementation of the FS Charter and the lessons learnt.
- 3) The "outcome", i.e. benefits of implementing the FS Charter and what could be done to ensure that change management processes are successfully implemented.

Personal interviews were used to discover other valuable information which was not available on the bank's published documents, and other related sources such as the Financial Sector Charter document. The sample size for the study was ten Standard Bank employees from different areas of the bank who are either senior managers or directors, in the bank. Internal publications available on the Standard Bank intranet such as the bank's employment equity plans, and the bank's sustainability reports from 2004 to 2011 (Standard Bank, 2004-2011) were analysed for the purpose of the

study. The researcher also analysed public documents such as the bank's annual financial reports, bank's equity reports and internal publications on related topics of the research question.

Lewin's Forces Field Analysis (FFA) points out that in any environment where change is required; there are both driving and restraining forces that influence the implementation of a change programme. The FFA is a valuable change management tool at trying to transform the behaviour of an individual, and this will lead to transformation of groups and, ultimately the organisation. It also helps to establish the balance between the driving and restraining forces of the change programme. Lewin's (1951) theory put forward the idea that change occurs in three stages: the first stage of change is unfreezing; the second stage is moving and lastly, the third stage is refreezing.

In the unfreezing stage, the bank's change management initiatives would need to be directed at giving the individuals a desire and motivation to be ready and open about a planned change initiative. This could be achieved by clearly communicating why change is important, benefits of change and the compelling reasons for change.

In moving, the bank would need to give support and confidence to the people affected by change in order to start accepting and buying-in to new perspectives, which enable them to realise that change will improve the current situation.

In the refreezing stage, the bank would need to ensure that new patterns of behaviour are reinforced. This will ensure that the changes are applied in everyday business, and this helps create a sense of stability, where those affected by change feel comfortable and confident with the new approach of doing things.

The research concludes that managers should recognise the sensitivity around transformation, and should always try to ensure that change management initiatives directed at transformation are unifying, fair and transparent. This should be done to avoid a situation where an employee (or prospective employees) and other stakeholders feel under-appreciated or overlooked because of their gender or race. This demands a carefully crafted and implemented change management

programme, whose results will not only unify the bank's employees, but also create a competitive edge for the bank. Lewin's Force Field Analysis (FFA) model is a change management tool that could be used to produce such results.

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Section 1 – EVALUATION REPORT

1.1 Executive Summary (Abstract)

The purpose of the evaluation report is to evaluate the applicability of Lewin's Force Field Analysis in the implementation of the Financial Sector Charter, at Standard Bank of South Africa (SBSA) Limited. Lewin's Forces Field Analysis points out that in any environment where change is required; there are both driving and restraining forces that influence the implementation of a change programme. The FFA is a valuable change management tool at trying to transform the behaviour of an individual, and this will lead to transformation of groups and, ultimately the organisation. It also helps to establish the balance between the driving and restraining forces of the change programme.

Lewin's (1951) theory put forward the idea that change occurs in three stages: the first stage of change is unfreezing; the second stage is moving and lastly, the third stage is refreezing. Unfreezing is about giving individuals a desire and motivation to be ready and open about a planned change initiative. Moving involves supporting and giving confidence to the people affected by change in order for them to start accepting and buying-in to new perspectives, which enable them to realise that change will improve the current situation; and refreezing is about ensuring that new patterns of behaviour are reinforced. In the second stage, unfreezing, it is critical to identify forces driving and restraining individuals from accepting the change (Lewin, 1951). According to Garvin (1993), there should be clear strategies devised to make the driving forces stronger and dampen the restraining forces.

1.2 Introduction

According to the Financial Sector Charter, in August 2002, at the NEDLAC Financial Sector Summit, "the financial sector committed itself to the development of a Black Economic Empowerment (BEE) charter". They made this commitment, noting that:

- “Despite significant progress since the establishment of a democratic government in 1994, South African society remains characterised by racially based income and social services inequalities. This is not only unjust, but inhibits the country’s ability to achieve its full economic potential.
- BEE is a mechanism aimed at addressing inequalities and mobilising the energy of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa.
- Inequalities also manifest themselves in the country’s financial sector. A positive and proactive response from the sector through the implementation of BEE will further unlock the sector’s potential, promote its global competitiveness, and enhance its world class status”.

Financial institutions affected by the Charter include banks, long-term insurers, short-term insurers, re-insurers, collective investment schemes, investment managers, retirement funds, and licensed exchanges (FSC, 2003). The parties at the August 2002 NEDLAC Financial Sector Summit were representatives from different stakeholders including Government, Labour Unions, top executives of the South African banks and other financial institutions affected by the FSC.

The Financial Sector Charter (FSC) and its implementation have become critical in SBSA’s strategic orientation. According to the former Chairman of Standard Bank, Mr Derek Cooper, “Standard Bank has an important role to play in transforming and growing the South African economy by supporting black economic empowerment” (Standard Bank, 2003). This research paper will look at the applicability of Lewin’s Force Field Analysis model in analysing the implementation of the FSC in Standard Bank. This is an ongoing process that started in 2002. Standard Bank created a directorate within its senior executive level that looks at the implementation of the FSC and reports to the Financial Sector Charter Council. The first reporting cycle took place in 2006 which was to review performance up to 2005. The purpose of this initial review was to establish the transformation status of the industry and assess progress in implementing the charter.

From 2007 onwards, performance by individual institutions has been rated. These ratings will be taken into account by all organs of state when they conduct business with the sector, thus providing an incentive to financial institutions to transform and promote Broad-Based Black Economic Empowerment (B-BBEE). Non-compliance to the charter could lead to the financial institution losing business with the state, state-owned enterprises and any organisation that itself deals with the state.

1.3 Literature Review

1.3.1 Black Economic Empowerment (BEE)

A key concept related to the research is Black Economic Empowerment (BEE). For the purpose of this paper, BEE will be as defined in the Broad-Based Black Economic Empowerment legislation, namely "the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies". BEE has been described as "an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities" (Department of Trade and Industry, 2003: 3).

According to Broad-Based Black Economic Empowerment Act (2003: 2), "Black people mean all Africans, Coloureds and Indians who are South African citizens and include black companies. Black companies mean companies that are more than 50% owned and are controlled by black people. Black empowered companies mean companies that are more than 25% owned by black people and where substantial participation in control is vested in black people".

1.3.2 Lewin's Force Field Analysis

Force field Analysis is a model developed by Kurt Lewin, a pioneer in the field of social sciences. It is used for analysing and diagnosing decision situations where changes in either direction or magnitude are required, whether these are as a consequence of an internal (change of leadership) or external requirement

(competitive dynamic) placed on the organisation. It is useful when looking at the variables involved in planning and implementing a change programme and is undoubtedly of use in team building projects or when attempting to overcome resistance to change (Baulcomb, 2003).

Lewin assumes that, in any situation, there are both driving and restraining forces that influence any change that may occur.

a) Driving Forces

Driving forces are those forces affecting a situation and that are pushing in a particular direction; they tend to initiate a change and keep the change going (Bozak, 2003). In terms of improving productivity in a work group, pressure from a supervisor, incentive earnings, and competition may be examples of driving forces. The Financial Sector Charter is the driving force in this study and some of the specific elements include black equity in financial institutions, advanced BEE procurement and enterprise development, developing black people's skills in the financial sector, having black people in all levels of management, and advancing corporate social investment.

b) Restraining Forces

Restraining forces are forces acting to restrain or decrease the driving forces. Apathy, hostility, and poor maintenance of plant and equipment may be examples of restraining forces against increased production. In the context of the FSC, these are shortage of skills, racial prejudice, resistance from the existing management and staff, lack of capital to fund black equity in the financial sector, and risk mitigation interventions to fund BEE enterprises.

c) Equilibrium

Equilibrium is reached when the sum of the driving forces equals the sum of the restraining forces (Kritsonis, 2004).

The equilibrium can be raised or lowered by changes in the relationship between the driving and the restraining forces (Bozak, 2003). This is a crucial phase as it ensures that business activities go back to normal after the change was introduced. This phase needs to ensure that the organisation is more effective and more competitive than it was before the change.

1.4 Scope of the study

As the study was exploratory, the study confined itself to interviewing directors and senior managers at Standard Bank of South Africa. In addition, Standard Bank's annual financial reports and the Financial Sector Charter documents were reviewed; the research was only limited to Standard Bank.

1.5 Research Methodology

The researcher selected the evaluation method of research design because of its appropriateness to evaluate a social intervention; in this case the social intervention is the Financial Sector Charter. The research problem was to **evaluate** the applicability of Lewin's Force Field Analysis in the implementation of the Financial Sector Charter at Standard Bank of South Africa.

Personal interviews were used to discover other valuable information which was not available on the bank's published documents and other related sources such as the Financial Sector Charter document. The researcher employed the use of purposeful sampling in this research. The sample size for the study was ten Standard Bank employees from different areas of the bank who are either senior managers or directors in the bank. A former Standard Senior Director (now a Nedbank Executive) was also interviewed as he was part of one of the bank's transformation committees and played a significant role on the bank's transformation matters. The criteria used were; one had to be an employee or former employee of Standard Bank, and in their current or previous role were exposed to the implementation of the FS Charter.

The researcher conducted interviews using semi-structured questions, which permitted the researcher to address issues pertaining to context and background, implementation of the FSC, progress to date, planned interventions, what are seen

to be driving and restraining forces of its implementation, what needs to be done to bring about equilibrium and whether or not Lewin's Force Field Analysis could be a useful model to assist in its implementation.

Document analysis is another invaluable source of information (Hoepfl, 1997). Internal publications available on the Standard Bank intranet such as the bank's employment equity plans, and the bank's sustainability reports from 2004 to 2011 were analysed for the purpose of the study. The reason for analysing sustainability reports from 2004 to 2011 is that they contain relevant information on the actions taken by the bank in order to implement the FS Charter, from 2004, when the FSC charter came into existence, and the 2011 report is the most up-to-date report. The researcher also analysed public documents such as the bank's annual financial reports, bank's equity reports and internal publications on related topics of the research question.

1.6 Research Findings

This section seeks to address the research problem of evaluating the applicability of Lewin's Force Field Analysis in the implementation of the Financial Sector Charter, at Standard Bank of South Africa Limited. It attempts to achieve this by looking at how the Financial Sector Charter is being implemented at Standard Bank. This chapter is divided into three main sections.

- **Context** – looks at the “context” of the research problem by seeking to understand Standard Bank's understanding of the FS Charter, the importance of implementing the FS Charter by the bank, the progress made thus far in the FS Charter implementation and comparison to the BEE scorecards of the other three main banks.
- **Process** – looks at the “process”; how is FS Charter implemented in the bank, the driving and restraining forces of successful implementation of the FS Charter and the lessons learnt.

- **Outcome** – looks at the “outcome”; benefits of implementing the FS Charter and what could be done to ensure change management processes are successfully implemented.

1.6.1 Context

1.6.1.1 What is the bank’s understanding of the FSC?

According to Standard Bank’s Director of Transformation (Mochine, 2012), “transformation is often understood at its narrowest definition of race and gender, manifested through compliance with employment equity and affirmative action targets”. While this is one key element of transformation, Standard Bank has a broader definition which includes both workplace elements, and elements pertaining to a broader social impact. Mochine (2012) is also of the opinion, “It is critical to have an external, as well as internal focus when viewing transformation opportunities”. This is because, with a socially aware external focus, Standard Bank can contribute extensively to the transformation imperative.

According to Tshabalala (2012: 1), Chief Executive Officer (CEO) for Standard Bank South Africa Limited, and deputy CEO for the Standard Bank Group, “a bank’s greatest area of impact on transformation is through its everyday banking activities (including lending, facilitating payments and facilitating movement of cash), which, when targeted correctly, can achieve significantly more for transformation than meeting internal employment equity targets alone”.

Thus for Standard Bank, transformation is a fundamental change process which affects every aspect of their business, either directly or indirectly, by virtue of being a South African company (Standard Bank, 2012). At a national level, the ultimate purpose of transformation is to address the systematic exclusion of the majority of South Africans from full participation in the economy, particularly black South Africans, people with disabilities and women.

1.6.1.2 What are the commercial imperatives for implementing the FSC?

As discussed above, transformation is much more than meeting compliance requirements; it is about dealing with some of the fundamental problems hindering South Africa's growth potential (Standard Bank, 2012). Taken at this broader definition of transformation, below are reasons why it is so important for Standard Bank to take transformation seriously as well as the commercial imperative to do so (Standard Bank Transformation, 2012).

1.6.1.2.1 Political stability

The South African society displays elements of fragility, including rising levels of unrest, both in the form of industrial action and service delivery protests. With a young population and an education system that is struggling to produce the skills needed to soak up the country's structurally high unemployment levels, transformation is needed to avert a potential social upheaval and hence improve the sustainability of the country (Standard Bank, 2012).

1.6.1.2.2 Socio-economic reasons

Transformation is also needed to reduce income inequality, which is amongst the highest in the world, as per the Gini coefficient (Standard Bank, 2012). Ensuring greater stability in South Africa will protect the Group's domestic franchise (Standard Bank, 2012). If the South African financial sector loses its business sustainability, no amount of diversification at Group level would protect the Standard Bank Group from an enormous loss of franchise value (Tshabalala, 2012).

1.6.1.2.3 Job creation

Internal research done by Standard Bank Group's Economics division shows that every R1 of lending that Standard Bank did to meet its commitments under the Financial Sector Charter from 2004-2008 generated more economic activity and jobs; in this period alone 27 500 jobs were created. This was largely because, the projects include labour intensive projects such as the construction of affordable housing, which is a sector that creates 27.6 jobs per R1 million of investment; the

second most labour intensive industry in South Africa, behind agriculture (at 27.9 jobs per R1 million).

Furthermore, an impressive 32% of the jobs created are unskilled, as well as a large proportion of semi-skilled jobs. According to Standard Bank Group Economics (2011), the methodology employed to draw the above conclusion about the efficiency of the R1 deployed in FSC initiatives was a Social Accounting Matrix (SAM), which was then transformed into an economic model (the Leontief inverse). The SAM methodology is widely used and well-understood by economists globally. This is conclusive proof that democratisation of finance in South Africa will generate greater economic growth through the multiplier effect.

1.6.1.2.4 Economic Growth/Stability and Reduction in the Cost of Equity

Standard Bank Group Economics (2011) pointed that successful transformation can indirectly contribute to the reduction of the cost of equity in South Africa by contributing to reducing the sovereign risk of the country. This is because transformation can positively impact variables that are included by rating agencies in calculating the country's sovereign risk, including unemployment, income inequality and real GDP per capita. Furthermore, it is intuitive that if there are more jobs, and society is more equitable, the country is less exposed to the risk of socio-political upheaval.

1.6.1.2.5 Financial Sector stability

Making a success of transformation is vital for the maintenance of good relations with society, and its elected representative, government – some of the biggest stakeholders of any company operating in South Africa (Manyathi, 2012). Transformation will therefore reduce the risk of non-market oriented regulatory intervention, which can have a damaging impact on the long-term sovereign risk rating (Standard Bank, 2012). Also, a company's ability to transform has become a competitive differentiator in attracting government business as provided for in the Broad-Based Black Economic Empowerment Act (Seaka, 2012).

Lastly, transformation will afford the bank an opportunity to attract and retain highly talented employees from diverse backgrounds. This will put the bank in a much better position to service a transforming diverse market.

1.6.1.3 How does Standard Bank compare to other banks in the sector?

Table 1: SBSA compared to 3 other big banks – BEE Scorecards (Source: Financial Mail's 2012 Top 100 Empowerment Companies)

BEE Element	Points	SBSA	ABSA	Nedbank	FirstRand
Ownership	20	20.18	6.99	22.72	18.74
Management Control	10	8.46	5.44	9.18	7.94
Employment Equity	15	12.44	10.92	11.94	10.36
Skills Development	15	12.02	12.39	11.82	12.00
Preferential Procurement	20	19.37	19.63	19.48	18.43
Enterprise Development	15	15.00	15.00	15.00	15.00
Socio-economic Dev	5	5.00	5.00	5.00	5.00
TOTAL SCORE	100	92.47	75.38	95.14	87.45

Although SBSA's performance has dropped to second position overall, the bank still maintained its Level 2 BEE status. Standard Bank is also leading the three big banks on the Employment Equity Pillar. Nedbank leads the three banks on the Ownership and Management Control pillars. ABSA leads all banks on Social-economic development and preferential procurement. All four banks attained maximum points on Enterprise Development and Social Economic Development.

Please note under ownership, the company can earn two bonus points if there is involvement of black women in the enterprise and one bonus point for the involvement of black participants in the employee ownership scheme or co-operatives (Department of Trade and Industry, 2010).

1.6.1.4 Is the FS Charter a Change Management Initiative?

The interviewees all agreed that change management initiatives are critical to assisting the bank in meeting its FS Charter requirements. The research participants pointed out that, by its nature, the FS Charter is a transformation charter that demands new ways of thinking, new skills to be developed and physical transformation to happen in the bank. They agreed that to achieve this; a carefully planned and executed change management programme is essential.

1.6.2 Process

1.6.2.1 What did the bank do to implement the FS Charter?

According to Manyathi (2012), Standard Bank was fortunate enough to have its CEO Mr Jacko Maree and its Chairman Mr Derek Cooper being one of the representatives of the financial sector at the Nedlac summit where the parties agreed to the FS Charter. This was critical as this meant that the FS Charter implementation in the bank had support of top leadership. There were a number of meetings held, in 2004, to brief the bank's executive team about the FS Charter, its implications to the business, its rationale, and benefits. The executive committee had to come up with plans on how the charter was going to be implemented in the bank.

The members of the executive committee were then mandated to take the message to their respective business units, and they were also required to come up with plans on how they will achieve the FS Charter requirements in their respective business units. It is also worth noting that the bank used other channels such as its internal television channel called "blue wave" to communicate the message right from Jacko Maree, a well respected leader in the bank and the financial sector at large. There were also emails sent to all the staff members detailing what the FS Charter means and what is expected from each staff member. A transformation directorate was

formed, in the bank, to look specifically at transformation challenges and act as an advisor on the bank's transformation issues.

Between 2004 and 2005, approximately 80 diversity awareness and training workshops were conducted, reaching over 2 490 employees throughout the bank (Standard Bank, 2011). In addition, the bank's various leadership development programmes incorporate components focusing on understanding and managing diversity for business advantages. According to De Jagger (2012), Standard Bank strives to build and strengthen a diverse organisational culture continually, with the bank's values forming the foundation of their behaviours.

The bank extensively used the Business Transformation Forums to make the staff aware of the FS Charter and also its implementation. The employees from each business unit were given a chance to nominate their representatives in their respective business transformation forums.

1.6.2.2 SBSA Transformation Forum Key principles

According to Standard Bank (2012), SBSA Transformation Forum is an essential part of the bank's transformation journey with the following principles:

- a) Serves as a key consultation and communication channel between the bank's employees and the leadership on matters relating to Transformation and Employment Equity.
- b) Ensures that information on matters related to the Employment Equity Act, Financial Sector Code and Codes of Good Practice for Broad-Based Black Economic Empowerment (B-BBEE) and any other related policy and framework that may have an impact or influence on transformation reaches all employees in the bank.
- c) Provides opportunities for staff and the leadership to meet and exchange information.
- d) Helps drive transformation vision.
- e) Encourages employees to provide their input regarding the implementation of the transformation programme.
- f) Provides feedback regarding SBSA transformation processes.

- g) Provides information regarding progress on transformation milestones.
- h) Assists in the communication of progress and comments on the implementation of affirmative action measures.
- i) Helps keep track of the implementation of the provisions of the Employment Equity Act and other relevant pieces of legislation.

All the respondents agreed that the transformation forums were not very effective. Firstly, the members of these forums were mostly junior staff or staff members who did not have the power to take any business decision as some decision makers viewed the forums as a waste of time. Secondly, the transformation committees struggled to define their mandate and their main focus ended up being on corporate social investment (CSI); they then became more of the CSI committees. Thirdly, the forums did not enjoy good support from some of the Unit Heads in the bank, and lastly, some people used their membership in these forums as a career advancement platform to gain exposure to senior management.

One of the positive achievements by some of the transformation forums was that they facilitated diversity workshops where employees were encouraged to share more about their different cultures; this achieved a sense of cultural sensitivity among employees. For example, Indian employees with a Hindi religion educated other employees about some of their significant religious days such as Diwali – what it means to them.

1.6.2.3 Who was responsible for communicating the implementation of the FS Charter?

The Standard Bank Group Chief Executive, Jacko Maree and the then Chairperson of the Standard Bank board Derek Cooper, were instrumental in communicating the need for the bank to transform. Their message was centred around the importance and business imperative of transformation; they stressed that transformation was needed for the bank's sustainability, and future profitability as BEE was indeed a business imperative and not complying with the FS Charter requirements will result in a major loss of business and the bank's market share.

1.6.2.4 Driving Forces

The bank committed itself to achieving the FS Charter requirement as it was party to the agreement. The leadership, Jacko Maree (CEO) and Derek Cooper (Chairman) were at Nedlac; they were the driving force instrumental in pushing the transformation agenda in the bank.

According to Manyathi (2012), the country was transforming and as such, the market, as well. A diverse market required a diverse workforce, for example, to have an intimate understanding of women's buying patterns; one needs a woman to understand those patterns better.

Business Banking clients, who include government parastatals, are sensitive to transformation (Seaka, 2012). There is more growth potential in the public sector as well as the growing black middle class; this group is more conversant with transformation issues (Standard Bank, 2012).

There are also growth opportunities on remittances (services across the continent); the bank heavily relies on the Government foreign and bilateral trading relations with respective countries on the African continent. In the past two years, the bank's strategic intent has been to grow its African market share. According to Manyathi (2012), meeting their transformation requirements in South Africa will help the bank build good relations with Government and this will help to advance the bank's African expansion plans.

On the supply side of the Business Model, there are regulatory requirements such as:

- A threat to lose the Operating Licence (the B-BBEE Act requires licensing authorities to integrate transformation into their decision-making processes) if the bank does not comply with the country's laws, including the ones relating to transformation.
- The need for capital adequacy, which makes it difficult for black people who have not built a lot of capital to buy a sizeable stake in a bank.

- There are overall consequences of reputational risk linked to transformation.

1.6.2.5 Restraining Forces

According to Seaka (2012), there was a lack of knowledge and understanding of the FS Charter among the majority of the employees and this created a strong sense of fear that their personal benefits from the bank were under threat. The understanding of the FS Charter was mainly with line managers and business heads. The general negative connotation associated with the word BEE where people view BEE as empowerment and enrichment of those connected to government was also a negative factor (Sibiya, 2012). There were also no clear corrective measures for business unit heads who were not meeting the transformation targets; as long as the business was doing well, the transformation focus was not under scrutiny (Manyathi, 2012).

The existing base of white representation in all levels of management was too large, and most of them were hanging on to their jobs as they felt getting another job outside of the bank will be difficult due to employment equity requirements (De Jagger, 2012). This meant that the bank could not promote enough black people at a reasonable pace.

Ownership posed the biggest challenge as the FS Charter (2004) stipulated that each of the financial institutions will have a minimum of 25% black ownership, measured at holding company level by 2010. The lack of capital from black investors to acquire a sizeable stake in the bank was a key challenge (Manyathi, 2012). In 2006, 10 million ordinary shares were awarded to 250 qualifying SMEs through the Tutuwa Community Trust initiative. The shares were worth a total of R445 million on allocation, with each SME shareholder receiving roughly 40 000 shares (Standard Bank, 2010).

Affordability was also a restraining force; creating easier access to banking services for previously unbanked people had to be supported by the delivery of banking services that are affordable, practical and easy to understand (Mochine, 2012). As such, apart from identifying new markets in which to create a physical presence, the

bank's product development team needed to constantly seek new ways to **reduce costs while enhancing functionality and convenience. For instance, the introduction of Mzantsi account in October 2006.** Changes were made to the process of opening an account, reducing the times required by up to 50% and giving the bank's sales consultants more time to educate customers about how to use and maximise their bank accounts.

Affordable housing; in the period 1 January 2004 to 31 December 2006, Standard Bank extended some R7.7 billion in housing finance to the affordable housing market. This compares well to the R1.1 billion originated in 2003 by the bank (Standard Bank, 2011). Working in partnership with public and private sector role players is imperative to the successful delivery of affordable housing and has been a hallmark of the bank's initiatives during 2006.

As mention earlier, the country's education was a serious problem, the primary and tertiary education systems are not producing matriculants and graduates that match the demographics of the country. There was also a lack of buy-in from some of the senior managers who tried hard to maintain the status quo.

1.6.2.6 How was the resistance managed?

The research reveals that there was no specific resistance management plan to deal with those who were resisting the implementation of the charter. Transformation targets were used to try to get the buy-in of those who were entrusted with the implementation of the FS Charter (e.g. Unit head of departments). The diversity awareness and training workshops were also conducted to minimise resistance to transformation.

1.6.2.7 How is the progress measured?

There are numerous ways to measure how successful the bank is in executing their transformation strategy and meeting their objectives (Standard Bank, 2012). This is primarily done through the following:

1. An improvement in how the bank's transformation deliverables contribute to alleviating serious socio-economic problems, in other words, through increased employment, and reduction in income inequality and poverty. According to Sibiya (2012), the bank will also have to be mindful of meeting the appropriate targets as set out for the banking sector in the relevant pieces of legislation.
2. An improvement in stakeholder perceptions about Standard Bank's attitude to transformation, as gleaned from appropriate staff and external stakeholder surveys.
3. An improvement in the stature of the company, as measured in brand surveys.
4. A general improvement in market share, but more specifically, an increase in BEE-related and government-related business market share.
5. A reduction in the company's riskiness especially when compared to competitor companies and the economy at large.

1.6.2.8 Lessons Learnt

Some of the lessons learnt were that, in order to implement a transformation initiative successfully as per FS Charter requirements; one should create:

- A working environment where people can communicate and give feedback on the transformation process in their particular business unit. An opportunity to create positive change and share diverse opinions on how the bank is doing in terms of employment equity, cultural sensitivity and managing diversity within a business unit. This can be achieved by providing platforms for people to engage on transformation matters.
- A healthy environment for challenging and exploring new ways to solve fundamental transformation challenges.
- A meaningful connection with community programmes and social responsibility projects to help create a better life for those in need. This

means spending the CSI budget on projects that make a significant difference to their communities.

1.6.3 Outcomes

1.6.3.1 Benefits of implementing the Financial Sector Charter

According to Manyathi (2012), "the biggest benefit of the FS Charter was to bring the transformation agenda and dialogue to the Financial Sector". This was critical as the country was transforming and other sectors of the economy were also transforming. Transformation was fast becoming a business imperative, and business sustainability was heavily relying on it.

Standard Bank could attract and employ highly talented individuals from all races whose diverse background and views assisted the bank in better understanding and servicing different markets and making the bank relevant to the greater society (Sibiya, 2012). The diversity afforded the bank diverse views which drove the inclusion of the previously excluded people in the economy; this created new markets for the bank and, therefore, new revenue.

The FS Charter gave the bank an opportunity to acquire South African public sector business. Before the democratic dispensation in 1994 the bank only had less than 10% of the public sector market. This has now improved, for instance in 2012 alone Standard Bank won banking tenders (five-year contracts) for Buffalo City Metro Municipality and Johannesburg Metro Municipality to mention just a few.

The FS Charter demanded the bank to change some of its lending policies to accommodate BEE financing and affordable housing finance and banking products, and so, this gave the bank an opportunity to develop new skills and create expertise which were not previously available in the bank (Mochine, 2012).

BEE finance – preferential procurement policies from BEE business created a new market for the bank and assisted in job creation for the country. It allowed previously disadvantaged people to be active participants of the economy.

1.6.3.2 Conclusion

Transformation is not about today; it is about tomorrow. To implement a transformation initiative successfully, one needs to create an environment where people need to be made aware of the need to transform. People should be given platforms to engage and give feedback on issues of transformation; this helps to create a shared vision that can be worked towards by people. Strong and supporting leadership is critical to achieve any form of transformation and a change management plan should be used to guide and help manage the process of change. In section 1.7, we will demonstrate why Lewin's Force Field Analysis could be a useful change management model to assist the bank in its journey to implement the FS Charter successfully. The aim should be, to create a culture that embraces openness, fairness and diversity, and this culture should be a tangible, everyday reality for their employees, customers, stakeholders and the communities that the bank serves.

1.7 Discussion and Conclusion

1.7.1 Introduction

This chapter discusses how the Lewin's Force Field Analysis can be used as a change management model for the successful implementation of the Financial Sector Charter, at Standard Bank. The chapter looks at why Lewin's Forces Field Analysis is an invaluable model for planning the change, identifying both driving and restraining forces for the change, providing a clear implementation process and identifying opportunities.

1.7.2 Why could Lewin's FFA be an invaluable model?

Lewin's Forces Field Analysis points out that in any environment where change is required; there are both driving and restraining forces that influence the implementation of a change programme. The FFA is a valuable change management tool at trying to transform the behaviour of an individual, and this will lead to transformation of groups as well as the organisation. It also helps to establish the balance between the driving and restraining forces of the change programme.

According to Hustedde and Score (1994: 4), “the potential benefits of the Force-Field Analysis, it assists in better designed goals that reflect diverse and critical thinking and gives us better understanding of goal opposition and support and also help in minimising needless confrontation and friction within and outside the organisation”.

Most importantly, Force Field Analysis assists in recognising situations which can and cannot be changed and provide means to establish actions that can be taken to circumvent barriers to goal attainment (Mochine, 2012). For instance, the bank cannot operate without shareholders that cannot change. The make-up of the shareholders will, however, need to change as per the FS Charter requirements.

FFA can help Standard Bank to establish if the implementation of the FS Charter will be able to gain the needed support. FFA can assist in identifying restraining forces to successful implementation of the FS Charter and help provide tangible strategies to minimise and neutralise the restraining forces. FFA could be used to create clear objectives that are inclusive of different parties in the organisation and in providing a better understanding of driving and restraining forces.

1.7.2.1 Change management planning

Force field analysis has been used as a planning mechanism for many years (Bamford and Forrester, 2003). It has proven to be a viable method for dealing with a wide range of organisational needs and problems. According to Kumar (1999), its visual nature, simplicity, and the fact that it could be used for group discussions in planning for change makes the FFA an appropriate tool that could be used by the Standard Bank management team in order to plan how the FS Charter could be implemented in the bank.

FFA would not only help the Standard Bank management team to come up with the agreed-upon organisational goals to meet the FS Charter requirements, but would also assist in identifying constraints to reaching their goals, strategies and procedures to overcome these constraints, and the method of evaluating whether objectives were obtained. For instance, a poor education system was identified as one of the constraints in the research findings. FFA could assist the bank to come up

with tangible and practical solutions to address that particular problem (e.g. introduction of learnerships and mentoring programmes).

1.7.2.2 Identify the Driving Forces

According to Bozak (2003), driving forces are the forces that initiate the change and push for the achievement of the change; they tend to keep the change in momentum. Understanding the driving forces and their potential influence to the change programme helps to align the driving forces to the overall objectives of the change. For example, in the findings, the leadership (i.e. those in leadership positions) was one of the driving forces and, therefore, their actions and behaviours could not be viewed as not supporting the change. The same is true with the bank trying to increase its public sector market share; this meant that they had to engage in private/public sector initiatives such as financing the building of the low cost houses.

1.7.2.3 Identify the Restraining Forces

Restraining forces are those forces that could be acting to restrain or decrease the ability to achieve the change objectives (Fullan, 1993). FFA will help Standard Bank to have a good understanding of the restraining forces to minimise or neutralise the negative effect to the FS Charter change programme. By so doing, it will allow the bank to be able to come up with ways of dealing with the restraining force. The bank could come up with a clear resistance plan to deal with the restraining forces. For example, the research findings revealed that affordability of banking products and services was a restraining force among the previously unbanked group. This meant that the bank's product development team needed to constantly seek new ways to reduce costs while enhancing functionality and convenience. The awarding of ordinary shares to 250 qualifying SMEs through the Tutuwa Community Trust initiative was also used to deal with the issue of ownership. The shares were worth a total of R445 million on allocation, with each SME shareholder receiving about 40 000 shares.

1.7.2.4 Clear Change Management Implementation Process

Lewin recommended the three-step model when one was seeking to change strongly held attitudes (Huczynski, 2006). The three-step model of change is a useful starting point in explaining processes of organisational change. The bank could use the stages of the three step model to have a clear implementation process for the FS Charter.

In the unfreezing stage, the bank's change management initiatives would need to be directed at giving the individuals a desire and motivation to be ready and open about a planned change initiative. Manyathi (2012) believes this could be done by "making today unattractive than tomorrow". This could be achieved by clearly communicating why change is necessary, benefits of change and the compelling reasons for change. For example, the research findings (**1.6.1.2 Defining transformation's importance and commercial imperative**) would need to be clearly communicated to all the employees of the bank. The change implementation plan, the support pledged for those affected by the change and change progress monitoring processes will also have to be communicated. In doing so, the bank would be minimising the resistance for change and open a dialogue about the necessity of the change. Effectively, the bank would be facilitating a platform where individuals can be part of building new values, and that will in turn build strong commitment and motivation to change. That motivation is critical to effect any meaningful change.

In the moving stage, the bank would need to give support and confidence to the people affected by change in order to start accepting and buying-in to new perspectives, which enable them to realise that change will improve the current situation. Good leadership is critical and strong support, coaching, and counselling may be needed.

In the refreezing stage, the bank would need to ensure new patterns of behaviour are reinforced. This will ensure that the changes are applied in everyday business, and this helps create a sense of stability, where those affected by change feel comfortable and confident with the new approach of doing things. The bank would need to celebrate achievements of the change and thank those people who were

part of its implementation. This creates an environment where people have a strong sense of belief that future changes will also be implemented successfully. According to Anthony (1994), the refreeze stage should also be fertile ground to create a new culture of the organisation going forward.

1.7.3 Create a new Culture

The refreezing stage should create a new culture because when transformation is done well, the bank will not look the same as before the change, be it in its staff complement, its culture of doing things, the related behaviours and the way it conducts its business.

1.7.4 Identify new opportunities

As discussed in Chapter 2, Force Field Analysis can be used to identify market opportunities, and to determine strategic alliances during a planned change management programme. FFA can be used to come up with innovative products to meet new markets demands (Redwood, 1999). Standard Bank could benefit from the Force Field Analysis as the tool could assist the bank in coming up with creative, affordable banking products to offer to the previously unbanked black market as required by the FS Charter and alter its lending policies to deal with BEE finance.

1.7.5 Recommendations

In order for Standard Bank to be successful in their transformation strategy, all the bank's business units should understand the following:

1. There needs to be greater alignment between the bank's transformation strategy, their compliance strategy, and how they capture the relevant information for scorecard purposes. Failure to achieve this alignment will undermine the bank's transformation efforts by making it disjointed.
2. Standard Bank must recognise the sensitivity around transformation, trying to ensure that it is unifying, fair and transparent. They need to avoid making any

employees (or prospective employees) and other stakeholders feel under-appreciated or overlooked because of their gender or race.

3. The bank, therefore, needs to ensure that communication around transformation is well-constructed and frequent. This includes communicating why they believe transformation is necessary for the country at large, their achievements and awards in this area, as well as ensuring that they transmit the right message to all staff (regardless of race or gender) and external stakeholders.

4. Business Unit heads need to be the ones held accountable for the achievement of transformation targets, and the success and failure thereof included in their performance agreements since this is the best way to ensure that it remains top-of-mind.

5. Existing forums need to be nourished and further developed, again, so that the debate on transformation is elevated to top-of-mind status, and the views are constantly debated in an ever-changing environment.

1.7.6 Reference Page

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Section 2 – LITERATURE REVIEW

2.1 Introduction

Introducing and successfully implementing change initiative in a big and complex organisation such as Standard Bank of South Africa (SBSA) is a challenging task as processes, reporting lines and company policies will have to be changed (Garvin, 1993). Employees will have to be kept highly motivated in the midst of uncertainty about what change will bring (Braford, 2005). People have to face the new reality that their familiar processes, structures and ways of doing things are no longer relevant. Political behaviour frequently becomes more evident and severe (Cronshaw, 2008). It is, therefore, not unexpected that the process of introducing and successfully implementing an organisational change is a subject that both business and academia have been grappling with since the early days of the industrial revolution (Rylatt, 2001). According to Weick (2011), there is still a great deal to be understood about the concept of change management; however, recent knowledge and research do offer good guidance to the people who are entrusted or interested in implementing change in organisations – the same sentiments were shared by Clarke (1994).

With reference to the implementation of the Financial Sector Charter (FS Charter) at Standard Bank of South Africa, this chapter seeks to evaluate Lewin's Force Field Analysis as a change management model, and its applicability in the implementation of the Financial Sector Charter at the bank. It is critical that we first create a relevant context to this study by introducing the Financial Sector Charter as a black economic empowerment charter, and transformation challenges facing the Financial Sector in South Africa.

2.2 Transformation in the Financial Sector

The financial sector was one of the first business sectors that adopted transformation in the early 2000s which came through a commitment made in 2002 at the National

Economic Development and Labour Council (NEDLAC) Financial Sector Summit, to develop a Black Economic Empowerment (BEE) charter (FS Charter, 2004). NEDLAC is the multilateral forum which brings government leaders, business leaders, labour representatives and community constituencies together to approve social, economic, and labour market policy.

The Financial Sector Charter (FS Charter) was endorsed and signed on 17 October 2003 and was applicable to all business operations in the South African Financial Sector (e.g. banks, insurance companies and other financial service providers). The FS Charter was meant to run from 1 January 2004 to 31 December 2014. The parties of the FS Charter agreed that there will be a mid-term review in 2008. The Financial Sector Charter Council was set up as an independent body to oversee the implementation of the FS Charter.

The goal of the FS Charter is spelt out in the following paragraph found in its preamble:

“We, the parties to this charter, therefore commit ourselves to actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy” FS Charter (2008: 1).

Standard Bank was pivotal in the development of the FS Charter from the onset, to its implementation and in subsequent deliberations that were aimed at aligning the FS Charter to the Department of Trade and Industry (DTI) Codes of Good Practice. For example, at the 2002 NEDLAC Summit, the then Standard Bank Chairman, Derek Cooper had the following sobering comment: “The financial sector is a significant ingredient to ensuring a sound economy. The sector has largely been guilty of doing business as usual over the past decade, thinking that it could do this even while the rest of society was transforming. This is not the case. It needed to change its paradigm and recognise that the old way of thinking and doing things is

no longer possible and that the sector needed to transform itself fundamentally if it is to be meaningful in the evolving society in which it operates.”

Parties of the Financial Sector Charter agreed on the seven pillars below:

- 1) Human resource management – provide resources to develop skills of black people with the aim being to increase black participation in all levels of management in the sector.
- 2) Procurement policies – implement a targeted procurement strategy to enhance BEE.
- 3) Enterprise development – improve the level of support provided to BEE companies in all sectors of the economy. This would be achieved through skills transfer, administration and technical support.
- 4) Access to financial services – provide affordable financial services to the previously disadvantaged groups and making sure financial services are accessible to these groups.
- 5) Empowerment financing – work closely with government and government financial institutions in order to increase resources for empowerment financing.
- 6) Ownership in the financial sector – 25% of shares in each party of the FS Charter should be owned by black people by 2010.
- 7) Corporate social investment (CSI) – Each financial institution will have to spend 0.5% of their after-tax profit on corporate social investment (CSI) projects. The projects should be targeted at black groups with a strong focus on transformation.

The parties at the 2002 NEDLAC Summit agreed that there should be a measurement tool to assess the implementation progress of the Financial Sector Charter by financial sector members. It was agreed that the BEE scorecard would be used to measure such progress, and a Financial Sector Charter Council was set up as an independent body to oversee the implementation of the FS Charter.

2.2.1 The BEE Scorecard

“BEE consists of seven elements of company transformation: ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and a residual element. In order to calculate a company’s BEE status, a ‘scorecard’ has been developed to quantify these seven elements. Each one is allocated a weighting out of 100. Ownership counts 20 points, management control 10 points, employment equity 10 points, skills development 20 points, preferential procurement 20 points, enterprise development 10 points and the residual elements 10 points” (DTI, 2005).

2.2.2 Reasons for implementing a BEE initiative

According to BusinessMap (2005), BEE programmes by South African companies have become an obligatory business imperative if they wish to sustain long-term growth and strong financial performance. When the concept of BEE was first introduced, the main driver for companies was to certify government procurement requirements so that they could qualify for government tenders, concessions and licences (Koolen, 2004; BusinessMap, 2000). However, even those businesses that do not directly do business with government are being forced, by their customers, to be BEE compliant in order to retain them. Their customers are expected to source their products and service from BEE compliant companies (Koolen, 2004; BusinessMap, 2005).

Having set the context for this study, let us now look at Lewin’s Force Field Analysis as a change management model that could be used, by Standard Bank, in order to implement the FS Charter in the bank. We will consider Lewin’s three-stage model as well as the driving forces and restraining forces for the implementation of the Financial Sector Charter in the bank and how these could come to a state of equilibrium.

2.3 Lewin’s Force Field Analysis

Kurt Lewin designed force field analysis (FFA) as a systematic method of diagramming situations in which organisational change is desired (Hughes, 2010).

Force field analysis is a method of evaluating a goal and defining the forces driving and restraining the attainment of the goal as accurately as possible. It is a means of addressing, diagnosing, and defining problems (Todd *et al.*, 1977). It is valuable when assessing the factors involved in planning and implementing a change programme and could be used for team building projects (Baulcomb, 2003). A realistic approach must be adopted when facing change and the manager must take into account the many and varied forces at play (Bamford and Forrester, 2003). According to Garvin (1993), change management is viewed as a skill of generating, obtaining and transferring knowledge to transform behaviour in order to reproduce new knowledge and insights.

Lewin (1951) pointed out that, in any environment, there are both driving and restraining forces that influence the implementation of a change programme. Lewin further emphasised that change management should be directed at trying to transform the behaviour of an individual, and this will lead to transformation of groups and, ultimately, the organisation; and a balance between driving and restraining forces should be achieved – that he called equilibrium.

Force field analysis has been used as a planning mechanism for many years (Bamford and Forrester, 2003). It has proven to be a viable method for dealing with a wide range of organisational needs and problems. It has been applied to motivate adults to participate in public education, to guide action research and devise steps for problem-solving, and to plan change in the college setting. Its use in a general organisational context has also been advocated. According to Kumar (1999), its visual nature, simplicity, and the fact that it could be used for group discussions in the planning for change makes the FFA an appropriate tool that could be used for wide application in managing change.

According to Todd *et al.* (1977: 535), for successful planning, however, “it is necessary to focus first on the agreed-upon organisational goal and direction. After goals have been established, it is possible to proceed with the identification of overall objectives to be attached, the constraint to reaching these objectives, strategies and procedures to overcome these constraints, and a method of evaluating whether objectives were obtained”.

2.4 Lewin's Three-stage model

Table 2: Lewin's Three-stage model (Source: K.Lewin, *Field Theory in Social Science*, Harper and Row, 1951. This diagram has been recreated by LMC.)

Phase	Action
1) Unfreeze	Create an initial motivation to change, by convincing people that the current state is undesirable.
2) Change	Identify new behaviours and norms. Communicate. Adopt new attitudes and Culture.
3) Refreeze	Reinforce new behaviours through reward systems, communications, structures, etc.

Lewin's (1951) theory put forward the idea that change occurs in three stages: the first stage of change is unfreezing; the second stage is moving and lastly, the third stage is refreezing. Unfreezing is about giving the individuals a desire and motivation to be ready and open about a planned change initiative; moving involves supporting and giving confidence to the people affected by change in order to start accepting and buying-in to new perspectives, which enable them to realise that change will improve the current situation; and refreezing is about ensuring that new patterns of behaviour are reinforced. In the second stage, unfreezing, it is critical to identify forces driving and restraining individuals from accepting the change (Lewin, 1951). According to Garvin (1993), there should be clear strategies devised to make the driving forces stronger and to dampen the restraining forces.

Lewin (1951) advocated that, in the moving stage, there should be clear, open communication and wider participation from those affected by change in implementing a change programme. Once those individuals affected by change feel actively involved in the change planning and implementation, they tend to have a strong commitment to the project and are prone to support successful implementation of the change programme (Burke, 2000). According to Leach (1994), to maintain the change, there should be continuous support and assistance to those affected by change in the refreezing stage.

2.4.1 Unfreeze

This first stage of change is about getting the organisation to realise and accept that change is necessary; this involves convincing people that the status quo can no longer be maintained, and new ways of operating should be embraced (Ritchie, 2006). According to Manktelow and Carlson (2011), creating awareness for the need to change is critical in the unfreezing stage, this must also incorporate the compelling reasons for change, the benefits of change, the change implementation plan, the support pledged for those affected by the change and how progress for change will be monitored.

According to London Management Centre (2012), this stage should all be about creating a conducive environment for the change to occur. This will assist to minimise resistance from those affected by change as people often attach a strong sense of identity to their current environments. In the unfreezing state, alternatives, even those that will benefit those affected by the change will initially cause discomfort. The challenge then becomes how to move the people from the frozen state to a change-ready state.

A key to achieving the transition from a frozen state to a change-ready state is to communicate a compelling message to persuade people why the status quo cannot be maintained (Bamford and Forrester, 2003). The fact that the South African government introduced a BEE policy for empowering black people as a way of redressing historical injustices and imbalances in wealth distribution as a result of the country's apartheid legacy was a compelling enough reason for Standard Bank to implement FS Charter (Moyo, 2004). Other compelling reasons were discussed earlier under point **2.2.2**.

Cummings and Worley (2005) believe that to prepare the organisation for change; one needs to start at the centre of its core value system – one needs to challenge the culture that defines it. Applying the analogy of a building, one must assess if the existing foundation will be able to support adding another storey, if not, one needs to be prepared to build a new foundation that will be able to support the additional storey.

The unfreezing stage is often the most stressful and difficult stage (Paquin, 2007). When one communicates that the old ways of doing things are no longer applicable, one causes uncertainty to those affected by the proposed change (Paton, 2008). Ritchie (2006) believes that one must evoke strong reactions from people, and help to start the dialogue about the necessity of the change. According to Fullan (2008), by compelling the organisation to reassess its core values, one effectively facilitates a platform where individuals can be part of building new values, and that will in turn build strong commitment and motivation to change. That motivation is critical to effect any meaningful change.

2.4.2 Change

After all the discomfort created in the first stage, the change stage is where people start to let go of their uncertainties and start to embrace the new ways of doing things. People start to alter their behaviours in a way that supports the change (Ritchie, 2006).

According to James Manktelow (Chief Executive Officer at MindTools), "the transitional 'journey' is central to Lewin's model and at the psychological level is typically a period of confusion". London Management Centre (2012) believes that, at the change stage, people are aware that the status quo is being challenged; however, they are still not clear how it will be replaced. As change picks up momentum, organisational efficiency is reduced as people are still grappling with the idea that old ways are no longer applicable. Good leadership is critical and strong support, coaching, and counselling may be needed (Burns and Willard, 1965). According to Paquin (2007), the ultimate goal of this stage is to get people to embrace the change, be motivated and committed to the successful implementation of the change.

The transition from unfreeze state to the change state does take some time; people need time to be comfortable with the new ways, to participate proactively and support the change (Kritsonis, 2004). Manktelow (2012) believes a related change management model, the change curve, is centred on the issue of personal

transitions when people are confronted with change and is useful for understanding the process people go through when dealing with change.

In order to embrace and support the change, people need to have a clear understanding on how the proposed changes will benefit them (Swanepoel *et al.*, 2000). It is critical to appreciate that not everyone will support and be committed to the change even if the change is necessary and will provide greater benefits for the entire organisation (Rylatt, 2001). This is a common assumption and pitfall that should be avoided. Cummings and Worley (2005) point out that it is unfortunate that some people will genuinely be negatively affected by change, particularly those who have been benefitting strongly from the current status quo. Some may take a long time to recognise the change. One needs to anticipate and have a clear plan to manage these situations.

Schaffer (2010) believes that time and communication is the two critical ingredients for a successful change implementation. In time, people get to understand the necessity of change, its impact and benefits. This, therefore, means that change management requires time and considerable effort and continuous communication and that support to those affected by change is critical.

2.4.3 Refreeze

According to Schwering (1990), refreezing can only happen when the organisation embraces the change, when there is a clear understanding about the change, and when people are committed to the new approach of doing things. The refreeze stage should also be fertile ground to create a new culture of the organisation going forward (Anthony, 1994). This will ensure that the changes are applied in everyday business, and this helps create a sense of stability, where those affected by change feel comfortable and confident with the new approach of doing things.

Ritchie (2006) pointed out that some critics often question why a sense of stability should be created after the change in this constantly changing world. Ajimal (1985) concedes that change is constant in many organisations; however, refreeze is a step that must be taken as people will always be caught in the transition trap. Without the

refreeze stage, a sense of confusion will prevail as the change would not have been implemented to its full capacity, and it would not be easy to implement a new change initiative. Burnes (1996) asks the question: “how do you motivate people to embrace a new change initiative if the most recent change has not been inculcated on people?” Heller (1998) points out that people might not have the motivation for a new change as they tend to have a strong perception that they are required to change for the sake of changing.

Kahan (2010) believes that the organisation needs to celebrate achievement of the change and thank those people who were part of its implementation. This creates an environment where people have a strong sense of belief that future changes will also be implemented successfully.

London Management Centre (2012) further emphasises that the ultimate end objective of Lewin’s model is to get the organisation to a ‘refreeze’ stage, recreating a new sense of stability and raising back people’s comfort levels after a painful time during the change. Refreezing also helps to bring people back to their stable and high productive state.

2.5 Force Field Analysis Model

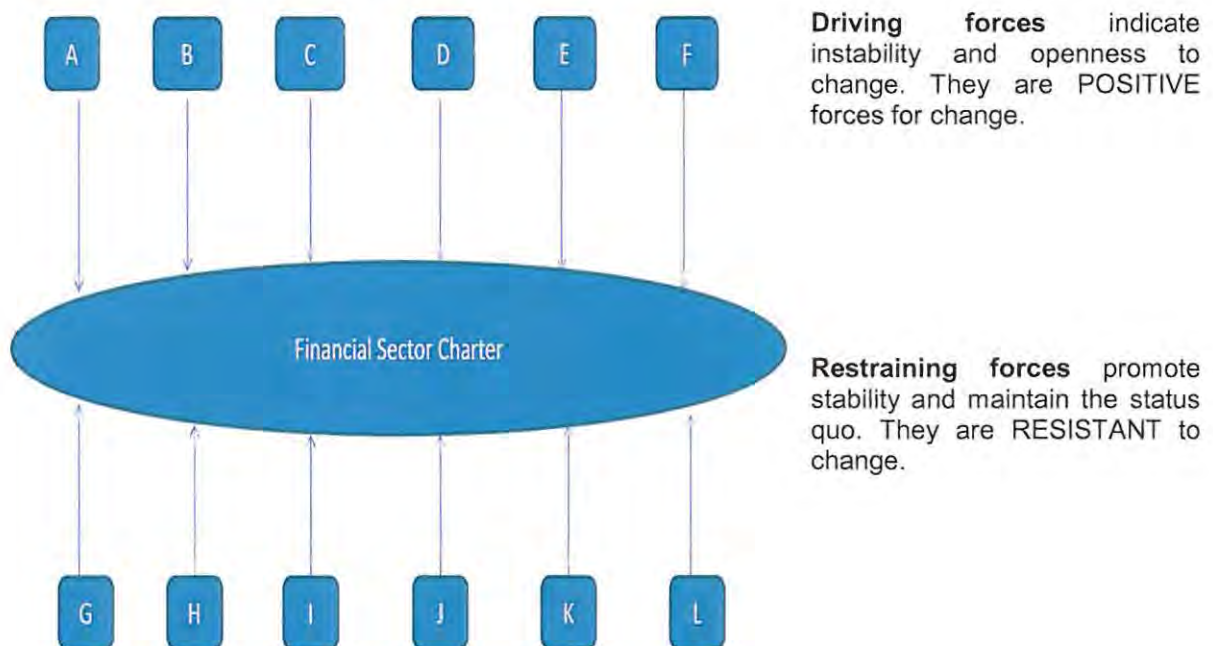


Figure 1: Force Field Analysis model for the Financial Sector

Lewin's FFA model illustrates that there are two sets of forces in a changing situation: restraining forces that strive to maintain the status quo and driving forces that push for change. The FFA model assists in identifying both the driving and restraining forces and, therefore, what needs to be done to balance the two forces, to achieve what Lewin called equilibrium.

Table 3: Types of forces to consider (Source: Vector Study, 2011)

Types of forces to consider			
<i>Available Resources</i>	<i>Relationships</i>	<i>Personal or group needs</i>	<i>Values</i>
<i>Traditions</i>	<i>Social or organisational trends</i>	<i>Present or past practices</i>	<i>Desires</i>
<i>Vested interests</i>	<i>Attitudes of people</i>	<i>Institutional policies or norms</i>	<i>Costs</i>
<i>Organisational structures</i>	<i>Regulations</i>	<i>Events</i>	<i>People</i>

2.5.1 Driving Forces

According to Bozak (2003), driving forces are the forces that initiate the change and push for the achievement of the change; they tend to keep the change in momentum. The Financial Sector Charter is the driving force in this study and some of the specific elements according to the Financial Sector Charter (2004) include "black equity in the financial institutions, advanced BEE procurement and enterprise development, developing black people's skills in the financial sector, having black people in all levels of management, and advancing corporate social investment".

2.5.2 Restraining Forces

Restraining forces are those forces that could be acting to restrain or decrease the ability to achieve the change objectives (Fullan, 1993). In the context of the FSC, these are shortage of skills, racial prejudice, resistance from the existing management and staff, lack of capital to fund black equity in the financial sector, and risk mitigation interventions to fund BEE enterprises.

2.5.3 Equilibrium

According to Kritsonis (2004), an equilibrium state is reached when the effect of the driving forces matches the effect of the restraining forces. The equilibrium state is, therefore, highly influenced by the interplay between the driving and the restraining forces (Bozak, 2003). This is an important phase as it ensures that business activities go back to normal after the change was introduced. This phase needs to ensure that the organisation is more effective and more competitive than it was before the change. The equilibrium stage, in the context of this study, would be reached when Standard Bank of South Africa achieves all the targets set up by the Financial Sector Charter and as indicated earlier.

2.6 Strength and Weakness of the Force Field Analysis

As with any planning method, there are strengths and weaknesses in the force field analysis. According to Todd *et al.* (1977), in the strength column is the fact that force field analysis is a “people process”. It involves people, and therefore, its product is personalised. Thus, it often increases the commitment of all participants in making sure that the plan is implemented. Planning is useless unless it is acted upon; the people orientation of the force field analysis ensures its implementation (Braford, 2005). Todd *et al.* (1977) further emphasise that another strength is that the process identifies the job to be done and clarifies what must be addressed in order to bring about desirable outcomes for the agency.

To some extent, its strengths are also its weaknesses. That is to say; a force analysis might not address the problem of change in personnel. The reason for this is that new personnel might not have the same personalised commitment, as they were not part of the planning process of the change management programme.

2.7 Benefits of the Lewin's Force Field Analysis

According to Hustedde and Score (1994: 4), “the potential benefits of the Force-Field Analysis, it assists in better designed goals that reflect diverse and critical thinking and gives a better understanding of goal opposition and support and also help in minimising needless confrontation and friction within and outside the organisation”.

FFA can help establish if an intended change initiative will be able to gain the needed support, identify restraining forces to successful implementation, and provide tangible strategies to minimise and neutralise the restraining forces. It is highly effective in creating clear objectives that are inclusive of different parties in the organisation and in providing a better understanding of driving and restraining forces. Most importantly, Force Field Analysis assists to recognise situations which can and cannot be changed and provide a means to establish actions that can be taken to circumvent barriers to goal attainment. FFA can be used mainly to anticipate issues, identify market opportunities, and to determine strategic alliances during a planned change management programme. Its benefits are as follows:

➤ Anticipated Issues

FFA allows for a greater participation from the stakeholders, and this enhances consensus and cohesiveness in the organisation. According to O'Farrel (2009), "by looking at anticipated factors in such an open, brainstorming-type fashion and critically weighing the impact such forces may have, FFA has the benefit of systematically anticipating resistance in a way that is grounded in reality, thus preventing groups proposing overly ambitious goals". This could help the bank to have a focused change management effort geared to meeting the FS Charter targets on the specified timelines.

➤ Market Opportunities

FFA can be used to come up with innovative products to meet new market demands (Redwood, 1999). Standard Bank could benefit from the force field analysis as the tool could assist the bank in coming up with creative, affordable banking products to offer to the previously unbanked black market as required by the FS Charter.

➤ Strategic Opportunities

FFA can be used to establish the strengths possessed by an organisation and the required actions which could be leveraged from forming strategic

alliances. For example, the bank could form strategic partners with credible non-profit organisations for its social investment outreach programmes.

2.8 Levels of Change

To implement a successful change management intervention, efforts should be placed on all levels of the organisation. These levels include the group/team level and the individual level of the organisation.

2.8.1 Group-and team-level change

One of the most fundamental values of Standard Bank of South African is working in teams, and therefore, teams or groups form a critical part of the bank's structure. Groups have been referred to as the 'building blocks' of organisations (Thompson and McHugh, 2009), and a primary work group has been described as the most important subsystem within an organisation (Burke, 2008). It is, therefore, necessary that transformational or change management efforts be directly focused on the different teams in the bank to be able to implement the Financial Sector Charter successfully.

Tuckman (1965) made a notable contribution to understanding group development, proposing that permanent groups go through four stages of development, which he labelled as forming, storming, norming and performing. In the case of temporary groups, there was believed to be a fifth stage: adjournment (Tuckman and Jensen, 1977). Coghlan (1994) suggested that when groups are used as a medium and target for the change, it is essential to focus on forming and maintaining the groups in order to ensure that they function effectively, in this way the process of group formation is dynamic and in a manner similar to the process of organisational change. This is of critical importance to the bank in achieving its employment equity target as new members from the previously disadvantaged groups will have to be integrated to the existing teams. The new teams will have to work together to achieve the bank's financial goals, ensure its long-term sustainability and be part of the journey to ensure that Financial Sector Charter targets are met.

2.8.1.1 Group and Team Involvement in Organisational Change

In an organisation undergoing change, it is unrealistic to work with every single one of the individuals who comprise the organisation. Consequently there is a heavy reliance upon the use of work groups (Burke, 2008). The pioneering work of Lewin became a catalyst for the group dynamics school (Hughes, 2010). Lewin was influential in encouraging an appreciation of the role of the group in achieving organisational change. Lewin's main concern was the resolution of social conflict, particularly among minority or disadvantaged groups. This is highly relevant in the context of the Financial Sector Charter as previously disadvantaged people will have to be integrated in the bank. According to Burnes (2004), group dynamics was one element of Lewin's integrated planned approach to change.

Group dynamics sought to bring about organisational change through teams and groups in the belief that achieving organisational change through changing the behaviour of an individual was futile; instead, the focus should be at group level, in terms of changing the group's norms (Burnes, 2009a). In the context of groups, norms exert a considerable unacknowledged influence upon individuals, particularly in terms of how people respond to organisational change.

Burnes (2004: 986) clarifies why targeting groups as a change medium is beneficial, when he says: "Lewin saw successful change as a group activity, because unless group norms and routines are also transformed, changes to individual behaviour will not be sustained". The frequently misunderstood concept 'refreezing' needs to be viewed in terms of establishing the new group norms and routines.

A change team may be formed specifically to facilitate a change process, with major generic change initiatives (Hughes, 2010). A number of transformation committees from each business unit of the bank were formed to be catalysts of the transformation and change management efforts of the bank to implement the FSC. Caldwell (2003a) identified change teams in his fourfold classification of change agents, highlighting their recent emergence and tracing origins back to Lewin. He identified a number of explanations for why there has been a shift from individual

change agents to change agency as a team process, which may be summarised as follows:

An emergence of change teams reflects the growing emphasis upon self-managed teams (Ajimal, 1985). Change teams potentially help with co-ordination across an organisation. The complexity and risk of large-scale change suggests the need for a team-based approach. The emergence of change teams may be explained, as a reaction to disillusionment with charismatic or heroic leadership. The formation of change teams allows the combination of internal and external expertise. Finally, dispersing change agency to teams helps to institutionalise behavioural change. Caldwell (2003) regards the learning organisation as the most influential model of a change agency team-based approach.

2.8.2 Individual-level change

Individual-level change is also of utmost importance in a highly skilled environment such as Standard Bank. Some individuals hold key skills that are highly critical for the financial performance of the bank and enjoy greater respect and influence from their colleagues and key market stakeholders (e.g. Financial Analysts). According to George and Jones (2001), a buy-in and support from such individuals makes the change management efforts more efficient and successful.

2.8.2.1 Understanding Individuals

As Clegg *et al.* (2008: 5) suggest, "being an individual means that each body and all that it contains is as unique as the fingertips we leave or the DNA that constructed us". To acknowledge the diversity of individuals within organisations, there is a need to acknowledge the broader social factors that help to shape individuals (Thompson and McHugh, 2009). Individual differences often feature prominently in the study of organisational behaviour (Hughes, 2010).

2.8.2.2 Explaining processes of individual change

According to Antonacopoulou and Gabriel (2001), the diversity of individuals is mirrored in their diverse experiences of change, and in this way change can be viewed as a threat, a good opportunity, a reason to celebrate or mourn. Individual

change is an inevitable process for everybody; with changes ranging from major life adjustments to more trivial everyday changes.

Elrod and Tippett (2002) in their review of human responses to change and transition, identified different models of the change process. Two of their main conclusions were that most models followed Lewin's (1947) three-step model of change and the models described a degradation of capabilities in the intermediate stages of change processes. This meant that things often got worse before they got better.

The three-step model of change is a useful starting point in explaining processes of individual change. More recently, the three-step model has been applied at group and organisational level of analysis (Hendry, 1996; Cummings, 2002). Lewin recommended the three-step model when one was seeking to change strongly held attitudes (Huczynski, 2006). The first step was concerned with individuals addressing the preference for stability of individuals, which has applied to the inertia at an organisational level. The second step was concerned with individuals changing their attitudes and beliefs and has been applied to planned change at an organisational level. The third step was concerned with refreezing, which involved individuals integrating new behaviours into their overall behaviour and personality that has been applied to cultural change at an organisational level.

2.8.2.3 Managing individuals through organisational change

Woodward and Hendry's (2004: 164) survey found that managing the people aspect of change is still wildly ignored with a third of senior managers admitting that the people aspect was not considered in their change programmes. Bridges (1986: 25) highlighted before, "change management was one of the key executive skills in the years ahead".

In terms of managing people through such transition, Bridges advocated a three-phase model, which echoes that of Lewin's three-step model. First, people in transition have to let go of the old situation. Secondly, they are caught between changing and not changing. Thirdly, they have to commence the new beginning. Individual change involved some form of contemplation as a precursor to changing

that ensured the readiness of individuals for organisational change. Bridges' (1995: 32) concern was "planners and implementers usually forget that people have to let go of the present first".

Corner (1998) regarded himself as a perpetual student of human transitions, working initially as a counsellor of troubled individuals and families and later as a consultant on organisational transitions. He drew on the work of Kuber-Ross, in order to identify eight phases that people pass through when they feel trapped in change: "stability, immobilization, denial, anger, bargaining, depression, testing and acceptance". However, he contrasted this with five phases of a positive response to change: "uninformed optimism, informed pessimism, hopeful realism, informed optimism and completion". Negative or positive responses to change may be explained in terms of individual differences, but equally they will be a consequence of the type of organisational change. A pragmatic view was taken about the willingness of individuals to change, with Corner (1998: viii) pointing out, "change does not happen because a chief executive or other top management figure says it should, change happens because a majority of people involved willingly or unwillingly agree to change their behaviour".

Balogun and Hailey (2008: 42) highlighted three design choices with regard to individual involvement to change processes: "some change processes concentrate on attempting to change the values of employees; others emphasise behavioural change, whilst others may only seek to change the performance objectives or outputs of employees". There are opportunities for a hybrid of these designs; however, each one merits clarification (Balogun and Hailey, 1998). First, individual change through changing attitudes/values is best understood in terms of cultural change. This choice encourages individuals to adopt new attitudes and values, such as valuing the diversity in the work environment. The downside with such an approach is that it may be superficial, as achieving real change in the attitudes and values can be challenging. Secondly, individual change can be achieved through changing behaviours and enforcing new behaviours.

The case for this design choice is that individuals only change if the organisational system in which the organisation operates is changed. This design choice is based

on the belief that, through changing roles, relationships, responsibilities and attitudes will subsequently change. Thirdly, individual change may be achieved through focusing upon performance objectives or outputs. This design choice may result in changing behaviours: “the target is the outcome of what people do in terms of managerially determined outputs or objectives” (Balogun and Hailey, 2008: 42).

2.9 Resistance to change

Some of the best documented findings in the studies of organisational change relate to the existence of individual and organisational sources of resistance to change (Robbins, 1997; Strebels, 1996; Kotter, 1995; Nadler, 1983). Inherent congruence in an organisation will make it resistant, especially to “frame-breaking” changes (Nadler and Tushman, 1998). According to Robbins (1997), organisations with a history of lengthy periods of success such as Standard Bank – celebrating 150 years of existence in 2012 – tend to be particularly resistant to change. Therefore, more care should be taken to design a gradual, non-threatening, participative implementation process for change so that the business continues to be profitable during the time of the change.

When managers and employees resist change, it is for a reason. They perceive the change as a threat. Stone (2008: 624) lists some of the common reasons (relevant to our study) why people resist change:

“Fear of the unknown – uncertainty about the future in the organisation after the change is implemented.

Disrupted habits – a sense of disappointment that old ways will no longer be relevant.

Loss of confidence – feeling that acquired skills and expertise might no longer be needed after the change.

Loss of control – a sense that one will just do as told and not be part of decision making.

Poor timing – feeling why should we change as we have been doing well and the old methods of achieving success will no longer be good.

Lack of purpose – not seeing a reason why it should happen? What will be its benefits?

Economic loss – feeling that long-term benefits will be taken away and job losses are imminent.

Group pressure – group cohesiveness and norms might be negatively affected by the change.”

Some employees fear change because new people from different races and cultures will be integrated into the system; this threatens their long-standing group cohesiveness and values.

2.10 Managing resistance to change

The fundamental reason why employees resist change is that it causes uncertainty about their future in the organisation (Daft and Pirola-Merlo, 2009). Managers, who are entrusted with implementing change, need to envisage what could be possible reasons that could cause people to resist change. According to Nel *et al.* (2011), one critical aspect to managing change resistance is to have clear plans for it, and have a variety of approaches to assist employees to deal with the change.

It is a natural and common behaviour of employees to resist change; resistance should be viewed as a form of feedback (Nel *et al.*, 2011). This feedback can be used productively to manage the change process. Managers should, therefore, treat such an occurrence as an opportunity to reassess a proposed change, and to establish and address the real barriers to the change.

Stone (2008: 625) suggests some ways for managers to overcome employee resistance to change:

“Communication – the rationale for change should be communicated, how will the change be managed, who will be responsible for managing the change, how long will the change process take, who will be impacted.

Participation – participation should be highly promoted as it entrenches a sense of commitment and motivation and provides valuable feedback for the change.

Guarantee – guarantee should be given that the change is not initiated to disadvantage certain people.

Counselling – free counselling services should be made available to those who might find it harder to deal with the change.

Reward – embracing change and achieving its ultimate objectives should be integrated to the organisation’s reward system.”

When an organisation is highly unionised, it would be wise to view the trade union representatives as full stakeholders in any change or transformation (Nel *et al.*, 2011). Union representatives need to be engaged from the start of the change; this assists in minimising or eliminating a collective resistance by employees. The impact experienced by employees collectively is one of the most significant factors requiring professional attention during any process of change or transformation.

2.11 Change Communication

Organisations are first and foremost communication entities (Clegg *et al.*, 2008). Communication is a central process in the planning and implementation of change (Jones *et al.*, 2008) and employee communications are regarded as an important and integrative part of change efforts and strategies (Elving, 2005). Communication has been defined as the “exchange of ideas, emotions, messages, stories, and information through different means including writing, speech, signals, objects, or actions” (Clegg *et al.*, 2008: 32). This definition highlights the many communication choices which are available to managers resulting in a range of different communication strategies.

There is a view that, without effective communication change is impossible and will fail (Barret, 2002). Barret (2002) places communication at the centre of processes for change. Communication seeks to gain people's involvement in the processes of change and in this way it is a crucial element of change activities (Burnes, 2009a). Communication must flow from one authority level to another, and proposals for change must be legitimatised within the organisation's authority structure (Burns and Willard, 1962).

Communicating change may be regarded as a subject of wider corporate communications, with change communication seeking to obtain the motivation and commitment to change and neutralise change resistance (Goodman and Truss, 2004). Historically, effective communication has been acknowledged as an important ingredient in successfully managing change (Beer, 1980; Kotter and Schlesinger, 1979; Kotter, 1990).

The choices relating to where to communicate change are concerned with using different communication channels (Van Tonder, 2004). The traditional choices were either word-of-mouth or paper-based communications. Word-of-mouth communication includes meetings, focus groups and conferences. Paper-based communication includes letters, memo, reports, and newsletters. Technology increasingly offers many new communication channels such as email, video, websites, intranets and video conferencing. The dilemma is, which communication channel to use. According to Timmerman (2003), media selection is informed by the following factors: source, media, organisational, message, strategic, and receiver factors.

There are many variables informing what to communicate. Four of the principal variables impacting upon a change communication strategy are nature of change, urgency of change, the speediness of change implementation and an organisation's reaction to change (Quirke, 1995). According to Goodman and Truss (2004: 219), the content in the communication message should be about: "what information is conveyed to employees before, during and after the change initiative, as well as what information is sought from employees".

Paton and McCalman (2008) offered guidelines to follow when communicating change, which included: customising the message, setting the appropriate tone, building in feedback, setting the example and ensuring penetration. Importantly they acknowledged the need to customise the message, as understanding change communication in terms of generic principles will never reflect the complexity and diversity of organisational life.

2.12 Conclusion

Change management should be directed at trying to transform the behaviour of an individual, and this will lead to transformation of groups and ultimately of the organisation. To minimise or avoid resistance, force field analysis can be used as a method of evaluating a goal and defining the forces driving and restraining the attainment of the goal as accurately as possible. It is a means of addressing, diagnosing, and defining problems. It is valuable when assessing the factors involved in planning and implementing a change programme and could be used for team building projects. A realistic approach must be adopted when facing change and the manager must take into account the many and varied forces at play.

By recognising the three distinct stages of change one can plan to implement the change required. Unfreezing is about giving the individuals a desire and motivation to be ready and open about a planned change initiative; moving involves supporting and giving confidence to the people affected by change in order to start accepting and buying-in to new perspectives, which enable them to realise that change will improve the current situation; and refreezing is about ensuring that new patterns of behaviour are reinforced.

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Section 3 – DESCRIPTION OF RESEARCH METHODOLOGY

3.1 Introduction

The aim of the research is to evaluate the applicability of Lewin's Force Field Analysis in the implementation of the Financial Sector Charter at Standard Bank of South Africa. The aim of this chapter is to provide an overview of the study's research methodology which lies within the qualitative research paradigm.

3.2 The qualitative research paradigm

Guba and Lincoln (1994: 107) describe research paradigm as a "set of basic beliefs, which represents a worldview that defines, for its holder, the nature of the world and the individuals in it and the range of possible relationships to that world and its part". The researcher employed a qualitative research approach informed by post-positivism paradigm. Strauss and Corbin (1990: 17) define qualitative research as "any research that produces findings not arrived by means of statistical procedures or other means of quantification".

Critical reality philosophy is one of the most common forms of post-positivism (Denzin and Lincoln, 1994). According to Blunden (2009), critical reality philosophy is the theory that looks at how people's sense-data accurately or inaccurately articulates events and external objects. Qualitative research provides us with the ability to ascertain if a correlation exists among variables, without necessarily giving too much consideration on how people under study delineate the variables.

The qualitative research paradigm was appropriate for this study due to the nature of the research problem, which was well-suited to the qualitative design because it explores the experiences of Standard Bank managers and directors, in the quest of the bank to implement the FS Charter, and how applicable Lewin's Force Field Analysis is as a change management model in order to implement the FS Charter in the bank successfully. Qualitative research methods allowed the Standard Bank directors and managers to speak and provide their perspective on the research

problem. The researcher was seeking a good understanding and clarification of the situation that he would articulate in the research findings' part of the study.

3.3 Features of Qualitative Research

A number of writers have recognised what they consider as being the major characteristics of qualitative research (Bodgan and Biklen, 1982; Lincoln and Guba, 1985; Patton, 1990; Eisner, 1991). Qualitative research makes use of the natural setting as the source of data. The researcher acts as the human instrument of data collection and qualitative researchers largely use inductive data analysis (Lincoln and Guba, 1985).

Creswell (1994) advocates that using qualitative research methods enables the researcher to describe and provide meaning of people's experiences through analysing the information provided by interviews and written documents. The research problem was well suited to the qualitative design because it explores the experiences of Standard Bank managers and directors in the quest of the bank to implement the FS Charter, and how applicable Lewin's Force Field Analysis is as a change management model in order to implement the FS Charter successfully in the bank.

3.4 Researcher's Role in the Qualitative Inquiry

Lincoln and Guba (1985) point out that there are a number of attributes that make humans an appropriate tool to gather data in a qualitative research. Humans can respond to environmental issues; are able to engage others in a particular situation; can gather information at various levels at the same time; they are able to have a bigger picture of the situation; can take action about the data as soon as they receive it; can provide feedback and verify the data, and they can investigate out-of-the-ordinary responses. The researcher acted as a data gathering tool for carrying interviews with the research participants and analysing relevant documents.

3.5 The research design: Evaluation Research

Rossi *et al.* (2002: 4) refer to evaluation research as “a use of social research procedures to systematically investigate the effectiveness of social intervention programs. More specifically, evaluation researchers (evaluators) use social research methods to study, appraise, and help improve social programs in all their important aspects, including the diagnosis of the social problems they address, their conceptualization and design, their implementation and administration, their outcome, and their efficiency”.

The researcher selected evaluation research design because of its appropriateness to evaluate a social intervention; in this case the social intervention is the Financial Sector Charter. The research problem was to **evaluate** the applicability of Lewin’s Force Field Analysis in the implementation of the Financial Sector Charter at Standard Bank of South Africa.

Babbie (2011: 362) describes a social intervention as “an action taken within a social context for the purpose of producing some intended results”. Therefore, evaluation research is a course of action of establishing whether a social intervention was successful or not.

3.6 Data Gathering Tools

3.6.1 Sampling Strategies for the researcher’s Qualitative Research

Purposeful sampling is the principal approach in qualitative research. Purposeful sampling attempts to discover information-rich cases, which can be studied in depth (Patton, 1990). The researcher employed the use of purposeful sampling in this research. The sample size for the study was ten Standard Bank employees from different areas of the bank who are either senior managers or directors, in the bank (e.g. Head Office, Retail Banking, Corporate and Investment Bank). A former Standard Bank senior director (now a Nedbank executive) was also interviewed as he was part of one of the bank’s transformation committees and played a significant role on the bank’s transformation matters. The criteria used were; one had to be an

employee or former employee of Standard Bank and, in their current or previous role was exposed to the implementation of the FS Charter.

There are a number of different strategies for purposeful sampling. Lincoln and Guba (1985) point out that maximum variation sampling is largely a valuable strategy for a naturalistic approach. Maximum variation sampling is largely a valuable strategy because it is useful for gathering and relating the main outcomes that are common on participant deviations (Hoepfl, 1997). Small samples can provide a greater variation because an individual's experiences can be so different from another. According to Patton (1990: 172), "maximum variation sampling strategy turns that apparent weakness into [a] strength by applying the following logic: any common patterns that emerge from great variation are of particular interest and value in capturing the core experiences and central, shared aspects or impacts of a program".

Despite the great benefits offered by purposeful sampling, the researcher was always mindful of the three common errors in the qualitative research. Paton (1990) discussed the errors in detail; first, the distortions caused by inadequate size in sampling; secondly, distortions caused by changes over time, and thirdly, distortions caused by not collecting sufficient data from different areas of interest.

3.6.2 Personal Interviews

In a qualitative research, personal interviews can be used as a primary source of data collection, and may be used in combination with document analysis (Bodgan and Biklen, 1982). Personal interviews were used to discover other valuable information which was not available on the bank's published documents, and other related sources such as the Financial Sector Charter document.

The most important reason for using personal interviews is its ability to unearth the interviewees' perceptions, interpretations and experiences (Marshall and Rossman, 1989). Personal interviews are also appropriate for the study due to their qualitative nature; the study demands that the researcher should be the key instrument for the collection of data.

The researcher conducted interviews using semi-structured questions, which permitted the researcher to address issues pertaining to context and background, implementation of the FSC, progress to date, planned interventions, what are seen to be driving and restraining forces of its implementation, what needs to be done to bring about equilibrium and whether or not Lewin's Force Field Analysis could be a useful model to assist in its implementation. This was achievable by asking the participants the following questions in Table 4, under three different sub-categories (i.e. context, process and outcome).

Table 4: Questions asked to research participants

Context
<ol style="list-style-type: none"> 1) What is your understanding of the FS Charter? 2) What are the commercial imperatives for implementing the FSC? 3) How far advanced is the bank in implementing the FS Charter? 4) How does this compare to other banks in the sector? 5) Do you see this as a change management initiative in the conventional sense and if so why? If not, why not? 6) Do you think that people in the bank have internalised or institutionalised the changes? Perhaps, was it or is it about the numbers?
Process
<ol style="list-style-type: none"> 1) What did the bank do to implement the FS Charter? 2) How was the change managed? Was there a change management team (e.g. responsible for communications, training, managing resistance or getting participation)? 3) Who was responsible for making sure that people are ready for the change and that they indeed change? 4) What were the restraining forces (resistance), from who? Why? 5) How was the resistance managed? 6) Who was responsible for communicating the implementation of the FS Charter? Why was that particular person/persons chosen? What traits and attributes did the person have? 7) Was there any resistance plan to deal with individuals who were not open and who found it very hard to change/could not embrace the change at all?

<ol style="list-style-type: none"> 8) What participation platforms (and how much) were given to employees in order to understand the FS Charter better and to come up with solutions in order to implement the FS Charter successfully? 9) Do you think enough resources were employed by the bank in order to ensure its employees are aware of the FS Charter and indeed embrace it? 10) Use of transformation forums? How were the members chosen? How effective were the forums? Did you not find that some people were just part of the forums as a career opportunity for themselves to get executive exposure? 11) Were there particular advocates or champions of the process? What reasons/motivation did they put forward? 12) What do you think needs to be done to accelerate the implementation of the FSC? 13) How was it monitored? By who? 14) Lessons learnt?
<p>Outcomes</p> <ol style="list-style-type: none"> 1) In your view, what were the benefits of implementing the FSC Charter? To the bank? To the employees? (were these benefits communicated?) 2) What has been done to celebrate the milestones achieved in implementing the FS Charter in the bank? 3) What do you think needs to be done to ensure the 'change management processes' are successful in implementing such interventions as the FSC?

An interview guide or "schedule" was used by the researcher. Creswell (1994) describes an interview guide as a list of questions or general topics that the interviewer wants to explore during each interview. An interview guide was prepared to ensure that the researcher can obtain the same information from each interviewee. The utilisation of interview guides assisted in ensuring that limited time was used effectively during the interviews and helped to keep the discussions focused on the subject matter as the interview time was two hours for each interview.

According to Lofland and Lofland (1984), interview guides can be updated as the research goes on to focus attention on specific areas of significance, or take out questions that the researcher finds not to be adding value to the research. As the

research was going on, the researcher updated his interview guide and took out some questions he felt were not adding value.

3.6.3 Data Documentation and Storage

One of the major decisions the researcher was required to make was how the collected data would be recorded. The researcher made written notes during all interviews, and a tape recorder was also used. Recordings gave the researcher an added advantage of going back to listen to them when required to, for clarification purposes. The permission of the interviewee was obtained before all the recordings, and the researcher gave each interviewee assurance that the recordings will only be used for the purpose of the study and will not be made public – only the study's final findings will be made public.

3.6.4 Gaining Access and Researcher Obligations

Lofland and Lofland (1984: 25) pointed out, "researchers are more likely to gain successful access to situations if they make use of contacts that can help remove barriers to entrance; if they avoid wasting respondents' time by doing advance research for information that is already part of the public record; and if they treat respondents with courtesy". As naturalistic researchers are seeking participants to grant them access to their time, thoughts and emotions, it is critical to provide the respondents with the unambiguous description of the research goals (Creswell, 1994). The research problem was clearly communicated before every single interview and in every single interaction with Standard Bank employees who participated in this research. A brief two page summary (see annexure) of the Lewin's Force Field Analysis was given to all the interviewees before the interview.

3.6.5 Other Sources of Data

Document analysis is another invaluable source of information (Hoepfl, 1997). Internal publications available on the Standard Bank intranet such as the bank's employment equity plans, and the bank's sustainability reports from 2004 to 2011 were analysed for the purpose of the study. The reason for analysing sustainability reports from 2004 to 2011 is that they contain relevant information on the actions

taken by the bank in its implementation of the FS Charter, from 2004, when the FSC Charter came into existence, and the 2011 report is the most up-to-date report. The researcher also analysed public documents such as the bank's annual financial reports, bank's equity reports and internal publications on related topics of the research question.

3.6.6 Deciding When to Stop Sampling

The researcher had few guiding principles on when to stop sampling and had to adopt criteria to assist him to stop sampling. Criteria included: (1) exhaustion of resources; (2) surfacing of regularities; and (3) limiting himself to the boundaries of the research goal (Guba, 1978). In his decision to stop sampling, the researcher considered the research goal, the depth of information provided by data sources and the breadth of information collected from all the interviewees.

3.7 Data Analysis

Bogdan and Biklen (1982: 145) define qualitative data analysis as "working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others". The researcher employed what Patton (1990) calls an inductive analysis of data, meaning that the significant themes surface out of the data collected. This posed a creativity challenge to the researcher; the challenge was to arrange the raw data into meaningful categories, scrutinise them with a holistic view, and be able to articulate the analysis to others.

The analysis began with the classification of the themes coming out from the collected raw data. Strauss and Corbin (1990) refer to this as open coding. During open coding, the researcher recognised and labelled categories into which similar observable facts were grouped together. The aim was to generate explanatory, holistic categories, which could be used as a guiding framework for an initial framework to start the analysis. Similar concepts and events were grouped together in one category (e.g. the issue of transformation committees – their role and

effectiveness were grouped together). The categories were updated and reorganised during subsequent stages of data analysis.

Duffee and Aikenhead (1992) encouraged that the data should be split into smaller portions, and the researcher should have a clear system of identifying the smaller portions according to context and the interviewee. For example, data collected on the interventions taken by the bank in order to implement the FS Charter were split into smaller sections (e.g. use of diversity workshops).

After the data was split into smaller portions, the researcher identified if there was any correlation between the portions and how they were linked to each other. For instance, the correlation between the commercial imperatives and the driving forces of the FS Charter. Strauss and Corbin (1990) refer to that process as “axial coding”. The categories established during open coding were matched up and pooled in new ways as the researcher began to put the big picture together. Ritchie and Spencer (1994) pointed out that such a process is valuable for obtaining a new understanding of facts on the subject matter, for creating a conceptual model and establishing if the researcher has collected sufficient data for interpretation.

Lastly, the researcher was able to articulate the conceptual model into a story that could be read by other people in the form of an evaluation report. Strauss and Corbin (1990: 57) pointed out that the research report should “closely approximate the reality it represents”.

3.8 Research Quality

According to Lincoln and Guba (1985: 290), to address the issue of trustworthiness in the research, the researcher should be able to ask a fundamental question: how can a researcher persuade his or her audiences that his or her research findings are worth paying attention to? Lincoln and Guba (1985) further suggested criteria to be used for judging trustworthiness in a qualitative research and these are credibility, transferability, dependability, and confirmability.

3.8.1 Credibility

According to Paton (1990), in a qualitative research, credibility depends mostly on the opulence of the information and the skills that the researcher needs to analyse the data collected. Gray (2004) pointed out that another method of addressing credibility issues is to allow raw data that was collected to be scrutinised by others and make the findings available to the respondents and see if they indeed confirm that the findings correlate with their views shared during data collection. The research findings were made available to all the participants of the study.

3.8.2 Transferability

According to Eisner (1991), in qualitative research, the transferability of the study goals and findings to other situations depend on the level of similarity between the original situation and the situation to which it is transferred. Transferability was addressed by providing a clear context of the study, thereby providing the necessary information for readers to judge the applicability of the research findings to their settings of choice. The context is the applicability of a change management model to assist an organisation to meet clearly defined transformation requirements, posed by a social intervention, such as the FS Charter on the South African financial sector.

3.8.3 Dependability

Lincoln and Guba (1985: 317) proposed a significant measure which could be used to improve the dependability issues of a qualitative research, this they called "inquiry audit". This means that the readers of the research can scrutinise both the research process and research findings for consistency. For instance, the questions asked during interviews are made available in the annexure section of this study, and the reader can then compare them to the research findings.

3.8.4 Confirmability

According to Shenton (2004), the researcher must ensure that they are in a good position to demonstrate that the research findings were derived from the data collected and not from their own predispositions. The researcher tried to achieve

confirmability by ensuring the availability and safekeeping of the data collected, personal notes during interviews, interview questions and dates of the interviews, interview recordings and documents collected during data collection.

3.9 Ethical Implications of this Research

The researcher is particularly aware that his status, as a Standard Bank employee, places an acute ethical responsibility on him as his studies have been funded by the bank. The researcher followed strict criteria of ensuring that the research quality was discussed (as can be seen above in **section 3.8**).

3.10 Conclusion

This chapter outlines the research methodology process that the researcher followed to obtain data. The chapter discussed the use of the evaluation research method as the research design and its adoption were justified. Interviewing – the primary data collection technique – together with document review were used to enable the researcher's needs to obtain as complete as possible a picture about the issue under study. Thematic coding was used to analyse the data. Issues of reliability and validity concerning data collection and analysis were discussed. For the purpose of the study, the main contributions of the chapter include:

- The justification of undertaking qualitative research and the benefits that the design offers enabled the researcher to answer the research problem adequately.
- The decision to use purposeful sampling enabled the researcher to interview participants that would provide rich data.
- Ensuring rigour in the research in light of the study's ontology and epistemology.
- Methodology helped the researcher to continually refer to the research question.

3.11 Reference Page

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APPENDICES

Appendix 01: Generic B-BBEE Verification Certificate



EMPOWERDEX
Economic Empowerment Rating Agency

Generic B-BBEE Verification Certificate

The Standard Bank of South Africa Ltd

Including Subsidiaries Listed in Annexure "A" of Certificate

Registration Number: 1962/000738/06
Address: 5 Simmonds Street, Johannesburg, 2001

Level Two Contributor				
Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	20.18	20.00	Procurement Recognition Level	125.00%
Management & Control	8.46	10.00	Black Ownership	27.88%*
Employment Equity	12.44	15.00	Black Women Ownership	6.99%*
Skills Development	12.02	15.00	VAT Number	4100105461
Preferential Procurement	19.37	20.00	Value Adding Enterprise	Yes
Enterprise Development	15.00	15.00	Issue Date	17 February 2012
Socio-Economic Development	5.00	5.00	Expiry Date	16 February 2013
Total Score	92.47	100.00	Re-issue Date	N/A


For EMPOWERDEX (Pty) Ltd

17 February 2012
Date

This verification certificate and the verification report are based on information provided to Empowerdex and represent an independent opinion based on the verification and analysis completed by Empowerdex. The calculation of the scores has been determined in accordance with the Department of Trade and Industry's Codes of Good Practice on Broad Based Black Economic Empowerment as Gazetted on 9 February 2007.

Empowerdex (Pty) Ltd Reg. 2001/027963/07
Directors: C Wu, V Jack, L Ratsoma, J Stumbles

G11J00450



sanas
BBEE Verification Agency
BVA 030

C e r t i f i c a t e

Appendix 02: Standard Bank – Confirmation of Employment of Equity Manager

01 January 2012

The Director General
 Employment Equity Registry
 Department of Labour
 Private Bag X117
 Pretoria
 0001

Attention: Pertunia Sele

CONFIRMATION OF EMPLOYMENT EQUITY MANAGER

This serves to confirm that Moses Mochine is the appointed Employment Equity Manager for The Standard Bank of South Africa Limited, in line with the requirements of section 24 of the Employment Equity Act 55 of 1998.

Yours sincerely,

Shirley Zinn

Deputy Global Head: Human Resources

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 PO Box 61690 Marshalltown 2107 South Africa www.standardbank.co.za
 Tel Switchboard +27 (0)11 636-9112 Direct +27 (0)11 636-9767 Fax +27 (0)11 636-2200
 email: Shirley.zinn@standardbank.co.za

The Standard Bank of South Africa Limited (Reg. No. 1962/000739700) Authorised financial services and regulated credit provider (NCRP15)
 Directors: T. N. F. Phisoana (Chairman), S. F. Shabane* (Chief Executive), D. D. H. Bano, R. M. W. Dunne, T. S. Gcabashe, S. E. Jona ERIFE, Sr. Para Judge,
 K. P. Kalyon, S. J. Makozoma, J. H. Maseko, R. F. Maseti, Adv. K. D. Moleko, A. E. Nkomo, M. F. Ramaphosa, S. P. Riley*, M. J. D. Rux, Sr. D. Smith of Kibini, R. B. E. M. Woods
 Secretary: J. S. M. Mokoena
 *Executive Director 2011/12/31

Appendix 03: Standard Bank Employment Equity Report



labour
Department
Labour
REPUBLIC OF SOUTH AFRICA

EMPLOYMENT EQUITY
Page 1 of 4 | EEA4 13 Jan 2012
14:56

PLEASE READ THIS FIRST	SECTION A: EMPLOYER DETAILS																																																																						
<p>WHAT IS THE PURPOSE OF THIS FORM?</p> <p>This form contains the format for reporting income differentials to the Employment Conditions Commission.</p> <p>WHO FILLS IN THIS FORM?</p> <p>All designated employers must complete every section of this statement.</p> <p>SEND TO:</p> <p>Employment Equity Registry The Department of Labour Private Bag 1117 Pretoria 0001 Telephone: 012 3094000 Facsimile: 012 3094737 / 3094188 e-mail: ee@labour.gov.za</p>	<table border="1"> <tr><td>Trade name</td><td>THE STANDARD BANK OF SA LTD</td></tr> <tr><td>DTI registration name</td><td>THE STANDARD BANK OF SA LTD</td></tr> <tr><td>DTI registration number</td><td>196200073806</td></tr> <tr><td>PAYE/SARS number</td><td>9800212715</td></tr> <tr><td>UIF reference number</td><td>011372418</td></tr> <tr><td>EE reference number</td><td>3126</td></tr> <tr><td>Seta classification</td><td>BANKING SECTOR</td></tr> <tr><td>Industry/Sector</td><td>FINANCE AND BUSINESS SERVICES</td></tr> <tr><td>Telephone number</td><td>0116317049</td></tr> <tr><td>Fax number</td><td>0116362200</td></tr> <tr><td>Email address</td><td>moses.mochine@standardbank.co.za</td></tr> <tr><td>Postal address</td><td>PO Box 7725 Johannesburg GAUTENG JOHANNESBURG</td></tr> <tr><td>City/Town</td><td>JOHANNESBURG</td></tr> <tr><td>Province</td><td>GAUTENG</td></tr> <tr><td>Postal code</td><td>2000</td></tr> <tr><td>Physical address</td><td>STANDARD BANK CENTRE, NO 5 SIMMONDS STR SA HUMAN RESOURCES 7TH FLOOR, JOHANNESBURG</td></tr> <tr><td>City/Town</td><td>JOHANNESBURG</td></tr> <tr><td>Province</td><td>GAUTENG</td></tr> <tr><td>Postal code</td><td>2001</td></tr> <tr><td colspan="2" style="text-align: center;">Details of CEO at the time of submitting this report</td></tr> <tr><td>Name and surname</td><td>SIMPIWE KENNETH TSHABALALA</td></tr> <tr><td>Telephone number</td><td>0116361810</td></tr> <tr><td>Fax number</td><td>0116361832</td></tr> <tr><td>Email address</td><td>sim.tshabalala@standardbank.co.za</td></tr> <tr><td colspan="2" style="text-align: center;">Details of Employment Equity Manager at the time of submitting this report</td></tr> <tr><td>Name and surname</td><td>SHIRLEY ZINN</td></tr> <tr><td>Telephone number</td><td>0116369767</td></tr> <tr><td>Fax number</td><td>0116362200</td></tr> <tr><td>Email address</td><td>shirley.zinn@standardbank.co.za</td></tr> <tr><td colspan="2" style="text-align: center;">Information about the organization at the time of submitting this report</td></tr> <tr><td>Business type</td><td>Private Sector</td></tr> <tr><td>Number of employees in the organization</td><td>150 or more</td></tr> <tr><td>Is your organization an organ of State?</td><td>No</td></tr> <tr><td>Is your organisation part of a group / holding company? If yes, please provide the name.</td><td>Yes Standard Bank Group</td></tr> <tr><td>Date of submitting this report</td><td>13/01/2012</td></tr> </table>	Trade name	THE STANDARD BANK OF SA LTD	DTI registration name	THE STANDARD BANK OF SA LTD	DTI registration number	196200073806	PAYE/SARS number	9800212715	UIF reference number	011372418	EE reference number	3126	Seta classification	BANKING SECTOR	Industry/Sector	FINANCE AND BUSINESS SERVICES	Telephone number	0116317049	Fax number	0116362200	Email address	moses.mochine@standardbank.co.za	Postal address	PO Box 7725 Johannesburg GAUTENG JOHANNESBURG	City/Town	JOHANNESBURG	Province	GAUTENG	Postal code	2000	Physical address	STANDARD BANK CENTRE, NO 5 SIMMONDS STR SA HUMAN RESOURCES 7TH FLOOR, JOHANNESBURG	City/Town	JOHANNESBURG	Province	GAUTENG	Postal code	2001	Details of CEO at the time of submitting this report		Name and surname	SIMPIWE KENNETH TSHABALALA	Telephone number	0116361810	Fax number	0116361832	Email address	sim.tshabalala@standardbank.co.za	Details of Employment Equity Manager at the time of submitting this report		Name and surname	SHIRLEY ZINN	Telephone number	0116369767	Fax number	0116362200	Email address	shirley.zinn@standardbank.co.za	Information about the organization at the time of submitting this report		Business type	Private Sector	Number of employees in the organization	150 or more	Is your organization an organ of State?	No	Is your organisation part of a group / holding company? If yes, please provide the name.	Yes Standard Bank Group	Date of submitting this report	13/01/2012
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Is your organisation part of a group / holding company? If yes, please provide the name.	Yes Standard Bank Group																																																																						
Date of submitting this report	13/01/2012																																																																						

THE FOLLOWING MUST BE TAKEN INTO CONSIDERATION WHEN COMPLETEING THE EEA4 FORMS

1. Foreign nationals should be included when completing the EEA4 form in the appropriate space provided in the table below.
2. Temporary employees mean workers who are employed to work for three consecutive months or less;
3. The calculation of remuneration must include twelve months of a financial year that is in line with the period covered by the EEA2 reporting form. Where a person has not worked for a full twelve month period, the total remuneration worked should be included.
4. All payment amounts to be reflected in the table below must be rounded to the nearest Rand (R) and included as total remuneration for each group in terms of race and gender. No blank spaces, commas (,), full stops or decimal points (.) or any other separator should be included when capturing the payment amounts in each of the cells in the table below – for example R7 345 567.22 must be captured as 7345567 with no separators.
5. The payments below indicate what must be included and what must be excluded in an employee's remuneration for the purposes of calculating pay in order to complete the EEA4 form.
 - 5.1 Included
 - a. Housing or accommodation allowance or subsidy or housing or accommodation received as a benefit in kind;
 - b. Car allowance or provision of a car, except to the extent that the car is provided to enable the employee to work;
 - c. Any cash payments made to an employee, except those listed as exclusions in terms of this schedule;
 - d. Any other payment in kind received by an employee, except those listed as exclusions in terms of this schedule;
 - e. Employer's contributions to medical aid, pension, provident fund or similar schemes;
 - f. Employer's contributions to funeral or death benefit schemes.
 - 5.2 Excluded
 - a. Any cash payment or payment in kind provided to enable the employee to work (for example, an equipment, tool or similar allowance or the provision of transport or the payment of a transport allowance to enable the employee to travel to and from work);
 - b. A relocation allowance;
 - c. Gratuities (for example, tips received from customers) and gifts from the employer;
 - d. Share incentive schemes;
 - e. Discretionary payments not related to an employee's hours of work or performance (for example, a discretionary profit-sharing scheme);
 - f. An entertainment allowance;
 - g. An education or schooling allowance.
6. The value of payments in kind must be determined as follows –
 - a. a value agreed to in either a contract of employment or collective agreement, provided that the agreed value may not be less than the cost to the employer of providing the payment in kind; or
 - b. The cost to the employer of providing the payment in kind.
7. An employee is not entitled to a payment or the cash value of a payment in kind as part of remuneration if-
 - a. the employee received the payment or enjoyed, or was entitled to enjoy, the payment in kind during the relevant period; or
 - b. in the case of a contribution to a fund or scheme that forms part of remuneration, the employer paid the contribution in respect of the relevant period.
8. If a payment fluctuates over a period of 13 weeks or if an employee has been in employment for a shorter period, the actual amount for that period should be calculated.

PLEASE PROVIDE REASONS FOR THE DISPARITIES IN REMUNERATION WITHIN THE VARIOUS OCCUPATIONAL LEVELS

Our Top and Senior Management levels are a combination of roles that are accountable for the Group (Global) functions and Local Businesses. These levels also group together roles that are accountable for businesses of different sizes and complexity. Remuneration on these different roles, although largely within the range, tend to be aligned to the above factors, including market competition. In addition, there are some roles that are placed in different businesses, as an example, remuneration on a role in an Investment Bank may differ considerably to a similar role in a Retail Bank. Some of the factors that influence remuneration disparities include criticality of the roles as well as industry or market experience that the individual brings to an organisation.

The average remuneration gap for African and Indian Females at Top Management is due to specific roles that the individuals play within the organisation. The same applies to the remuneration gaps at Senior Management although the gaps are relatively smaller and within a manageable range. The bank has, over time focused its efforts on closing the earning gaps and will continue with a specific focus on the highlighted areas.

The other occupational levels income differentials are within more acceptable levels due to ongoing efforts to reduce the earning gaps over the last three years.

Appendix 04: SBSA Transformation Forum Constitution [draft] – February 2012

SBSA Transformation Forum Constitution [draft]
February 2012

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1. Background

Section 16 of the Employment Equity Act 55 of 1998, provides that a designated employer must consult with employees regarding the following:

- (1) A designated employer must take reasonable steps to consult and attempt to reach agreement on the matters referred to in section 17-
 - a) with a representative trade union representing members at the workplace and its employees or representatives nominated by them; or
 - b) if no representative trade union represents members at the workplace, with its employees or representatives nominated by them.
- (2) The employees or their nominated representatives with whom an employer consults in terms of subsection (1) (a) and (b), taken as a whole, must reflect the interests of:
 - a) employees from across all occupational levels of the employer's workforce;
 - b) employees from designated groups; and
 - c) employees who are not from designated groups.

It is for the above consideration that Standard Bank South Africa (SBSA) has decided to form Transformation Forums with a view to consult with staff, in addition to the recognised trade unions.

2. SBSA Transformation Forum Key principles

SBSA Transformation Forum is an essential part of our transformation journey with the following principles:

- a) Serves as a key consultation and communication channel between the Bank's employees and the leadership on matters relating to Transformation and Employment Equity.
- b) Ensures that information on matters related to Employment Equity Act, Financial Sector Code and Codes of Good Practice for Broad- Based Black Economic Empowerment (B-BBEE) and any other related policy and framework that may have an impact or influence on transformation reaches all employees in the Bank.
- c) Provides opportunities for staff and the leadership to meet and exchange information.
- d) Helps drive transformation vision.
- e) Encourages employees to provide their input regarding the implementation of the transformation programme.
- f) Provides feedback regarding SBSA transformation processes.
- g) Provides information regarding progress on transformation milestones.
- h) Assist in the communication of progress and comments on the implementation of affirmative action measures.
- i) Helps keep track of the implementation of the provisions of the Employment Equity Act and other relevant pieces of legislation.

3. Objectives

The main objectives of the SBSA Employment Equity Forum are to:

- a) Lead transformation issues at a strategic level, in conjunction with other structures.
- b) Assist the Transformation Unit, at SBSA level, in formulating the overall direction of people transformation.
- c) Define its vision and philosophy in order to properly position its mandate in the bank.
- d) Determine transformation related measurements and evaluation frameworks for the following plans: Employment Equity, Skills Development and Talent Management.
- e) Position Transformation at the Social & Ethics Management and Board Committees level.
- f) Support and provide direction to EE Forums in the various Business Units.
- g) Monitor the achievement of the transformation objectives of the Employment Equity Plan.
- h) Oversee the effectiveness of all Transformation Forums.
- i) Coordinate and escalate group-wide issues from Transformation Forums in relevant Business Units.

4. Membership

SBSA Transformation Forum is comprised of the following people:

- a) The chairpersons of Business Units Transformation Forums. One chairperson per business area should be nominated by the BU. Adequate representation should be ensured, i.e. race, gender, disability, occupational level, etc.
- b) Employment Equity Manager shall act as a chairperson of the Forum.
- c) Representatives of recognised Trade Unions.
- d) Chairpersons of the following specialist forums: Women Forum, Disability Forum and Sexual Orientation Forum.
- e) A Representative of the Talent Management Centre of Excellence.
- f) People responsible for Employment Equity in the following areas: Personal and Business Banking (PBB), Corporate and Investment Banking (CIB) and Group Enabling Functions (GEFs) are invitees.

5. Drivers

The main purpose of this Forum is to:

- a) Represent employees on transformation matters at Group level.
- b) Ensure that BUs share knowledge and experiences.
- c) Promote the achievement of SBSA strategy of leveraging on diversity and inclusivity for business performance.
- d) Give effect to the purpose of the EE Act, namely “to achieve equity in the workplace by:
 - i. Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
 - ii. Implementing affirmative action measures to redress the disadvantages in employment experiences by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce”.
- e) Ensure adherence and compliance to all relevant legislations that impact on transformation.
- f) Create awareness on the business case of transformation.
- g) Create a safe/protected and transparent forum where transformation issues can be raised and treated confidentially.

6. Chairperson

Duties of the Chairperson include, but are not limited to the following:

- a) Positioning transformation as a strategic imperative.
- b) Provide support to BU Chairpersons.
- c) Positioning SBSA as an employer of choice and preferred supplier.
- d) Influencing the bank’s direction on transformation at strategic levels.
- e) Facilitating quick decision-making at senior level regarding transformation.
- f) Facilitate the transition from procedural to substantive compliance with the EE Act; a critical part of transformation.
- g) Represent SBSA Transformation Forum issues at Executive and Board levels.

7. Meetings

7.1. Frequency

- a) Meetings shall be held monthly. When required, the chairperson may call special meetings.

7.2. Quorum

- a) 50% plus one member shall constitute a quorum at general meetings.
- b) 75% of members shall constitute a quorum at special meetings such as consultation on the Workplace Skills Plan (WSP)
- c) If the quorum requirement is not met and where the meeting needs to make decisions, the meeting should be postponed to a future date within 14 days.
- d) 50% in the next seating will be sufficient and the decisions taken will be binding

8. Roles and responsibilities of members

Members of the Forum shall:

- a) Together, act as a body in the service of the SBSA.
- b) Individually, act in the interests of their particular constituency.
- c) Act in good faith by keeping an open mind throughout and seriously consider proposals put forward.
- d) Be knowledgeable on Employment Equity Act, DTI Codes, Skills Development Act and Financial Sector Code requirements.
- e) Promote Employment Equity, Diversity Management, Skills Development, etc.
- f) Attend committee meetings (>70%) .
- g) Display support of commitment to forum decisions.
- h) Participate meaningfully in the development, implementation, monitoring and reporting related to Employment Equity, Skills Development, DTI Codes and Financial Sector Code.
- i) Demand accountability for transformation progress from SBSA at all levels.
- j) Challenge non-performance, obstruction and discriminatory mindset.
- k) Acknowledge and encourage progress and success.

9. Notice of meetings

SBSA Transformation Forum meetings are to be included into the corporate calendar.

Forum members are to submit their reports and any specific agenda items seven (7) days in advance of the scheduled meeting.

The administrator shall distribute the agenda and all related reports/information to members seventy two (72) hours in advance of the scheduled meeting.

9.1. Agenda items

The following shall form part of the Forum agenda:

- a) Welcome and apologies.
- b) Adoption of the agenda.
- c) Review and adoption of minutes of previous meeting.
- d) Matters arising from previous meeting.
- e) Forum Focus Areas.
- f) Reports from forum members on:
 - i. The effective running of the forums;
 - ii. Attendance at the forum and other governance processes such as keeping records; and
 - iii. Issues from the forums which need to be escalated
- g) Reports from Business Units and Centres of Excellence representatives on:
 - i. Progress relating to numerical targets and goals;
 - ii. Progress relating to the implementation of Affirmative Action measures as contained in the EE Plan; and
 - iii. Policies and procedures related to transformation.
- h) General.

9.2. Confidentiality

- a) Members shall have access to information held by SBSA for the purpose of executing the responsibilities of the Forum.
- b) Members and any alternate members of the forum shall be bound to refrain from divulging or making use of trade or business secrets that have come to their knowledge as a result of their membership to the Forum and which the employer has expressly stated as confidential.

10. Dispute resolution

This section deals with the procedure to be followed in order to resolve any dispute in relation to consultation as envisaged by section 16 and matters for consultation as per section 17 of the Employment Equity Act (Chapter III: Affirmative Action):

- a) In the event where any constituency (hereinafter referred to as “the affected constituency” which includes the plural, where a number of constituencies are involved) is not in agreement with the bank on issues related to the implementation of the transformation programme, the affected constituency must state, in writing, the areas of disagreement, with supporting facts and table these at the meeting of the SBSA Transformation Forum to ensure that the issues are resolved.
- b) If the issues tabled at the SBSA Transformation Forum are not resolved to the satisfaction of the affected constituency, the matter shall be referred to SBSA Social and Ethics Management Committee for consideration.
- c) If the affected constituency is not satisfied with the response from SBSA Social and Ethics Management Committee, the said constituency may refer the matter to the Social & Ethics Board-Subcommittee, after notification in writing to the SBSA Transformation Director/Deputy Group Head: Group HR, of the intention to do so.
- d) If the affected constituency is not satisfied with the response from Social & Ethics Board-Subcommittee, the said constituency may refer the matter to the Department of Labour (DoL), after notification in writing to the SBSA Chief Executive, of the intention to do so
- e) Should the Department of Labour issue a written undertaking to this effect, the bank shall exercise its rights and perform its obligations in terms of Chapter V (Monitoring, Enforcement and Legal Proceedings) of the Employment Equity Act.

Appendix 05: Financial Sector Charter Scorecard

Financial Sector Charter

Scorecard

1 Ratings

- 1.1 Each financial institution will be given a rating each year, after the Charter Council has approved the audited scorecard of the institution.
- 1.2 The basis of rating financial institutions and suppliers will be:

Score %	Rating	Tendering to Govt.	Financial institutions procuring from Pvt. Sector	
		Weighting to be given by Govt.	Where the supplier is subject to a charter	Where the supplier is measured on the basis of ownership
< 40%	E	0	0	
40 – 55%	D	25%	50c in the R	Black influenced – 50c in the Rand
55 – 70%	C	50%	75c in the R	
70 – 80%	B	75%	100c in the R	Black empowered 100c in the Rand
> 80%	A	100%	125c in the R	Black owned – 125c in the Rand

2. Thresholds

- 2.1 Unless otherwise specifically provided, points will be scored from the level of the threshold for each target and in linear progression from that level to the level of the target.
- 2.2 The 2014 thresholds will be set as part of the process of the 2009 review outlined in 4.3 of the charter

3 Interim Rating

The 2004 equivalent of the rating bands in 2008 (reflected in paragraph 1.2 above) will be established before the effective date. The rating bands for each of the intervening years will be a linear progression from the 2004 ratings to the 2008 ratings.

4 Ownership and Control Scoring

For the purposes of paragraph 10.2 of the charter, if within 3 months of a reporting date an institution ceases to comply with the provisions of paragraph 11.1 for reasons beyond its control, but re-establishes compliance by the time the report is due, it will be deemed to have complied at the reporting date.

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
<i>Section 1- (Paragraph 5 of the charter)</i> Human Resource Development						20	
<i>1.1 Employment Equity</i>					Industry Mean at 31/12/2003	15	
1.1.1 Senior management	black people as a % of senior management	Min 20%-25%				4 (3 at 20% + 1 at 25%)	
	black women as a % of senior management	Min 4%	33% of black target			1	
1.1.2 Middle management	black people as a % of middle management	Min 30%				4	
	black women as a % of middle management	Min 10%	33% of black target			1	
1.1.3 Junior management	black people as a % of junior management	Min 40%-50%				4 - (2.5 @ 40%, 0.75 @ 45%, 0.75 @ 50%)	
	black women as a % of junior management	Min 15%	33% of black target			1	
<i>1.2 Skills development</i>						5	
1.2.1 Skills spend	% of payroll spent p.a. on skills development of black employees	1.5%			0%	3	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
1.2.2 Learnership program	learnerships as % of total staff	4.5%			0%	2	
Section 2- (Paragraphs 6 & 7 of the charter) Procurement and enterprise development		50%	70%			15	
Procurement					10%		
Procurement from black influenced companies, & companies rated "D" in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 50% of Rand spend						
Procurement from companies rated "C" in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 75% of Rand spend						
Procurement from black empowered companies, & companies rated "B" in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 100% of Rand spend						
Procurement from black SMEs, black companies, black women-empowered enterprises & companies rated "A" in terms of a charter	Targeted procurement from those companies as a percentage of total procurement - Scored at 125% of Rand spend						
Enterprise Development: paragraphs 7.1.1 & 7.1.2 of charter							
Enterprise development: black influenced companies	Rand spend- Scored at 50% of Rand spend						

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Enterprise development: black empowered companies	Rand spend- Scored at 100% of Rand spend						
Enterprise development: black SMEs, black companies & black women-empowered enterprises	Rand spend- Scored at 125% of Rand spend						
Section 3- (Paragraph 8 of the charter) Access to Financial Services						18	
3.1 Transactions savings products and services	Effective access for LSM 1-5 (%)	80%			70%	4	
3.2 Bank savings products and services	Effective access for LSM 1-5 (%)	80%			70%	4	
3.3 Life assurance products and services	Effective access for LSM 1-5 (%)	tbf				12	
3.4 Collective investments products and services	Effective access for LSM 1-5 (%)	1%, plus 250,000			0	Tbd	
3.5 Short term risk insurance products	Effective access for LSM 1-5 (%)	9%			0	4	
3.6 Origination	Origination of home loans (R)	tbf			10% of target	4	
	Origination of agriculture loans (R)	tbf			10% of target	2	
	Origination of black SME loans (R)	tbf			10% of target	2	
3.7 Consumer education	% of post tax operating profits spend p.a.	Min 0.2%			0%	2	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Section 4- (Paragraph 9 of the charter) Empowerment Financing	22						
4.1 Targeted Investments	Institution's target for Targeted Investment (R)	Tbf			0	17	
	Institution's annual investment in transformational infrastructure (R)						
	Institution's annual investment in low-income housing (R) Institution's annual investment in agricultural development (R)						
	Institution's annual investment in black SMEs						
4.2 BEE transaction financing including JV's, debt financing, equity investments in BEE companies that are not black SMEs	Institution's target for BEE transaction financing (R)	Tbf			0	5	

Core component of BEE	Indicators	Target 2008	Target 2014	Financial institution annual target	Threshold	Points	Institution's annual score
Section 5- (Paragraphs 10 & 11 of Charter) Ownership & Control						22	
5.1 Ownership		25% by 2010				14	
5.1.1 Direct ownership Max of 4 Bonus points scored: 0.5 when direct ownership at 13.75%, 0.5 at 17.5%, 1.5 at 21.25% and 1.5 at 25%	Listed companies: standard valuation as % of market capitalisation Non-listed companies: standard valuation	Min 10% by 2010	-		2.5%	12 + 4 bonus	
5.1.2 Direct or indirect ownership in excess of 10%	Ditto	15% by 2010	-			0.5 points at 13.75%, 17.5%, 21.25% & 25%	
5.2 Control						8	
5.2.1 Board						3	
	Black people as a % of board of directors	33%			20%	2	
	Black women as a % of board of directors	Min of 11%			0%	1	
5.2.2 Executive							
Executive management	Black people as a % of executive management	Min 25%			Industry mean at 2003	4	
	Black women as a % of executive management	Min 4%	33%		Industry mean at	1	

				2003		
Section 6- (Paragraph 12) Corporate Social Investment					3	
Corporate Social Investment	% of post tax operating profit directed p a to CSI	0.5%		0%	3	

Appendix 06: Proof of submission – Employment Report 2011

labour
Department
Labour
REPUBLIC OF SOUTH AFRICA

EMPLOYMENT EQUITY

Postal Address: Private Bag 117, PRETORIA, 0001. Street Address: Labour Building, 215 Schoeman Street, PRETORIA
Tel: 0860101018 Fax: (012) 309 4188 or (012) 309 4739

The Chief Executive Officer
THE STANDARD BANK OF SA LTD
PO BOX 7725
JOHANNESBURG
GAUTENG
JOHANNESBURG
JOHANNESBURG
2000

DOL Ref. No.: 3126
Date: 13 January 2012
Contact Person: Tshililo Muthelo
Contact Number: 0860101018

Dear Sir/Madam

ACKNOWLEDGEMENT OF SUCCESSFUL COMPLETION OF EMPLOYMENT EQUITY REPORT FOR THE 2011 REPORTING PERIOD

This serves to inform you that your organisation is deemed to have **Reported** for the 2011 reporting period.

Therefore, your organisation will appear on the Employment Equity Public Register for 2011 that will be published by the Minister of Labour in terms of Section 41 of the Employment Equity Act No. 55 of 1998.

Yours in Equity

pp Director-General
DEPARTMENT OF LABOUR

Appendix 07: SBSA Transformation Forum Key Focus Areas – April 2012

Key Focus Area	Measure	By	Due date	Status
1. Statutory compliance	<ul style="list-style-type: none"> Finalise conversion of transformation targets into the iCap reporting tool 	NM	30 June 2012	
	<ul style="list-style-type: none"> Finalise consultation on 2012 EE Report to the DOL: <ul style="list-style-type: none"> Monitor progress on EE plan Challenge BU Transformation Plans 	NM	14 September 2012	
	<ul style="list-style-type: none"> Finalise consultation on WSP 	LdW	15 May 2012	
	<ul style="list-style-type: none"> Monitor progress on WSP 	LdW	Monthly	
	<ul style="list-style-type: none"> Finalise Income Differentials Report (submission to the DoL) 	DMM/ NM	15 May 2012	
	<ul style="list-style-type: none"> Monitor BEE performance 	TM	Monthly	
2. Talent Management	<ul style="list-style-type: none"> Monitor the implementation of Talent initiatives 	TS	Monthly	
3. Gender Equity	<ul style="list-style-type: none"> Finalise Gender Equity Strategy 	NM	April 2012	
4. People with Disabilities	<ul style="list-style-type: none"> Finalise People with Disabilities Strategy 	NM	April 2012	
5. Employee Relations	<ul style="list-style-type: none"> Monitor cases of unfair discrimination 	DMM	Monthly	
6. Communications Plan	<ul style="list-style-type: none"> Monitor implementation of Communications Plan 	NM	Monthly	

Key Focus Area	Measure	By	Due date	Status
7. Culture	<ul style="list-style-type: none"> Communicate EE Survey results 	DMM/ NM	May 2012	
	<ul style="list-style-type: none"> Conduct EE Survey 	DMM/ NM	November 2012	
8. Qualitative analysis	<ul style="list-style-type: none"> Monitor both SBSA and BU performance on implementation of actions plans 	DMM/ NM	Bi- annually	
9. Effectiveness of BU transformation forums	<ul style="list-style-type: none"> Develop Governance Framework for BU transformation forums 	DMM/ NM	May 2012	
	<ul style="list-style-type: none"> Ensure the existence of BU transformation forum constitutions and key focus areas 	BU HR	May 2012	
	<ul style="list-style-type: none"> Monitor implementation of BU key focus areas 	BU H R	Monthly	