

**AN ASSESSMENT OF THE CAPABILITY OF THE EASTERN CAPE TOURISM
BOARD TO COPE WITH CHANGE**

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

of

MASTERS IN BUSINESS ADMINISTRATION (MBA)

of

RHODES UNIVERSITY

by

NOMKHITA MONA

JANUARY 2004

TABLE OF CONTENTS

Abstract	i
Table of Figures.....	ii
List of Tables.....	iii
Acknowledgements	iv
Declaration	v
1 CHAPTER ONE	1
1.1 INTRODUCTION AND BACKGROUND TO THE STUDY	1
1.1.1 Objectives of the Study	4
1.1.2 Significance of the research	5
1.1.3 Brief overview of relevant literature	5
1.1.4 Why should organizations be concerned with coping with change?	5
1.1.5 The Organizational Context - ECTB.....	7
1.1.6 Organizational Performance.....	8
1.1.6.1 The Organizational Structure	9
1.1.6.2 Additional Responsibilities	10
1.1.7 Budgets.....	10
1.1.8 New Provincial Parks Board	10
1.1.9 Staffing and skills.....	11
1.1.10 Organizational Priorities	11
2 CHAPTER TWO	13
2.1 LITERATURE REVIEW.....	13
2.1.1 Additional criteria discussed	14
2.1.1.1 Change Management.....	14
2.1.1.2 Forms of Change	15
2.1.1.3 Model For Coping With Change.....	16
2.1.1.4 The Typologies of Organizations.....	17
2.1.1.5 The Boardroom Organization.....	18
2.1.1.6 The Hardhat Organization.....	18
2.1.1.7 The Technocracy Organization	19
2.1.1.8 The Missionary Organization.....	19
2.1.2 STRATEGIC ORIENTATION.....	20
2.1.2.1 Attitudes to Change.....	20
2.1.2.2 Leadership	23
2.1.2.3 What is Leadership?	23
2.1.3 Role of Leadership in Organizational Change	24
2.1.4 Leadership Styles	24
2.1.4.1 Transformational Leadership	30
2.1.4.2 Transactional Leadership	32
2.1.5 Culture.....	34
2.1.5.1 Culture and Change.....	35

2.1.5.2 Do Different Cultures Affect Work-Related Attitudes?	36
2.1.5.3 What Is Diversity?.....	37
2.1.6 CONTROL ORIENTATION.....	39
2.1.6.1 Financial control.....	39
2.1.6.2 Product	40
2.1.6.3 Hands-on management.....	40
2.1.6.4 Financial performance.....	41
2.1.7 SOCIAL FOCUS.....	42
2.1.7.1 Social Responsibility.....	42
2.1.7.2 Black Advancement	42
2.1.7.3 Industrial Relations	43
2.1.7.4 Pay and working conditions	43
2.1.7.5 People Orientation.....	43
2.1.7.6 Empowerment	44
2.1.7.7 People and Motivation	46
2.1.8 INSTITUTIONAL FOCUS.....	47
2.1.8.1 Strategic alliances.....	47
2.1.8.2 Relationship with the state	49
2.1.9 Additional criteria – Customer Focus and Organizational Learning	50
2.1.9.1 Customer Orientation And Customer Focus	50
2.1.9.2 Lessons in Customer Value.....	53
2.1.9.3 Learning Organizations	58
2.1.9.4 What is a Learning Organization?.....	58
2.1.9.5 Forms Of Learning	59
2.1.10 Types Of Learners.....	60
2.1.10.1 Learning Disciplines.....	61
2.1.10.2 Systems thinking	61
2.1.10.3 Personal Mastery	61
2.1.10.4 Mental Models.....	62
2.1.10.5 Building Shared Vision	62
2.1.10.6 Team Learning	63
2.1.10.7 Metanoia – Shifting the mindset	63
2.1.10.8 Learning Disabilities	64
2.1.11 I am my position.....	64
2.1.11.1 The enemy is out there	65
2.1.11.2 The illusion of taking charge.....	65
2.1.11.3 The fixation on events.....	65
2.1.11.4 The Parable of the Boiled Frog	66
2.1.11.5 The delusion of learning from experience.....	67
2.1.11.6 The myth of the Management Team	67
3 CHAPTER THREE	69
3.1 RESEARCH METHODOLOGY AND DESIGN.....	69
3.1.1 Introduction	69
3.1.2 Objectives of the Study	70
3.1.3 Research Paradigm or Philosophy.....	70
3.1.4 Methods and Techniques.....	70

3.1.4.1 Questionnaire.....	70
3.1.4.2 Questionnaire Modification.....	71
3.1.4.3 Questionnaire Distribution	71
3.1.5 Study Population	72
3.1.5.1 Questionnaire Response Rate.....	72
3.1.6 Organizational Reports and Data	73
3.1.7 Scoring/Data Analysis.....	74
3.1.8 Data Capturing	75
3.1.8.1 Data Analysis	75
3.1.9 Limitations of the study.....	75
3.1.10 Conclusion.....	76
4 CHAPTER FOUR.....	77
4.1 RESEARCH FINDINGS	77
4.1.1 Descriptive Stats – Finding the mean score of each item.....	77
4.1.2 Reliability and Validity Tests.....	78
4.1.2.1 Testing the 32 items separately:.....	78
4.1.2.2 Testing the four dimensions separately:.....	78
4.1.2.3 Testing the 16 issues separately:	79
4.1.3 Correlation Analysis.....	79
4.1.3.1 Correlation Analysis - Four Dimensions.....	79
4.1.3.2 Correlations	79
4.1.3.3 Correlations Analysis - 32 items	80
4.1.3.4 Factor Analysis.....	80
4.2 ANALYSIS AND DISCUSSION OF RESULTS	81
4.2.1 Responses for the 32 dimensions:	81
4.2.2 The frequency of responses for each of the four dimensions.....	84
4.2.3 Overview of the significant findings.....	88
4.2.4 Evaluation of the ECTB against the identified criteria	89
4.2.5 The Typology of the Eastern Cape Tourism Board	89
4.2.6 Leadership	92
4.2.7 Organizational Culture	93
4.2.8 People Focus.....	93
4.2.9 ECTB pays below average wages	94
4.2.10 Employees do not trust management.....	94
4.2.11 Efficiency in production and services not emphasized and rewarded.....	94
4.2.12 Key issues emerging from the research within the four dimensions.....	95
4.2.13 Strategic Orientation.....	95
4.2.13.1 Strategy Implementation	95
4.2.14 Control Orientation	95
4.2.15 Financial control.....	96
4.2.16 Institutional Focus.....	96
4.2.16.1 Relationship with the state	96
4.2.16.2 Internationalization.....	96
4.2.17 Strategic alliances.....	97
4.2.17.1 Competitiveness	97

5	CHAPTER FIVE.....	99
5.1	RECOMMENDATIONS AND CONCLUSION.....	99
5.1.1	Dynamic Culture	99
5.1.1.1	Cultural Audit.....	99
5.1.2	Becoming a learning organization.....	100
5.1.3	Customer Focus.....	101
5.1.3.1	Stakeholder Analysis.....	101
5.1.3.2	Tourists as Customers	102
5.1.4	People Focus.....	102
5.1.5	Board Membership.....	103
5.1.5.1	Board Membership Tenure.....	103
5.1.5.2	Board Members' Expertise.....	103
5.1.6	Recommendations for further research	103
5.1.7	Conclusion.....	104
	APPENDICES.....	110
	Appendix A: Covering Letter to Respondents	110
	Appendix B: Coping With Change Capability Questionnaire	111
	Appendix C: Descriptive Statistics – all 32 items.....	113
	Appendix D: Descriptive Statistics – all 16 items.....	114
	Appendix E: Reliability and Validity Tests - all 32 items	115
	Appendix F: Reliability and Validity Tests for each dimension.....	116
	Appendix G: Reliability and Validity Tests – using the 16 items separately.....	118
	Appendix H: Correlation Analysis.....	119
	Appendix I: Factor Analysis.....	124
	Appendix J: Varimax Rotation (Factor Loading).....	125

Abstract

This study set out to examine whether the Eastern Cape Tourism Board (ECTB) had the capability to cope with change. The tourism industry is very dynamic and for the organization to survive, it must be able to adapt itself in a constantly changing environment. The research question was derived from a study done by Human and Horwitz (1992), in which they examined how South African companies cope with change. They developed a model and a questionnaire to measure the capabilities of coping with change. Their model and questionnaire were based on the following four dimensions: strategic orientation, control orientation, social focus and institutional focus. This model classified organizations into four types, namely: the Boardroom organization, the Technocracy organization, the Hardhat organization as well as the Missionary organization. These typologies are discussed in Chapter 2.

A modified version of the Human and Horwitz questionnaire was used to conduct this research. The original questionnaire has 32 items, and the questionnaire used in this study has the same number of items. The modification was done to nine questions, to ensure that they were of specific relevance to the organization being researched. The questions were slightly modified taking care to ensure that they still fit within the original dimensions measured by Human and Horwitz (1992).

The questionnaires were distributed within the organization, particularly to those employees in the Tourism section, as the organization also had a Conservation section. The Conservation section was excluded due to the fact that a policy decision had already been taken to separate the two sections, thereby creating two organizations. When the questionnaires were returned, they were analyzed using 'Statistica', a computerized statistics program.

The results showed that the ECTB does not have the capability to cope with change as it lacked the critical strategic orientation that Human and Horwitz (1992) suggest is a key requirement for coping. The profile of the organization showed that the ECTB could be classified as primarily being a Technocracy organization, and secondarily a 'Hardhat' organization. (See details in Chapter 4). Human and Horwitz (1992) suggest that an organization to be able to cope with change, must be a 'hybrid' of these four types.

The implications of these results suggest that the organization is lacking in the dynamism brought about by having a strategic orientation. Human and Horwitz argue that the profile of an organization coping well with change should show a 'balance' in terms of orientation (strategic orientation and control orientation). The ECTB's profile does not show this balance, and can therefore be said not to have the capability to cope with change. The results of the profile are discussed in Chapter 4.

Table of Figures

Figure 1: ECTB Abbreviated Organogram	9
Figure 2: Descriptive Model for coping with Change.....	16
Figure 3: Typologies of Organizations - A 'Hybrid'.....	17
Figure 4: Situational Leadership Style	26
Figure 5: Nicholl's revised Situational Leadership Model	29
Figure 6: Model for Choosing Customers.....	57
Figure 7: Types of Learning	59
Figure 8: Profile of the ECTB	90

List of Tables

Table 1: Correlation Analysis - Four Dimensions.....	79
Table 2: Strategic Orientation Frequency	84
Table 3: Social Focus Frequency	85
Table 4: Control Orientation Frequency	86
Table 5: Institutional Focus Frequency	87

Acknowledgements

There is a God!

My sincere gratitude goes to the following:

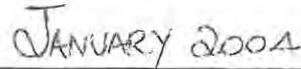
- My family, in particular, my husband Sipiwo, and my three young children, Azola, Sibabalwe and Bongisisa. The sacrifice and unwavering support they have given me over the past three years of studying for the MBA culminating in the writing of this paper have been invaluable.
- My mother, for bringing me up in an exemplary manner to be who I am today.
- Mrs. Usha Jimmy, for her constant support during my absences at work.
- The Eastern Cape Tourism Board for making my MBA studies possible.

Declaration

I hereby declare that this dissertation is my own unaided work, and that all references are duly acknowledged. This dissertation has not been submitted for any other degree.



NOMKHITA P MONA



DATE

1 CHAPTER ONE

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

Globally, it is accepted that change is the only constant, and this reality relates to the business environment as much as it relates to all other environments. The paradox of change is that as much as it is the only certainty, it is also one of the most difficult things to deal with. There are a number of reasons for this, chief among them being fear of the unknown. This fear is also related to the fact that generally people do not like to be taken outside of their comfort zones. Change usually requires a mind-set shift – and few people are able and willing to shift their mental focus.

The other reality in business is that people are the most important asset of an organization. One might give a counter-argument that suggests that in highly mechanized environments people are not so important. However, this argument cannot be expected to hold true even in those circumstances, as the technology and the machines would themselves rely on people at one time or another. The author wishes to suggest that the first argument is of relevance to the topic at hand, as tourism is one of the most labour-intensive industries or sectors globally.

Globally, the tourism landscape has undergone a number of changes – both intentional and otherwise. The global environment has tended to be turbulent in recent years. The advent of globalization has opened the world in ways that were previously unimaginable. It has also made the world somewhat ‘smaller’ in that there’s ease of access to a number of countries than was previously the case. The Internet has also opened the world up, as people are able to communicate and interact even before they actually arrive at a particular place. As Human and Horwitz (1992: 2) caution, ‘Globalization makes the world a smaller place – a global village – but it also makes it a complex network of economic units competing fiercely’

Nationally, in South Africa, tourism has experienced unprecedented growth in the last decade. This can be attributed to a number of factors. Firstly, the change of government and the ushering in of a new democracy was a major factor. It can be argued that South Africa is not the only democracy in the world, and that this factor cannot be seen as relevant. However, what is unique about this country is the manner in which the transition into democracy was handled. The transition can be said to have been 'safe and/or peaceful' in that, unlike a number of other examples around the world, particularly in Africa, it did not come about through a war, but through a negotiated process between the old and the new governments.

The political background of South Africa is relevant in the context of tourism – as political stability is a major factor influencing the growth or decline in tourist figures in any destination. The release of Nelson Mandela from twenty-seven years imprisonment – together with other freedom fighters was a novelty on its own. What is even more fascinating is the fact that Nelson Mandela went on to become the very first President of a new and democratic South Africa – and above all – was at the forefront of promoting peace and stability for both Blacks and Whites in the country.

This was a major source of fascination around the world – and hence they started visiting the country in droves to witness and experience the 'Mandela Phenomenon'. As a result of this, South Africa enjoyed a 'honeymoon' period wherein growth opportunities suddenly sprang up from an increased number of directions.

Again, the recent global events tended to conspire in South Africa's favor. Among other factors, the September 11, 2001 terror attacks in the United States, the subsequent war in Iraq and many other acts of terrorism and violence in other parts of the world can be said to have contributed to the country being seen as a 'safe' destination 'far from the madding crowd'. Additionally, the relatively weak value of the country's currency (Rand) was another contributor, and of-course; one cannot leave out the diversity of

offerings that South Africa has to offer as a tourist destination when mentioning these factors.

As a result of recent negative worldwide events, global tourism experienced a downturn and a slowdown. However, tourism to South Africa continued to grow – making the country the fastest growing destination in the world, with a 12% growth during the year 2002. This prompted the National Minister of Environmental Affairs and Tourism, the Honorable Mohammed Valli Moosa to say, ‘Tourism to South Africa continues to defy gravity’.

Obviously, all these factors have come with a need for change. South Africa – just like other destinations – would have to come up with strategies that would ensure sustainability. Each time these issues take place they bring with them a different set of circumstances. It is against this background that organizations – and indeed – countries need to be agile and constantly alert to change. It is clear that tourism in South Africa can also not be viewed in the same manner that it was some years ago. It has become increasingly clear that the industry cannot rely on hype for tourism growth and that long-term stability is of utmost importance. This calls for specific strategies for growth.

South Africa has a number of areas that had not been developed, especially in terms of infrastructure. With specific reference to the Eastern Cape North West and the erstwhile Northern Province, the previous government had introduced ‘independent’ homelands, namely the Transkei and the Ciskei in the Eastern Cape Bophuthatswana in the North West as well as Venda, in the then Northern Province.

For the purposes of this paper, the focus will exclude the ‘Independent States’ of the North West and the then Northern Province, as the study focuses particularly on the Eastern Cape. The above-mentioned information becomes relevant when a closer examination of the infrastructure of the Province is undertaken. Effectively, the Eastern

Cape was divided into three, with those areas outside the homelands falling within the 'Republic of South Africa' (RSA).

When one tracks down development, in terms of roads infrastructure and amenities, it becomes evident that the RSA was better developed, as the previous government invested a lot more in that area. The two homelands have therefore suffered from underdevelopment. It must also be noted that these were mainly rural areas. Therefore, the Eastern Cape, up to this day, is trying to play 'catch up' when it comes to infrastructure, which has a huge impact on Tourism.

The issue of underdevelopment contributed to South Africa as a country being marketed as 'pockets' – with the RSA areas being easily marketed because they were more developed and also had better budgets to do their marketing. The Eastern Cape was therefore prejudiced in that regard. Also, the two 'independent' states generally did not have the requisite expertise to market properly – and so the Eastern Cape became the best kept secret in South Africa. Even when democracy was introduced and the country became the 'flavor of the month', the Eastern Cape still did not benefit maximally. Only in the last few years has the Eastern Cape's profile been much higher – which is attributable to new and creative strategies employed in marketing the province – among other reasons.

1.1.1 Objectives of the Study

The purpose of doing this study will be based on three main objectives, as follows:

To identify criteria for an organization to cope with change

To examine the Eastern Cape Tourism Board's (ECTB) profile against these criteria

To make recommendations as to how the ECTB may be re-aligned for coping with change.

1.1.2 Significance of the research

This research is of utmost significance as it is hoped that it will influence action presently being taken to ensure that the organizational structure, culture and focus is aligned to enable it to cope with change. It has become necessary to do a study of this nature, as it is clear that even at the highest level (the Board) a dramatic shift in mindset is critical.

1.1.3 Brief overview of relevant literature

1.1.4 Why should organizations be concerned with coping with change?

Kochan and Useem (1992: 4) are of the view that 'systematic and continuous changes in organizational practices will be needed if firms are to compete successfully in today's and tomorrow's global economy'. It is a widely accepted view that change is the only constant in the world, and it therefore makes sense for businesses to not only be concerned with coping with change, but to ensure that they are actually able to cope. The above statement also suggests that change is thrust upon an organization, primarily by the environment. Human and Horwitz (1992:5) suggest that 'The organization, then, in coping with the environment, has to address the question of how aligned its human, material and financial resources are to the demands of its environment'.

Human and Horwitz (1992) identify a number of important ways in which organizations cope with change. For the purposes of this paper, the following areas will be discussed in the literature review: Leadership, Organizational culture, Customer focus, Employee orientation, Learning organization status. These have been assumed to be important factors in excellent organizations. In their study on how South African organizations cope with change, Human and Horwitz (1992) have a four-factor model for coping with change, as follows: Strategic orientation, Institutional focus, Social focus and Control

orientation. Below is a brief discussion of the four factors.

Strategic orientation – This factor looks at the customer as the fundamental basis of the organization's business. This is where the vision is created and a plan put in place to satisfy the needs of the customer. It is this factor that expresses the dynamism of the organization as it helps the organization understand that change is the only constant in organizational life. Strategic leadership is recognized as being essential in a rapidly changing environment. It becomes impossible for an organization to deliver excellent service unless its leadership is visibly, constantly and sometimes irrationally committed to the idea.

Thompson and Strickland (2001:431-432) agree with the above view as they say that one of the key leadership roles in executing strategy is 'keeping the organization responsive to changing conditions, alert for new opportunities, bubbling with innovative ideas, and ahead of rivals in developing competitively valuable competencies and capabilities'. The two authors go on to say that 'the single most visible factor that distinguishes successful culture-change efforts from failed attempts is competent leadership at the top'.

Customers are the basis on which businesses succeed, and it is critical that leaders in organizations take the lead in promoting customer focus. When they fail, the organization turns inward and concentrates on internal processes that are less demanding to work on. Human and Horwitz (1992:146) go as far as suggesting that '...the purpose of a business is to create a customer...' Tourism is a service industry and therefore, customer service should be the main focus of the organization. Traditionally, across all provinces and destinations, services offered would be similar and comparative, but the quality of service will be the differentiating factor. Customers worldwide are known to "vote with their feet". This suggests a shift in power relations between the customers and the organization, and the ECTB must realize that it does not

exist of and for itself, but to create and satisfy a customer.

Institutional focus – This factor focuses on the operational context of the organization, and looks at the organization's relationship with the state, strategic alliances (with both competitors and allies). Seemingly, this factor is concerned with these relationships and how to manage them.

Social Focus – This relates to the social relationships as opposed to the institutional focus (which is concerned with institutional relationships as discussed above). It concentrates within the organization on relations between management and employees. Outside of the organization it is concerned about how the organization relates to the public (with specific reference to corporate image and social responsibility).

Control orientation is concerned with the control of finances and operations of the business. It can be defined as having an inward focus, which renders it more operational rather than strategic. This factor is what makes the 'engine room' of the organization function smoothly. According to Human and Horwitz (1992:73) the control orientation is focused on 'the hidden aspects of work, which is, for many, the only authentic activity of the business organization'.

1.1.5 The Organizational Context - ECTB

The Eastern Cape Tourism Board was established in terms of the Eastern Cape Tourism Act, no 5 of 1995. The organization was formed through the 'amalgamation' of the then provincial South African Tourism (SATOUR), Ciskei Tourism, as well as Transkei Tourism.

The Eastern Cape Tourism Board (ECTB) is a parastatal under the provincial Department of Economic Affairs, Environment & Tourism. According to the Eastern

Cape Tourism Act no 5 of 1995, the MEC appoints a Board of Directors that is responsible for the policy direction of the Board. The Board, under the leadership of a chairman appoints a CEO, who is an ex-officio member of the Board.

According to the Act, the Board membership tenure should not exceed a term of five years, and that at least one of the members of the Board should be a representative from the government department responsible for tourism in the province. Since the ECTB was established in 1995, the Board members are still the original group, except for a few who resigned. Their tenure expired in the year 2000, but they had not been replaced by the year 2003.

1.1.6 Organizational Performance

For the period January – December 2002, the Eastern Cape attracted 20% of the international visitors to South Africa – its best performance ever! Domestically, the province has continued to raise its profile and enjoyed a 13% market share of local tourists. The tourism industry is one of a few industries that can create a large number of jobs, as it is highly labour intensive.

The Eastern Cape is not a highly developed province in terms of infrastructure and in a number of instances; this is seen as being positive, as more and more, tourists are beginning to look for ‘authenticity’ in destinations. It also is a great opportunity for the province to drive development in a certain direction, in line with its long-term plans.

To this end, the ECTB has commissioned a Tourism Master Plan (TMP) be drawn up and it was launched in 2003. This plan provides a route map for the development of tourism in the Eastern Cape. The TMP is the product of wide and extensive consultation and enjoys the support of a majority of stakeholders. The plan also gives guidance to issues of marketing, branding, capacity building, co-operation with industry

stakeholders, research, education and awareness, access, safety & security, as well as the management of nature reserves and provincial parks.

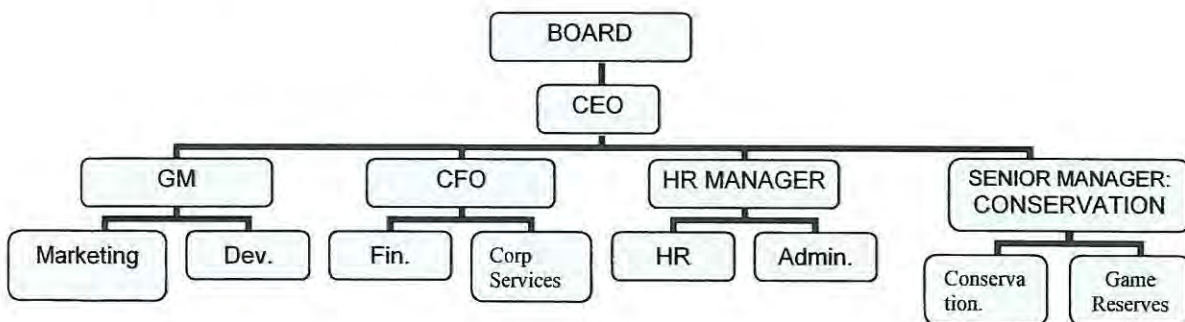
Overall, the ECTB is expected to be the organization that gives guidance to the entire tourism industry within the province. It is therefore imperative that the ECTB is always on the cutting edge of the tourism industry and is the leading institution for tourism in the Eastern Cape. It is the government's view that tourism should be community-based, private sector driven, with the public sector providing the enabling environment.

1.1.6.1 The Organizational Structure

At its inception, the ECTB was expected to primarily perform marketing and product development functions. Additionally, the organization had a conservation department, which looked after three (3) game reserves, which had previously belonged to the Ciskeian government. The staff complement for both the Tourism and Conservation divisions was 215 permanent employees.

Figure 1 illustrates the abbreviated organogram of the ECTB, showing only the senior positions, by function, as follows:

Figure 1: ECTB Abbreviated Organogram



1.1.6.2 Additional Responsibilities

In 2001, the MEC, on recognizing that the ECTB's processes and systems were more functional than those of the Department, took a resolution that all the other 24 provincial game reserves should be managed by ECTB, with specific reference to procurement. These 24 provincial reserves had been under the management of the Department of Economic Affairs, Environment and Tourism.

At the time this decision was taken, no arrangements with respect to the organizational structure, human and financial resources were made. This put a tremendous strain onto the management team and the staff, as expectations were still high that the organization could deliver on its original, as well as the new mandate.

1.1.7 Budgets

Traditionally, the ECTB has had very low budgets. In 2000, the budget for tourism in the province was a total of R7 million. This was for both operational and administrative costs. As the industry environment changed, the ECTB motivated for bigger budgets to enable itself to market the province effectively.

Budgets then improved and in 2003, the ECTB Tourism budget was R22 million, with Conservation at R4 million for the three original game reserves. The additional game reserves came with a total budget of R14 million for their operations. The total budget for ECTB currently stands at R40 million for the 2003/2004 financial year.

1.1.8 New Provincial Parks Board

After numerous deliberations within the provincial government, the MEC for Economic Affairs, Environment & Tourism announced that a new Parks Board would be

established to manage the 27 provincial game reserves. This new institution would separate the tourism function from the conservation function, thereby freeing up the respective divisions to focus sharply on their respective functions. To this end, a new Eastern Cape Tourism Bill and a Conservation Bill were drafted and tabled before the Legislature. These were passed into law in November 2003, and the establishment of the new Parks Board is expected to be in place by April 2004 – the beginning of a new financial year.

1.1.9 Staffing and skills

As the ECTB was established through an amalgamation of three different organizations, with different backgrounds and cultures, it inherited a number of people (staff) who do not necessarily have the requisite skills. In fact, one finds that there are a number of ‘square pegs’ desperately trying to fit into ‘round holes’. Tourism is a very dynamic industry and requires that one have the human resource capacity required to cope with the constantly changing environment. It also requires expertise about the industry, so as to be in a position to contribute to industry growth and give guidance to tourism stakeholders.

1.1.10 Organizational Priorities

The ECTB has a number of priorities to serve, and these can be divided into internal, as well as external priorities. The organization will always have to balance these priorities in its bid to fulfill its mandate – but most importantly – increase tourism to the province. The structure of this study is laid out below.

Chapter one is an introductory overview of the study, which deals with background to the study, the research question as well as objectives of the study. A brief overview of the organization context is given, followed by the overall structure of the research,

setting out what each chapter will be discussing.

Chapter two is a literature review dealing with some of the literature that is already available on the subject of organizational change, as well as the important requirements for an organization to be able to cope in a constantly changing environment. Human and Horwitz (1992), give four typologies of organizations, and suggest that for an organization to be said to be coping it must be a hybrid of these four typologies, namely: Boardroom, Hardhat, Technocracy and Missionary. These will be explored further in this chapter, with the specific aim of identifying where the ECTB fits in.

Chapter three deals with the methodology, techniques and tools used in gathering the data for the study. The purpose of this chapter is to explain what the research subject and question were, and how the question was generated. It is also to explain the purpose, logic and outcome of the research. The chapter will set out in detail how the research will be conducted, by spelling out the research paradigm/philosophy, what methods will be used, how the data will be gathered, and lastly, how it will be analyzed.

Chapter four discusses and analyzes the results and findings of the research. This chapter will give an overview of the significant findings of the study. It will also involve a consideration of the findings in the light of existing research studies on the subject matter. This chapter also classifies the ECTB's profile according to Human and Horwitz's organizational typologies.

Chapter five deals with the recommendations that the researcher wishes to make. It is important to note that even though this study will be done with specific reference to the ECTB, the researcher is of the view that it can be relevant to any organization that is grappling with issues of change. The findings should generally be able to cut across industries. In conclusion, an overall summary review of the study, its findings, limitations, as well as implications will be discussed.

2 CHAPTER TWO

2.1 LITERATURE REVIEW

Globally, the business world is in a process of rapid change. A mix of forces including globalization, rapid advances in technology, new systems of work organization and the reshaping of organizations themselves have shaken the foundation of traditional leadership. These factors have also contributed to a strategic challenge for organizations striving towards effectiveness.

The area of organizational change is fraught with issues overload. There are a number of criteria identified through the literature review that are necessary for coping with change in organizations. Human and Horwitz (1992) have grouped them into four factors listed below. It is to be noted that for the purposes of this study, these issues will not all be discussed in great detail, but only those that are specifically relevant to the organization being assessed, as it is beyond the scope of this study to discuss all the issues listed below.

Strategic Orientation

- Dynamic Culture
- Strategic Leadership
- People Orientation
- Strategy Implementation

Social Focus

- Social Responsibility
- Black Advancement
- Industrial Relations
- Pay and working conditions

Control Orientation

- Financial Control
- Hands-on Management
- Financial Performance
- Product

Institutional Focus

- Relationship with state
- Internationalization
- Strategic Alliances
- Competitiveness

2.1.1 Additional criteria discussed

The researcher has decided to include a detailed discussion of 'Customer Focus' and the area of 'Learning Organizations'. The criterion of customer focus is a part of the Human and Horwitz study, but in the final grouping it was not a key factor. However, due to its importance to the organization being assessed, it will be discussed in greater detail in this chapter. The same goes for 'learning organizations' due to the fact that in all the literature, it became clear that it was relevant for changing organizations.

2.1.1.1 Change Management

According to Nel et al. (2001) change is an inevitable and powerful factor in organizations due to the fact that productivity requirement is a permanent feature in business. Robbins (in Nel et al. 2001) says, 'Change occurs because new realities in the workplace or organizations replace old ones'. Lewin (in Nel et al. 2001:400.) concurs and further suggests that 'Change, to be successful, requires unfreezing the status quo, or movement to a new state, and re-freezing the new change to make it permanent.'

However, Nelson & Quick, (in Nel et al. 2001) caution that change, if it's too much, can lead to chaos, while stagnation occurs if too little change is effected.

Hough et al. (2003:239) suggest that 'managing change in an organization means having the ability to manage continuous change and uncertainty on a personal and organizational level, ensuring that an adequate blend of flexibility and control are achieved'. This, they further suggest, 'enables the organization to be responsive to changes in the environment in a timely fashion'.

2.1.1.2 Forms of Change

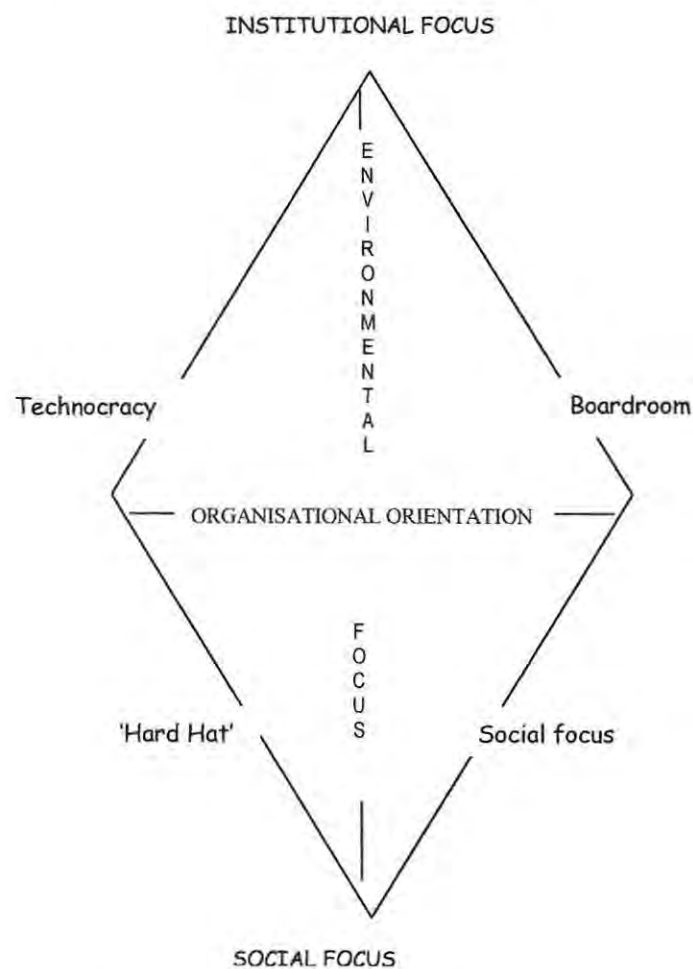
Planned change; and unplanned change are two basic forms of change as identified by Nel et al. (2001). Planned change, they explain, occurs when a deliberate decision, which can be structural or functional in nature, has been taken to change the organization. At the other extreme, unplanned change may take place as a result of unforeseen conditions that may be thrust upon the organization. Unplanned change, which will be abrupt, may come about as a result of environmental factors, economic conditions or government regulations and policies. They further state that whether planned or unplanned, change must be managed, as it can either be destructive or constructive. The authors go on to suggest that planned change has three scopes; namely: Governmental, Strategic and Transformational.

Governmental change involves making minor modifications to procedures to effect minor improvements. The scope of this change is relatively small. Strategic change on the other hand is larger in nature and may involve organizational restructuring. The change is effected in a certain time frame. The other extreme involves transformational change whose scope is much larger than the other two. Radical changes in the organization are effected with possible changes to mission, culture, goals, structure, and even leadership. Nelson & Quick (in Nel et al. 2001).

2.1.1.3 Model For Coping With Change

Figure 2 below depicts the Human and Horwitz model for coping with change. This model is based on two axes – the organizational orientation axis and the environmental focus axis. The organizational orientation axis has the dynamic strategic factor on the one end, with the stable control factor on the other side. The environmental focus axis has the more formal institutional focus; while on the other end is the social focus, which is less formal. Human and Horwitz (1992) argue that the organization's ability to cope with change always involves the place where changes emanate from (the external context), as well as the internal context (organizational orientation).

Figure 2: Descriptive Model for coping with Change



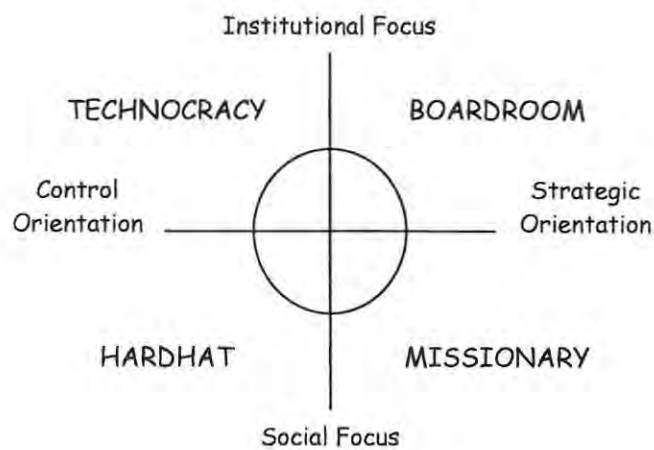
Source: Human & Horwitz (1992)

2.1.1.4 The Typologies of Organizations

Human & Horwitz (1992) have typified organizations according to four types below, followed by a graphic depiction of a 'hybrid' of all the four types of organizations, showing a balance between all four quadrants.

- Boardroom Organization
- Hardhat Organization
- Technocracy Organization
- Missionary Organization

Figure 3: Typologies of Organizations - A 'Hybrid'



Source: Human & Horwitz 1992

2.1.1.5 The Boardroom Organization

Within this type of organization, the major characteristics are those of institutional focus and a strategic orientation. This is an organization that fosters good institutional relationships, with other stakeholders (e.g. the state, other organizations, suppliers and financial institutions). This organization's strength lies in strategic management, strategic leadership, building a corporate culture, focuses on change and is oriented towards the market. This organization is dynamic, with visible visionary leadership, employing a top-down management style, with a strong direction coming from the boardroom. Human & Horwitz (1992) caution that this type of organization has its own shortfalls such as not enough operational control, low employee morale and social community problems, and it tends to be centrally co-ordinated and controlled.

2.1.1.6 The Hardhat Organization

The hardhat organization, on the other hand, is the opposite of the boardroom organization. Human & Horwitz (1992) give the analogy of the manager who always keeps his hardhat in full view in his car's back window. The emphasis is placed on outcomes, solving problems, issues of control and performance at the level of operations, with a practical outlook to issues of the organization. This type of organization is internally focused and is in touch with changes from the lower ranks of the organization (e.g. the shop floor). On the downside, this organization will lack strategic leadership, will not have dynamic vision and will not be able to deal adequately with institutional arrangements. The only way it deals with institutional issues is by reacting and adapting as they take place.

2.1.1.7 The Technocracy Organization

The technocracy manages institutional arrangements very well, and has a control orientation. It also has a culture that is technically oriented. This organization believes in continuously measuring performance, with formalized relationships, and is a bureaucratic organization. One of the disadvantages of this type of organization is that it does not have a social focus and therefore lacks the humanizing effects thereof. It is also found wanting in the dynamism which the strategic orientation would bring about.

2.1.1.8 The Missionary Organization

The missionary organization stands in direct contrast to the technocracy, in that it has sensitivity towards social issues (e.g. industrial relations, working conditions, and black advancement), while being strategically oriented as well. Leading such organizations are charismatic leaders with a specific emphasis on informal behaviour and an emphasis on responding to employee demands. However, Human & Horwitz (1992) point out that the controls and formal institutional arrangements are compromised by the strong focus on the people side of the business.

Human & Horwitz (1992) argue that in reality none of the types of organization exist in a 'pure form'. They propose that for an organization to cope well with change there must be a good balance between all four types. However, organizations will largely tend to lean towards a certain type. They conclude by suggesting that for an organization to be able to cope successfully with change, it must be a hybrid of the four types discussed above. They argue further that it is possible to find such organizations and that in practice; there are organizations of that nature. They caution, however, that 'hybrids' are not easy to achieve and manage.

2.1.2 STRATEGIC ORIENTATION

2.1.2.1 Attitudes to Change

Porter (1990:75) says 'Change is an unnatural act, particularly in successful companies; powerful forces are hard at work to avoid it at all costs'. According to Godin (2002:11), 'Companies aren't organized for change. They've never needed to be. Growing and profiting from stable times was a terrific strategy. Forced into an era of rapid change, the response of companies organized for a stable environment is to ask managers and employees to act as a buffer between the company and the outside world. Alas, it's not working'. This statement bears testimony to the fact that change almost always meets with resistance.

Godin (2002:11) further claims that 'Real change, earth-shattering change, stay-up-all-night-worrying change isn't fun. At most companies, it's a huge threat, an opportunity for failure, a chance to see the stock plummet, to watch divisions get axed, to hear customers scream and yell. Our companies are organized as big machines, designed to resist big changes at every turn'. To sum it all up, Godin (2002:12) says, 'Winners change, losers don't'.

Nel, et al. (2001), suggest that traditionally, the tendency was to view resistance to change as an obstacle to be overcome, but that this approach of trying to reduce resistance, had the opposite effect, in that it intensified it. The opposing view of that is that resistance should be seen as feedback and should actually be anticipated, and planned for, with specific strategies to combat it. Cummings and Huse (in Nel, et al. 2001) suggest three strategies for managing resistance to change, namely: Communication, Participation and Empathy & support.

Communication is critical in that it explains to the employees the reasons for the change, what exactly needs to change and the rationale behind the change. This is to ensure that there's buy-in into the proposed change. Participation has been proven to be a very important aspect in change initiatives. This fosters a feeling of ownership of the change process and can lead to a greater commitment to the change process. Some of the employees may have difficulties dealing with change, and this is where empathy and support becomes critical. One prerequisite for empathy and support is the ability to listen actively so as to pick up the cause of the resistance, and can also assist in providing feedback that could be important to the change process. Providing support which would help the employees with fear and anxiety will go a long way to assisting the change process. (Nel, et al. 2001).

On the other hand, Nelson and Quick, (in Nel, et al. 2001) suggest that a series of negative actions can be triggered by change, as follows: Disengagement, Disidentification Disenchantment and Disorientation. The authors explain disengagement as a state in which employees withdraw psychologically due to fear of the unknown. These employees may do the basic minimum with no real commitment and initiative. The challenge is for leaders to draw these people out of their cocoons, as there is an opportunity that they may be assisted towards accepting the change, even though they won't be enthusiastic supporters of the change.

On the other hand, disidentification entails a feeling of threat to their identity, and may have feelings of vulnerability. These are those who would continue to follow a procedure that used to be relevant, perhaps because they feel comfortable with it as they may have mastered it, and that it brought about a sense of security. These employees present symptoms of sadness and worry and view themselves as victims of the change process. Again, the leadership challenge in this scenario is that they can be encouraged to explore what they are feeling.

Disenchantment is when employees show anger and negativity. This may lead to a formation of coalitions with other employees and sabotage and backstabbing could

result. Generally, an overall attitude of destructive behaviour comes to the fore. The challenge for the leader in this instance is to attempt to neutralize the anger, but acknowledge that these are normal feelings and can be worked through.

Lastly, disorientation may lead to 'analysis paralysis' as the employees may be inclined to analyze issues to clear up any ambiguities. Most employees who feel disoriented are those who are traditionally used to clear goals and directions. The leadership challenge in this case is giving a full explanation of the change in clearer details. There must be a framework, with clear priorities for the change, as the disoriented employees must see where they fit in the bigger picture.

2.1.2.2 Leadership

The concept of leadership is a widely researched one, with new opinions coming out constantly. What is not debated however, is the important role that leadership plays in organizations, communities, etc, especially when dealing with change.

2.1.2.3 What is Leadership?

A number of authors have given a number of definitions of leadership. What becomes clear however is that in all the definitions there are commonalities. The following are some of the definitions:

According to Charlton (1993:5), 'Leadership is the fundamental difference between average and excellent organizations the world over'.

Kotter (1988:5) defines leadership as: "The process of moving a group (or groups) in some direction through mostly non-coercive means. Effective leadership is defined as leadership that produces movement in the long-term best interests of the group(s)"

Adair (2002:61) defines leadership, as 'the activity of influencing people to pursue a certain course; there must also be some power of mind behind the leader. Leadership is not merely the authority of the commander, but contains by necessity some strange strength of personality, which attracts the ordinary man. It is only when the times are favorable that a man of destiny can come into his own. Although leadership may change in this aspect from age to age, the qualities of a leader are the same'.

2.1.3 Role of Leadership in Organizational Change

Mohrman & Mohrman (in Galbraith 1993:101) says, 'Leadership is a critical factor in the change process'. The authors go on to say that energy; guidance and commitment from the top are the key requirements for change to happen - otherwise without these, it will not occur. A leader's role includes articulation of the reasons for change. This is because even though change is inevitable, members of organizations expect the leader to give guidance. The authors believe that leadership involves the role of a catalyst for the process of change and assist in ensuring that the change is experienced as a success, rather than a failure by the organization.

Change leadership cannot be left only at the top, it is important that the process is diffused through the organization to encourage buy-in from all members. This is critical in that the change process by its very nature brings about resistance. Mohrman & Mohrman (in Galbraith 1993:101) suggest that 'it must clearly be in the best interests of people to change, and they must be provided with information, skills, and resources, just as they are for other organizational responsibilities' This suggests that the change agenda must be elevated and taken seriously - and be given the status and importance it deserves.

Kochan and Useem (1992:13) agree with the above viewpoints by suggesting, 'Changes in organizational practice are not likely to occur in the absence of strong, intelligent, and visionary leadership'.

2.1.4 Leadership Styles

Adair (2002) argues that there are three approaches to understanding leadership namely: the qualities approach, the situational approach and the functional approach. These are the approaches through which leadership has evolved. Initially, researchers held a view that leaders had a set of qualities that they had to possess to prove they are leaders. This notion was questioned due to the various and sometimes-different lists of qualities that leaders were expected to have. This gave rise to the notion of situational leadership,

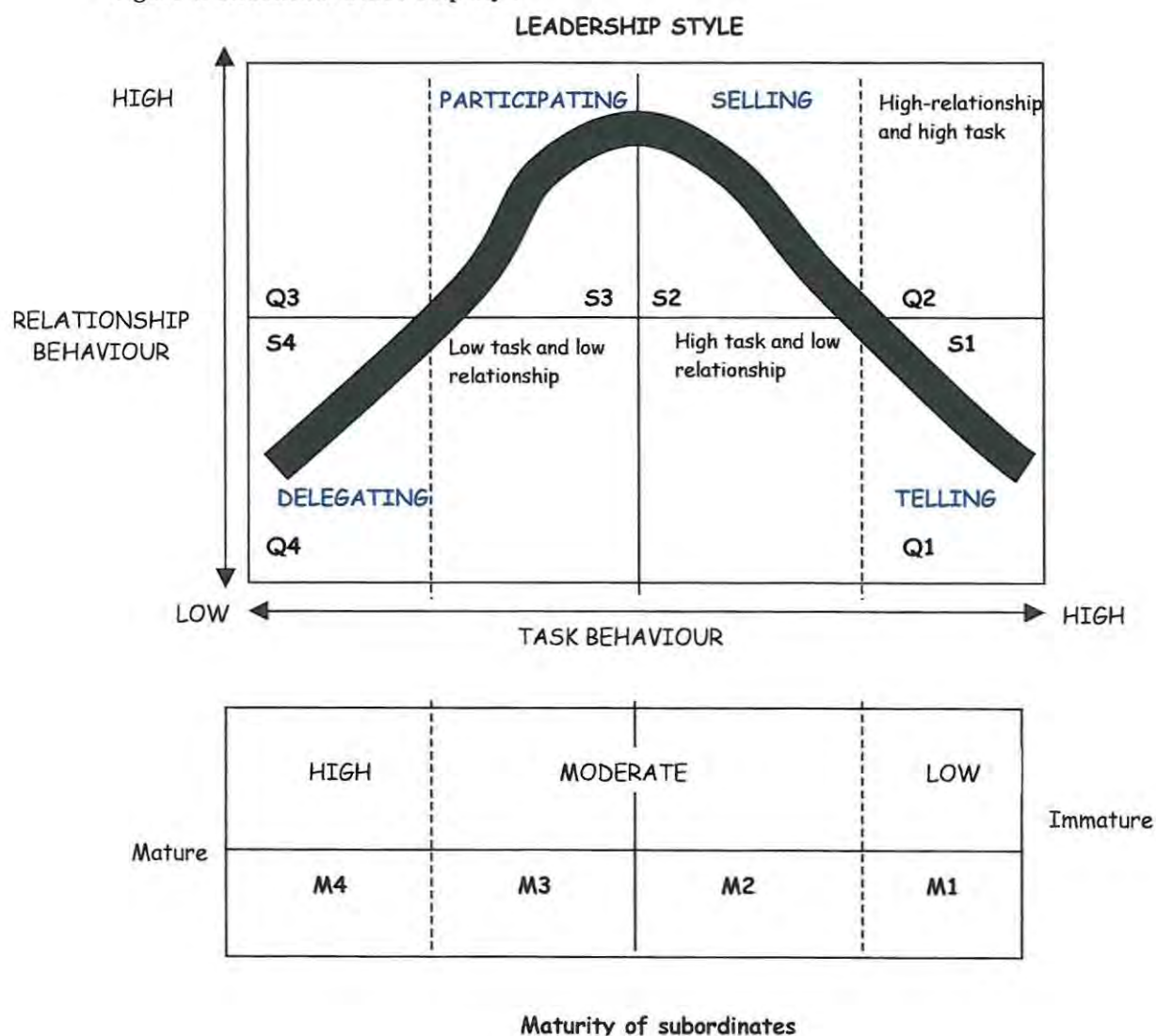
which advocated that specific situations called for specific leadership qualities. This view was contrary to the notion of universal qualities as espoused by the qualities' approach. The third approach to leadership is the functional approach, which integrates the qualities and the situational approaches. This is when the leader's role is broken down into functions.

A number of researchers studied the 'characteristics approach' and found that these were not always common in leaders. Adair (2002:70) says it is to be noted that the situational approach focused more on 'technical or professional competence – in a word, knowledge of the leader, than upon his or her unique qualities of personality or character (not that these are unimportant in the true classic tradition)'. The above view is confirmed by Tead (in Adair 2002:72) when in his book, *The Art of Leadership* (1935) he writes; 'What little scientific evidence there is above the consensus of observable facts seems to point to the truth that, other qualities being equal, the person of greater intelligence will probably make the better leader'.

Kotter (1999:2) has a different view on the leadership style issue, and argues that "style is not the key leadership issue, substance is." It is about core behaviour on the job, not surface detail and tactics, a core that changes little over time, across different cultures, or in different industries'

Hersey and Blanchard (in Nel et al. 2001) were strong supporters of the situational leadership approach such that they designed a model to support their view. They argue that the maturity or readiness level of employees is the basis of situational leadership. The model also plots the leadership styles as influenced by the task and relationship behaviour, and these are linked to the maturity levels discussed below. The leadership style model is illustrated as follows:

Figure 4: Situational Leadership Style



According to the model, there are four main maturity levels, which are; low-maturity (M1), low-to-average maturity (M2), average-to-high maturity (M3), and high maturity (M4). The first level (M1) is where subordinates do not have the ability to execute tasks, are not willing or not sure how to. The second level (M2) is the category where the subordinates are willing and confident, but are unable to execute a task. The M3 level is characterized by subordinates who are unwilling or unsure of how the task should be handled, but who have the ability to execute. The fourth level (M4) is the ideal, wherein subordinates have the ability, are confident and willing to execute tasks (Nel, et al. 2001).

Task Behaviour

Hersey and Blanchard (in Nel, et al. 2001:360.) explain task behaviour as the leaders being able to articulate the task of group members, explaining by who, where, what, how and when the tasks are to be carried out. The leader must also institute 'well-defined organizational patterns, channels of communication, and procedures for the execution of tasks'.

Relationship behaviour

Relationship behaviour suggests that the leader must have the ability to maintain relationships interpersonally.

Accordingly, there are four leadership styles as suggested by Hersey & Blanchard, as follows:

- S1 - Telling
- S2 - Selling
- S3 - Participating
- S4 - Delegating

S1 - The telling style involves the leader communicating to the subordinates exactly what, when, how, where the task should be executed. The style is characterized by high task - low relationship behaviour.

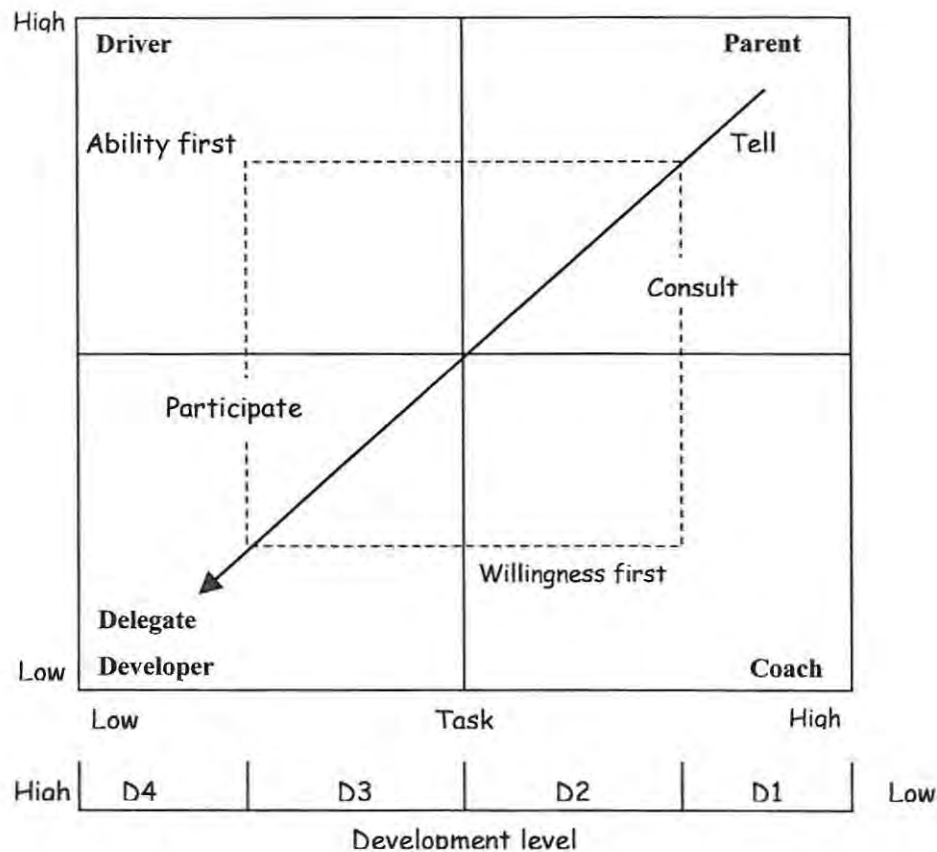
S2 - This is the high task - high relationship style of leadership wherein two-way communication is encouraged. The leader's role is to give guidance and support, and subordinates' buy-in is very important.

S3 - This is a high relationship - low-task style in that both the leader and the subordinates are involved in the decision-making. Full participation by subordinates in decision-making is encouraged as they have the required capabilities.

S4 - At this level, there is low-relationship behaviour, as well as low-task behaviour. In this style, the leader 'delegates' authority to subordinates and they are allowed to take decisions independently. This is the level where employees are mature, have the requisite skills and are willing to execute tasks. In this level, it is unnecessary for a leader to keep checking the subordinates' work continuously. These people are able to move with little or no supervision hence supervision is of a general nature (Nel, et al. 2001).

The author of this paper agrees with the situational leadership style. However, Nicholls, (in Nel et al.2001), challenges Hersey & Blanchard's model as he says that it violates three logical principles, namely: consistency, continuity and conformity. Nicholls modifies and 'corrects' Hersey & Blanchard's model by developing the model below:

Figure 5: Nicholl's revised Situational Leadership Model



Source: Nel et al. 2001

In short, Nicholls suggests that the four levels of Hersey & Blanchard's model can be corrected instead of being accepted as they are. He is of the view that the leader's role is crucial in that he/she should always strive to develop whatever deficiency there is in each level. For instance, he argues that at the level where there's inability and unwillingness, the leader should assume the role of the parent whose wish is to develop simultaneously the ability and the social skills of a child. 'As both ability and willingness increase, activity connected with both task and relationships can be reduced'. This would move the relationship from the 'tell' to the 'consult', to the role of a developer. (Nel et al.2001: 362).

2.1.4.1 Transformational Leadership

A Transformational leader is “A leader who brings about positive, major changes in an organization” (Dubrin 2001:475).

According to Sadler (in Cranwell-Ward et al 2002) transformational leadership can be defined as the process of engaging the commitment of employees in the context of shared values and a shared vision. It is particularly relevant in the context of managing change. It involves relationships of mutual trust between leaders and led.

Transformation, by its very nature is not easy and is not a short-term process either. Nel et al. (2001:364) suggest ‘It is only possible to institute meaningful change if credible and capable leaders guide the process. Unless top management support and guide change, it is likely to be fragmented’. This shows that the role of the leader is critical in ensuring that change is effected successfully in any organization. The authors go on to say that the transformational leader assumes the role of a coach, a role model and inspirational figure.

Transformational leaders are expected to engage in a number of activities, among which they must ensure the organization understands the need and urgency for change. On a personal level the transformational leader is expected to possess a number of characteristics including, credibility, ability to perform at high levels, ability to articulate vision, emotional intelligence, willingness to learn, adapt, and grow, since change often involves stepping into the unknown (Nel et al. 2001).

Dubrin (2001) agrees with the above view when he argues that transformational leadership centres on the leader’s accomplishments, as opposed to the personal characteristics or relationships with members of the group. Transformational leadership is responsible for bringing about major positive changes in an organization. What the transformational leader does is to make the individuals move beyond their own interests and be concerned with the greater good of the organization. In a sense, a transformational leader ensures that his/her team sees the big picture.

According to Dubrin (2001) there are four key qualities of transformational leadership. He states that transformational leaders have the personal characteristics that other effective leaders possess, but that additionally, these leaders have four other qualities. These qualities are specifically helpful in ensuring that transformations take place, and are the following: Charismatic leadership, Inspirational leadership, Intellectual stimulation and Individualized consideration.

Charismatic leadership is when leaders have a vision and a sense of mission for the organization. This inspires confidence in the group members who, in turn, show loyalty and respect to their leaders.

Inspirational Leadership - which is linked to charismatic leadership, involves inspiration that comes partly from the ability of the leader to articulate the vision clearly and confidently. These leaders give emotional support to their group members and also make a point of appealing to their emotions, thereby creating the inspiration in the group members to exceed their expectations. Bass (in Yukl 1998) is of the view that charisma is a necessary aspect of transformational leadership but that it cannot account for the process of transformation on its own.

Intellectual stimulation is when the leader encourages the group members to look at old problems in new ways, creating an atmosphere of creativity in thinking and intuition. Due to the fact that this leader is supportive and gives guidance on the manner and methods of solving problems, group members become intellectually stimulated and are prepared to accept the leader's ideas.

Lastly, Transformational leaders show **individualized consideration**, as they give individuals in a group special attention. Employees are afforded the opportunity to have their individual communication with the leader enabling them the chance to have their individual concerns dealt with, ensuring that employees feel respected. These leaders take time to listen to group members and are encouraging about personal development of group members.

On the other hand, Dubrin (2001) states that, not all transformational leaders will possess all four characteristics, and that it is sometimes difficult to be exactly sure that a certain leader can be said to be transformational.

2.1.4.2 Transactional Leadership

Dubrin (2001) states that a transactional leader puts his/her focus on the routine nature of business and emphasizes rewarding members for meeting the set standards.

Sadler (in Cranwell-Ward et al 2002) defines transactional leadership as follows:

Transactional leadership occurs when leaders set clear goals, understand the needs of their people and select appropriate motivating rewards.

Dubrin (2001:475) describes a transactional leader as “A manager who mostly carries on transactions with people, such as taking care of administrative work and offering rewards for good performance”.

On the other hand, Bass & Avolio (in Yukl 1998) identify two types of transactional behaviour as follows:

- Contingent reward
- Passive Management by exception

Contingent reward behaviour takes place when the required work is clarified and the leader uses incentives and rewards with a view to influencing motivation.

Passive management by exception is when deviant behaviour is responded to by the use of punishment and other corrective methods.

The above theory was later revised to include two more types of transactional leadership, namely Active management by exception and Laissez-faire leadership.

Active management by exception is when subordinates are monitored to ensure that they carry out their work effectively, while at the same time, corrective action is being used.

The last type is the **laissez-faire leadership**, which displays a passive indifference about the subordinates and the task. This leader does not monitor progress, does not respond to subordinate problems and ignores their needs.

The view offered by Yukl (1998) is that transformational leadership enhances the motivation and performance of the followers than transactional leadership does.

According to Kotter (in Cranwell-Ward et al. 2002) organizations need both transactional and transformational leadership, and that ideally leaders should possess competence in both, due to the fact that the balance between these two would vary on the basis of the complexity of the organization and how much change needed to take place.

Kotter (in Cranwell-Ward et al, 2002) further argues that the need for leadership is increased in high-change environments, suggesting that transformational leadership would be more relevant. On the other hand, when organizations go through very complex situations, there is an increased need for management, suggesting that the transactional type of leadership would be called for. Kotter (1990) is of the view that there is insufficient leadership in organizations with the result that many organizations are “over-managed” and “under-led”.

A number of leadership theories have been discussed, and as divergent as the theories may be, it is clear that all authors agree that leadership is a key requirement in ensuring that organizations change and become excellent. They all agree that if the leader has not bought into the change agenda, the organization’s change efforts will certainly fail, with catastrophic results. Kotter (1990) states that the primary function of leadership is to produce change.

2.1.5 Culture

Worldwide, organizations and workplaces are taking on a more global nature - and the workforce is increasingly becoming more diverse. The traditionally homogenous workforce is changing and becoming more heterogeneous. Technology has introduced a 'new' homogeneity of the human race. These days, people from uni-cultural groups no longer populate workplaces (Nel et al. 2001). This cultural change poses a serious challenge to leadership, as the leaders themselves must be able to lead in a culturally diverse environment.

In South Africa, in particular, organizations are under pressure from government legislation to ensure that the workplace is representative of the demographics of the country. This clearly brings divergent cultures into the organization, and will require leaders who can successfully lead in a culturally diverse environment.

Culture, some definitions:

Schein (1992) defines culture as

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.

Human and Horwitz (1992:62) defines corporate culture as

The pattern of collectively held values, beliefs and attitudes, which shape corporate behaviour and is expressed in the physical outputs of the organizations.

Notwithstanding the above, Goffee and Jones (1998:10) suggest 'There is no one right culture for a company. There is only the right culture for a business situation'. This implies that the organizational culture also has to be dynamic and be aligned with the times and the environment.

2.1.5.1 Culture and Change

Anthony (1994) states that change, whether deliberate or accidental, is common in organizations. Culture is abstract and general in nature, and can therefore be influenced by general changes, in the same manner that it also influences systems and behavior.

According to Adair (2002: 200) 'Organizational culture is strategically important, partly as the end in itself and partly as the means to an end – your overall success strategy. What is certain is that it will need to be changed, for a culture that is static is already moribund'.

He states further that culture is used more loosely in describing the typical behaviour of an organization, group or task. He believes that culture is actually broader than behaviour, in that it encapsulates the particular customs, achievements, products, outlook, values and beliefs of societies or groups. Adair (2002:202) sums it up by saying 'it's a way of life'. He goes on further to say that culture is different to structure, and that structural changes are not difficult to make. He states that every organization subscribes to a set of basic, deeply entrenched assumptions, attitudes, habits, beliefs and customs, which are unique.

Thompson (1997:201) says 'the culture will influence the ability of a strategic visionary to sell his or her ideas to other members of the organization and gain their support and commitment to change'. He further suggests that it is the culture that will determine the relative success of the organization.

According to Kotter (1995) there are two particularly important factors in ensuring that corporate culture is institutionalized. Firstly, an attempt is made to indicate to the people how performance has been improved with the introduction of new approaches, behaviours, and attitudes. Secondly, enough time is taken to ensure that the future management team takes personal interest and internalize the newly introduced approach. Thompson (1997) concurs with the above view when he suggests that

organizational culture can be changed, but cautions that time and dedication is required to ensure the process is a success. The role of effective leadership is emphasized, as resistance is an almost inevitable part of the change process.

Thompson (1997:25) states 'The success of any organization in responding to change pressures, and managing the process of change, is highly dependent upon the values and the commitment of its employees – the culture of the organization. Culture is vitally important, and it is not easily changed'.

Maurer (1996) argues that the most successful changes take place when they are aligned to fit with existing culture, as the more alignment there is between the change and the culture, the less difficult the change is likely to be. As an example he cites the practice done by American companies of trying to apply Japanese processes of quality improvement in exactly the same way they had seen them in Japan, with disastrous results. Only when they applied processes more closely related to their own cultures, were they successful. According to Bennis (1998) culture is the most critical avenue of change.

2.1.5.2 Do Different Cultures Affect Work-Related Attitudes?

A number of researchers have asked themselves this question - and the answer has been in the affirmative. Harris and Moran (in Nel et al. 2001) went through a variety of case studies and concluded that cultural differences do affect work-related attitudes. Geert Hofstede (in Hough et al. 2003), undertook a similar study in an attempt to answer the same question of a relationship between different cultures and work-related attitudes, and also confirmed that there is a relationship. One of his major findings was that national culture was more influential in workplace behaviour than the other aspects of diversity.

2.1.5.3 What Is Diversity?

Diversity can be defined as a concept encompassing all forms of differences among individuals. These can include culture, gender (demographics), age, ability, religion, personality, sexual orientation, economic, and social status. (Nel et al. 2001:396). Harris & Moran (in Nel et al. 2001) suggest that the diversity of the workforce is a powerful driver for organizational change, and that change is in itself a force to be reckoned with.

Cultural diversity plays a critical role since the culture of an organization leads the interaction of people, the process of making decisions, the procedures and control systems so that norms of behaviour are produced. According to Nel et al. (2001:396) 'A strong culture guides behaviour and gives meaning to activities and, thus, contributes significantly to the long-term success of organizations'. Kast and Rosenzweig (in Nel et al.2001: 396) suggest that, 'strong cultures attract, reward and hold allegiance of people performing essential roles and meeting relevant goals'

Nel et al. (2001) believe that culture can be an asset, in that when beliefs are shared, communications are economized and decision-making is facilitated. Other factors that may be facilitated by shared values are motivation, co-operation and commitment, which will result in organizational effectiveness. While a strong culture can be an asset, it is suggested that it can also be a liability, in that if a certain culture is inappropriate to the organizational environment and its overall strategy, it results in inefficiency. For organizational efficiency, there must be congruence between culture, strategy and managerial style 'Culture is, without question, an important dynamic in the organization. An appropriate recognition of cultural diversity in modern companies cannot therefore be over-emphasized.' (Nel et al. 2001: 397).

Anthony (1994) offers a view that if organizations begin by changing the culture first, everything else is said to follow. He cautions, however, that the process of cultural change is slow and cannot be controlled, but only facilitated. He says that the exercise of cultural change is likely to pay off in the end, but only if it is embarked upon as a genuine effort to change.

Dynamic culture, according to Human and Horwitz (1992:64) is one wherein 'innovation, entrepreneurship and risk-taking would be accepted as the important corporate values. This means that employees would be rewarded for asking questions, being critical of processes and products, and that selection and promotion would be based on these criteria rather than only loyalty and commitment'.

2.1.6 CONTROL ORIENTATION

Human and Horwitz (1992) agree that business is dynamic in nature, but argue that there is another sphere in business which in the long term can be far more important, the sphere of control. This sphere is concerned with operational maintenance and stability, and is the sphere with less glory in that it is where people are concerned with making things in the business. This is the sphere that others may even consider to be the one authentic business activity. This is the practical side of the organization, which deals with the aspects of work that are usually hidden.

2.1.6.1 Financial control

According to Human and Horwitz (1992) financial control is an important factor as it reflects an inward-looking orientation, and that it indicates where the financial resources of a business are and whether they are being efficiently used. He argues that if a business is not aware of its flows of finance, that business has lost control and will inevitably fail.

According to Bennett (1995:293) 'financial control is dependent on, and contributes to, the success of the business'. He argues that the function of managers at every level is control. He states further that financial control involves looking at the differences between the stated financial norms of an organization's budget and actual expenditure. It also involves a critical evaluation and analysis of these differences, with a view to taking corrective action.

2.1.6.2 Product

According to Human and Horwitz (1992:76) 'products are a result of what happens in the sphere of operations rather than on the fringes of the business'. They believe that the quality of the product is of utmost importance. They also state that quality is difficult to define in absolute terms, as it is always relative. This is because of the fact that quality can be said to be what the customer thinks it is. The concept of quality includes a wide range of criteria, including the product's usefulness, value, price, durability, and many others.

Robeck (quoted in Adair 2002:172) states that 'in today's usage, "products" can be goods or services. The product we are selling is obviously the heart of our business, and to forget that, even for a little while, is highly dangerous. Like any good heart, the product should keep beating, needs exercising and continuous monitoring. From time to time it will need surgery or even replacement and those events must not be delayed'. He further states that quality is the most important attribute of the product, and that the product's user should always see it as being fit for its intended use.

2.1.6.3 Hands-on management

With this factor, Human and Horwitz (1992) refer to the direct involvement of organizations in getting feedback from customers about their product and its quality. More than that, they argue, it is about actually doing something about the feedback received. They state that it is about paying attention to detail and ensuring that the quality of the product meets the customers' expectations.

2.1.6.4 Financial performance

Thompson and Strickland (2001) are of the view that financial performance is crucial to an organization's survival, because a lack of adequate profits puts the organization's future in jeopardy.

On the other hand, Human and Horwitz (1992) argue that financial performance gives an excellent indication of how well an organization is able to cope with change, and how well the customers' needs are created and met. They suggest that this is one of the reliable measures of the performance of an organization. They argue further that financial performance comes from the organization doing the other things right, and that 'money itself is never made – it's always the consequence of doing other things' (Human & Horwitz 1992:78).

Human and Horwitz (1992) believe that when an organization is financially strong, has high profitability and a healthy cash flow it is able to take strategic choices. This allows the organization to take a long-term view of its business, as financial constraints render the organization short sighted, by focusing on short –term goals. The objective of such an organization would be survival in the short-term than long-term performance. Thompson and Strickland (2001:9) agree with this view and say 'unless a company's performance reflects improving competitive strength and stronger long-term market position, its progress is less than inspiring and its ability to continue delivering good financial performance is suspect'.

2.1.7 SOCIAL FOCUS

2.1.7.1 Social Responsibility

Smith (1990) states that social objectives are the most difficult to put into perspective in a business. He suggest that they usually fall into two categories – those affecting people with a connection to the organization and those social factors outside of the organization, e.g. environmental factors.

2.1.7.2 Black Advancement

Human and Horwitz (1992) suggest that the issue of black advancement is important for coping with change. They explain that even though there may be laws, which prohibit discrimination, that does not mean that all companies believe in it. In their study they found that some of the managers held a belief that blacks are less capable than whites. Their study was done in 1992, and it would be interesting to find out whether this attitude would have changed. They believe that those organizations coping with change transcend the legal requirements of removing discrimination, and are always facilitating a non-racial organizational culture.

Human and Horwitz (1992) say that this requires commitment and visionary leadership to drive these newly learned beliefs. In these organizations performance is measured and rewarded on the basis of attaining organizational goals. These goals are usually derived from organizational values including improving employee relations and people development.

2.1.7.3 Industrial Relations

The Human and Horwitz's (1992) study found that individual and collective relations are both necessary for coping with change, especially in the light of the role played by the labour movement. They suggest that the old style strategies for managing the employee-employer relationship will only make matters worse for organizations. They further state that the more flexible approaches to labour relations create a good working environment than the strictly legalistic approach. They do concede that there are areas of the business in which the parties may practice competitive bargaining, but caution that this should not be the organization's primary form of interaction.

2.1.7.4 Pay and working conditions

Human and Horwitz (1992:89) state that 'paying unacceptably low wages is seen as inappropriate in companies coping well with change.

2.1.7.5 People Orientation

According to Charlton (1993) there is a global trend that moves toward better quality of life, with employees having ownership, autonomy and personal growth. He argues that as a result of this trend, organizations that have practices that stifle the human spirit will not be able to keep their best people. He further suggests that for organizations to cope with the changes in the environment, they will need to re-examine their traditional methods of organizing people, because these [traditional] ways are no longer adequate. The environment has become very competitive, while there has been a major change in the people's aspirations as well as in their productivity.

According to Goshal and Bartlett (1977), in the old world, business focus was on Strategy, Structure & Systems (SSS). The first step was always putting strategy in place, followed by designing a structure to support the strategy. The last phase was the development of a structure to monitor implementation of the strategy. During this era,

people were only seen as means to an end, not as a critical part of the business strategy. Even Henry Ford is reported to have said that when all he needed was a pair of hands, they had unfortunately come attached to a human body.

Bennis (1998:43) states ‘unless leaders learn to value their people and tap the potential of their human resources, their organizations will sink’. He is of the view that human capital is the only capital that really counts, and quotes Louis B. Mayer (head of MGM) as having once said “The inventory goes home at night”.

2.1.7.6 Empowerment

A view held by Bennis (1998) is that the collective effect of leadership is empowerment and that organizations with effective leaders demonstrate empowerment in the following four themes:

A feeling of significance is when employees have a sense of making a contribution to the organization’s success. This gives the employees a sense of worth, which plays a part in motivation.

Learning and competence are important in these organizations, with the leaders putting value on learning and mastery, and thereby influencing the people in the organization to feel the same.

People become part of a community, when there is effective leadership, there is a sense of unity and people have a sense of belonging.

Work is exciting, challenging and stimulating.

On the other hand, Hamel and Prahalad (1994) are of the view that empowerment is necessary, but it should not be used as a way for senior managers to abdicate their responsibilities of giving direction. They suggest further that empowerment should have limits, due to the fact that in the same manner that bureaucracy can suffocate progress and initiative, too many empowered individuals who are not aligned towards a shared sense of direction can also affect the organization negatively. They emphasize

that they do believe in empowering all employees, but that it must be made clear what empowerment means. Further, they say that 'Empowerment implies an obligation and an opportunity to contribute to a specific end. The notion of a shared direction, what we call "strategic intent", reconciles the needs of individual freedom and concerted, coordinated effort' (Hamel & Prahalad 1994:290).

Markides (2000:65) agrees with the above views as he says 'the decision-making responsibility rests with top management. Abdicating this responsibility in the name of "making strategy democratic" is looking for trouble'. However, he states that organizations should encourage everyone to contribute their ideas, and also that people should be given the flexibility to experiment.

Beach (1985) defines participation as the involvement of people in an activity both physically and mentally. He believes that genuine participation includes active encouragement of junior managers and employees to participate in decision-making about the work and the business. He says there are a number of ways in which participation in decision-making can take place and these can be formal or informal.

Kotter (1999) states that interdependence is a central feature of modern organizations. He suggests employees don't have autonomy, but that their work, technology, hierarchy and management systems links them to one another, such that when organizations attempt to change, these linkages pose special challenges. He further suggests that if the individuals do not follow the same direction, they could fall over each other, as they are tied together.

Kotter (1999) further suggests that executives need to remove the focus on organizing people, and move it towards aligning them. He suggests that aligning is different to organizing in that it allows communication with a wider audience than organizing does; it therefore poses a communication challenge.

Hamel and Prahalad (1994) state further that as the environment changes, so business organizations have to change. This rapid change brings in a 'new' world, which focuses on Purpose, Process and People (PPP). This model, as opposed to the SSS model, emphasizes the role played by people in organizations. The new individualized corporation recognizes people's capabilities, develops and applies them.

2.1.7.7 People and Motivation

Beach (1985) states that all human behaviour arises from a cause or causes, and that people's behaviour stems from a stimulus. He further says that the fulfillment of basic needs, wants and drives is what people's behaviour is geared towards. Motivation is defined as 'a willingness to expend energy to achieve a goal or a reward'. (Beach 1985:295).

Markides (2000) argues that employee morale is a good indicator of the "energy level" within the organization. He further states that employees who are not motivated are not good for the organization's future and that the causes of internal dissatisfaction must be identified and corrected.

2.1.8 INSTITUTIONAL FOCUS

Human and Horwitz (1992) argue that organizations that seem to cope well with change are those, which put a sharper focus on their relationships with key external stakeholders.

The institutional focus factor (which can also be termed the stakeholder approach) is concerned with the following areas:

2.1.8.1 Strategic alliances

According to Human and Horwitz (1992) the advent of globalization, which brought about with it intensified competitive pressures have forced companies towards forming strategic alliances to enable them to cope with the changing environment. They suggest that the notion of forming linkages with other organizations has been in existence for a while, but that it has become more prominent with those organizations seeking to gain competitive advantages and be more flexible in a changing environment.

According to Drucker (in Human and Horwitz 1992) this new environment brings about 'New Realities' as the economy of the world changes from being international towards becoming transnational. He states that this new transnational economy brings about a reduction in government control and puts an emphasis on the organization as a 'knowledge society'.

Human and Horwitz (1992) say there are three ways in which organizations may form these strategic alliances, through disaggregating, sub-contracting and decentralization. They may use a process of disaggregating, which involves using another organization, which may well be in another country to do a specific task for it. They may also sub-contract with organizations of a smaller size, or they may decentralize and break large organizations into more streamlined divisions, with more power and autonomy

devolved to these smaller units. They point out, however, that even in these organizations, there is no total autonomy, and that the power of local managers is often an illusion.

Thompson and Strickland (2001) suggest that many companies find themselves having to deal with having the challenge of building global market presence as well as being able to capitalize on the current technological advancements. They suggest that even the large and financially viable organizations have realized that trying to run the races for global market leadership and for a stake in the industries of the future will require more diverse and expansive skills, resources, technological expertise, and competitive capabilities than they can hope to assemble and manage on their own. Thompson and Strickland (2001:196) say that 'Strategic alliances are an attractive, flexible, and often cost-effective means for companies to gain access to missing technology, expertise and business capabilities'

Hough et al (2000:387) define a strategic alliance as 'a cooperative arrangement between two or more local and/or global firms that can affect the competitive positioning of either participant in the market segment in which they set out to compete'.

The authors suggest that there are a number of factors to be considered when strategic alliances are formed, the first one being that the rights and roles and rights of each partner must be clearly defined from the early stages of constructing the alliance. The second factor is to ensure that senior management participates actively in each partnership. Thirdly, they suggest that there must be complete openness about all parties' relationships. The fourth factor is that all aspects of the relationship should be streamlined and lastly, that the partners for an alliance must be carefully chosen.

2.1.8.2 Relationship with the state

In their study, Human and Horwitz (1992) found that managers did not seem to believe that beneficial relations with the state were appropriate for organizations coping with change. However, they are of the view that regardless of the above finding, it is important that organizations are in a position to influence government policy on matters that influence the business environment, (e.g. socio-economic, financial and labour-law matters).

2.1.9 Additional criteria – Customer Focus and Organizational Learning

2.1.9.1 Customer Orientation And Customer Focus

Human and Horwitz (1992) argue that the purpose of doing business is to create a customer, a statement that was popularized by Peter Drucker. This is a profound statement, which implies that there has to be a shift in the manner in which businesses are run, from inward looking towards being customer focused.

Customer orientation is not a traditional concept in business in that traditionally, the power used to lie with the business. That has changed dramatically as customers have become very robust in their pursuit of what they want. This has brought about a shift in the power relationship. Godin (2002:13) says ‘... I wrote about a major shift in the power between consumers and marketers. In the old days, marketers were in charge. They controlled how and when they communicated with consumers. They controlled the marketplace and consumers were sheep. Those days are over. Businesses can no longer manage consumer attention, consumer attention manages them’.

The customer is a complex being, and organizations need to be customer-centered if they hope to be successful. Lesser and Wiecho (2000) say that acquiring and utilizing knowledge about customers is of paramount importance to successful enterprises. As customers’ needs, wants and values change from time to time organizations should make it their business to understand how customers make their decisions.

Further, in today’s business environment, it is possible for competitors to easily copy each other’s successful business strategies, while those organizations that focus on knowing their customers and serving their needs will survive. Customer knowledge cannot be easily copied, and can make an important contribution to the organization’s success. According to Lesser and Wiecho (2000:36) ‘An enterprise can achieve ‘first mover advantage’ by offering new or improved products and services that better serve

customer wants and needs'. The pay off for businesses focusing on the customer is that they are able to adapt to trends in the market place, increase loyalty to their brand, and encourage the customers to acquire and use their products or services. Customers' knowledge allows an organization to understand its most valued resource fully.

Moller (in Coviello et al. 1997:501) is critical of the traditional marketing view, which generally 'presumes that there is primarily a stimulus – response relationship between the firm and its customers, which inevitably views the customer as passive'.

This criticism, among others led to a new definition of marketing, thus:

'To establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the partners are met. This is achieved by a mutual exchange and fulfillment of promises' (Coviello et al., 1997: 502)

The above definition makes it clear that the customer is an integral part of a business; and that the focus should be on satisfying the needs of both the customer and the organization. In business, customer loyalty has a positive relationship with profits, in that when customer loyalty increases, so do profits. Customer loyalty must be built into the company's basic business strategy, and should not be treated as an add-on. Economically, the benefits of increased loyalty of customers are considerable, and usually these are responsible for profitability differences among competitors. (Reichheld, 1993). Confirming the above view, Heskett, et al. (in Botha 2001) allude to the fact that any organization experiences profitability and growth through customer satisfaction.

According to Lele and Sheth, (1987) the best defense against competition is keeping customers happy. The firm that ensures its customers are kept happy is unbeatable. Customers of that firm will be more loyal, causing them to purchase more. These customers show a willingness to pay more for the products sold by the firm and are most likely to stick with the firm even during difficult times – affording the company time it needs to adapt to change.



The idea of being customer-focused is not new, as Lele & Sheth (1987:3) quote Ted Levitt in an article written in 1960 as having said, ‘ The view that an industry is a customer-satisfying process, not a goods-producing process, is vital for all businessmen to understand. An industry begins with a customer and his needs, not with a patent, a raw material or selling a skill’. The founder of Ogilvy and Mather, David Ogilvy, (in Lele and Sheth, 1987:3) summed it up as follows: ‘ The consumer is your wife.’

Naumann (1995:1) says ‘virtually every aspect of the business environment is experiencing accelerating change, particularly the consumers, customers, technology and globalization of markets. The increasingly turbulent environment places a severe penalty on complacent management, as knowledge of all types is subject to rapid obsolescence and erosion. Out of this chaos, maximizing delivered customer value is emerging as the dominant success factor’.

Naumann (1995) has a contrary view to the one advocated by Lele & Sheth (1987) - that happy customers will remain loyal, no matter what. Naumann (1995) suggests that customers are more mature, have better education, have more information at their disposal and are far more demanding than ever before. He argues that consumers do not tolerate products that fall way below meeting their expectations, and that brand loyalty remains valued only while their expectations are being met. When expectations are not met, he believes they will ‘simply switch to a competitor’s product’ (Naumann, 1995:8). In confirmation of the above idea, Heskett, et al. (in Botha 2001) argue that when customers are dissatisfied, they don’t only switch to alternative brands, but can also damage an organization’s reputation through bad publicity and negative word-of-mouth.

Naumann (1995:9) explains that the term ‘customer’ is inclusive of intermediaries or organizations buying products. Organizations are also increasingly demanding of their suppliers in the same way as consumers. He sums it up by saying ‘the consumers – and customers will continue to be innovative, creative, and more demanding of business.

Much of this change is due to the mushrooming supply of information made available by technology advances’.

Charles Darwin introduced the concept of survival of the fittest, and economic Darwinism is what characterizes the business environment. As the business environment is constantly changing, so is the customer – and in this context ‘the fittest is decided by the ever-changing, all-powerful consumer, (Naumann, 1995:27).

One of the strategic reasons for business to adopt a total quality philosophy, Naumann (1995:27) argues, is the realization that ‘the customer is the alpha and the omega of quality’.

2.1.9.2 Lessons in Customer Value

Naumann (1995) suggests that there are a number of lessons that can be learnt in creating customer value, with the following five lessons relevant across industries.

Lesson One – Appropriate product and service quality, and a reasonable price are determined by the customer. It is critical that organizations capture and measure customer expectations. Coca-cola did not do this when they introduce the ‘New Coke’ and needless to say that led to disaster, as it was not based on customer needs and/or expectations.

Lesson Two – Competitor alternatives inform customer expectations. Competitive benchmarking is critical in this regard, as it allows organizations to measure both its own and its competitors’ customer expectations. Cadillac used to do surveys only among its own customers, with very good results, until they widened their survey sample to include competitors’ customers and realized how fast competition was growing.

Lesson Three – Customer expectations change constantly, and it is important that customer surveys are done continuously, to enable the organization to change with the needs of the customer. It is not acceptable to simply maintain the status quo.

Lesson Four - Product and service quality has to permeate upstream and downstream throughout the channel. These must constantly deliver higher standards and maximized value to the customer.

Lesson Five - The involvement of the entire organization is a pre-requisite, if an organization is to offer maximum value to the customer. It is important that top management are fully involved as delegation of customer satisfaction to lower levels and other departments will yield superficial results.

All these five issues must form an integral part of the organization, as ignoring any of them could render maximum customer value delivery unlikely to be achieved. (Naumann 1995).

Levitt (in Wayland and Cole, 1997:2) concludes that ‘The purpose of a business is to create a customer.’... ‘To say that profit is a purpose of business is, simply, morally shallow’.

Wayland and Cole (1997:11) cite Lewis Carroll’s *Through the Looking Glass* ‘where Alice found herself in a land where as the Red Queen says, “It takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run twice as fast as that”. As managers try to keep pace with today’s changing business landscape, many find themselves running in place with poor Alice.

Wayland and Cole (1997) suggest that customer relationships, just like any financial or physical assets need rigorous evaluation and management. Walker, (1994:9) agrees by saying that customers’ service needs change, as do their expectations of how well these needs will be met. Research, therefore can never give a totally accurate picture. But it

is important before planning a strategic shift to focus on the marketplace, to take a snapshot of customers' needs and expectations as well as their perceptions of your current performance. Subsequently, you need to be able to check from time to time to gauge your progress and identify trends and changes taking place.'

According to Walker (1994) the lifeblood of all organizations is the customer. He is of the view that not many organizations seem to have the capability to link performance to the customers' needs – be it quality, efficiency or personal service. He argues that managers have to begin to understand that quality improvement is not a choice – but that the organizations' health is dependent on it.

Walker (1994) agrees with the views that the purpose of business is to create a customer and further states that the objective of a business is not profit, but profit is the reward. He suggests that the customer is the topmost stakeholder in a business due to the fact that the satisfactory service of all the other stakeholders is ideally achieved after satisfying the customer.

According to Webster (1994) value proposition is a key strategic issue – as it explains the manner in which an organization plans to give its customers outstanding value. The importance of value proposition can be felt both within the organization as well as outside of the organization. Within the organization, it ensures that everybody focus their attention on the requirements. Outside of the organization, it helps the organization to create top-of-mind awareness in the customers, through its positioning.

Whiteley (1991) suggests that it is not sufficient for top management to only speak to front-line employees, telling them that they should smile at the customers. He suggests that organizations wishing to be customer-driven should introduce a serious effort to change, and this change should be transformational rather than incremental.

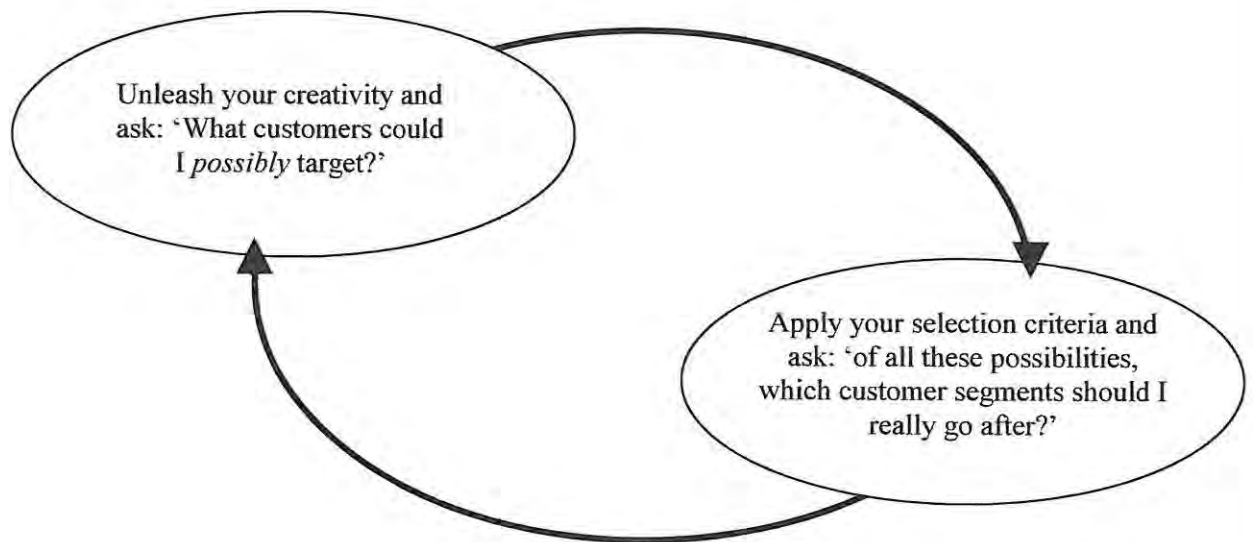
Levitt (in Markides 2000:27) captures the point about being customer-focused succinctly when he says: 'the railroads are in trouble today...because they assumed themselves to be in the railroad business rather than in the transportation business. The reason they defined their industry wrong was because they were railroad-oriented instead of transportation-oriented; they were product-oriented instead of customer-oriented.'

The foregoing discussion has focused on the virtues of being customer-oriented without distinguishing which customer an organization should be oriented towards. The question to ask is: 'Is the customer always right?' Contrary to widely accepted belief, the customer is not always right. In fact Markides (2000:49) quotes Herb Keller, CEO of South West Airlines as having said 'the customer is frequently wrong. We don't carry those sorts of customers, we write them and say: 'Fly somebody else.'

To illustrate this point Markides offers a 'model' to help a business decide 'who' its customer is going to be.

The model is illustrated below:

Figure 6: Model for Choosing Customers



Source: Markides (2000)

2.1.9.3 Learning Organizations

Senge (1990:4) quotes Fortune Magazine as having said: "Forget your tired old ideas about leadership. The most successful corporation of the 1990s will be something called a learning organization"

2.1.9.4 What is a Learning Organization?

Senge (1990:3) gives the following definition: 'organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together'.

According to Meyer and Botha (2000) uncertainty, rapid change and the relentless striving for excellence and competitiveness are characteristic of the environment of modern-day business. They suggest that only those organizations, that are able to institutionalize what they learn from the environment, will survive and succeed. They call these organizations 'learning organizations'. On the other hand, they say that the opposite is true for those organizations, which are not quick to pick up any changes in the environment, with reference to 'technology, systems and techniques. These organizations will simply not survive'. (Meyer & Botha 2000: 254).

Meyer and Botha (2000) are quick to point out that learning does not only refer to the environment, but that learning organizations also facilitate internal learning in the organization. They state that the culture of the organization is encompassed within the organizational learning. The concept has an impact on how the organization is managed, as it requires a major shift to the new way of learning.

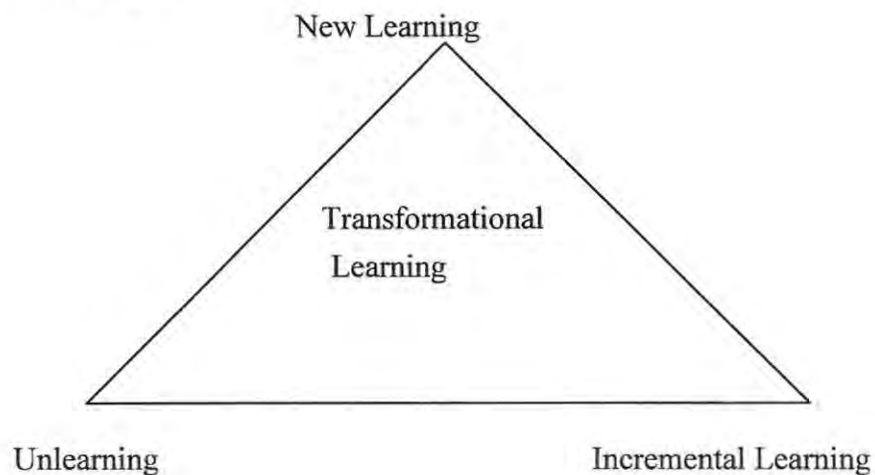
2.1.9.5 Forms Of Learning

Braham (in Meyer and Botha 2000) says there are four types of learning, as follows:

- New Learning
- Incremental Learning
- Unlearning
- Transformational Learning

These types are graphically defined below:

Figure 7: Types of Learning



Source: Meyer and Botha (2000)

Meyer and Botha (2000) explain the different learning types in the following manner:

New learning is characterized by the exposure of the learners to new information and skills, wherein they have no pre-conceived ideas or do not know what to expect. For instance, when new legislation has been introduced, and the relevant managers or employees go and learn about it.

Incremental learning is the refining or enhancement of existing skills. This is when the current knowledge base is expanded.

Unlearning is when current learning and knowledge has to be done away with to create space for new and relevant information. The business environment changes rapidly and knowledge becomes old and redundant. An example could be the introduction of new technology, which would necessitate acquiring new and different skills.

Transformational learning is more powerful than all the other types, as it gives a major paradigm shift and even influences the organizational culture.

2.1.10 Types Of Learners

Braham (in Meyer and Botha 2000) has identified three types of learners, as follows:

- Reluctant learners
- Leisurely learners
- Lifelong learners

The **reluctant learners** seem to be less interested in learning and are resistant to new knowledge and believe that they know enough to effectively perform their jobs.

On the other hand, **leisurely learners** learn just enough to ensure that the supervisor is satisfied. They focus on learning that gives them the ability to meet the minimum standards expected of them. To these learners, the concept of teamwork is a work-distribution tool to reduce their own workload.

Lifelong learners are those who learn actively. They are in a continuous effort to learn about new developments, trends and ideas. This is to ensure that the performance of the individual, the group and the organization is enhanced. These learners will voluntarily attend seminars and lectures and continuously engage with experts and read books of relevance. These are the types of learners that organizations need to seek out, encourage and nurture (Meyer & Botha: 2000).

2.1.10.1 Learning Disciplines

Senge (1990) says it is no longer sufficient for organizations to rely on a 'strategist', and that in the future, organizational excellence will be for those who know how to find out how to 'tap' the learning capacity and commitment of people at all organizational levels. To this end, he suggests that there are five disciplines of learning organizations, as follows:

1. Systems thinking
2. Personal mastery
3. Mental models
4. Building shared vision
5. Team learning

2.1.10.2 Systems thinking

Systems thinking is a framework, which helps to conceptually clarify the full pattern instead of isolated parts of the whole. Senge (1990) suggests that organizations should try and focus on the big picture – as it is only possible to understand the system by contemplating the whole – rather than individual parts. This idea is similar to one of Steven Covey's (1990), which alludes to the whole being better than the sum of the parts.

2.1.10.3 Personal Mastery

This discipline, Senge (1990:7) argues, is where continual 'clarifying and deepening' of vision on a personal level takes place, wherein energies are directed towards development of patience and 'of seeing reality objectively'. He goes on to say; 'As such it is an organization's spiritual foundation'. He expresses surprise at

the fact that not many organizations are encouraging towards their people's growth. This does not only prejudice the person concerned, but also the organization, as it is not able to tap into its people's resources maximally. Covey (1990:288) has a similar view which he calls 'Sharpening the saw', which he defines as '...preserving and enhancing the greatest asset you have – you. It's renewing the four dimensions of your nature – physical, spiritual, mental and social/emotional'.

2.1.10.4 Mental Models

Mental models, according to Senge (1990) are the deep-rooted generalizations and assumptions that have an influence on how people act. He argues further that more often than not, people are not consciously aware of their mental models and the influence these have on behaviour. Working with mental models begins with organizations looking at themselves, scrutinizing their internal view of the world, and opening up their thinking, to ensure that other people are able to influence it.

2.1.10.5 Building Shared Vision

This discipline involves the ability of a leader to articulate his/her vision so that the entire organization is galvanized around it. Senge (1990) is of the view that if people were to be given a choice, they would always prefer to pursue a lofty goal. In practicing shared vision, the organization must possess the skill to uncover the 'pictures of the future' that encourage real commitment as opposed to mere compliance. He illustrates the importance of this discipline by saying 'In mastering this discipline, leaders learn the counter-productiveness of trying to dictate a vision, no matter how heartfelt' (Senge 1990: 9).

2.1.10.6 Team Learning

According to Senge (1990:10) there are a number of instances where team intelligence exceeds that of the individuals in the team. He concurs with a view offered by Meyer & Botha (2000) when he says, ‘when teams are truly learning, not only are they producing extraordinary results, but the individual members are growing more rapidly than could have otherwise’. He states that team learning is of critical importance because ‘teams, not individuals, are the fundamental learning unit in modern organizations’...“where the rubber meets the road”, unless teams can learn, the organization cannot learn’. He states simply, that the more one learns the more one becomes very aware of one’s ignorance.

Senge (1990:12) concludes by stating that as there is convergence in the five disciplines, they will bring about a new ‘wave’ of advancement and experimentation – as opposed to actually creating *the* learning organization. Further, he argues that it is of critical importance to ensure that these disciplines are developed ‘as an ensemble’. The benefits of integrating the five disciplines are very good, even though it would be easier to apply these separately – hence the fifth discipline is systems thinking – it helps to integrate the disciplines, ‘fusing them into a coherent body of theory and practice’. However, systems thinking also needs the other four disciplines for its potential to be realized.

2.1.10.7 Metanoia – Shifting the mindset

According to Senge (1990:14), for the above disciplines to take place, there needs to be a mind-shift. He suggests that fundamentally, learning involves a mind-shift. For an organization to create its future, it is not enough to just survive. ‘Survival or adaptive learning’ is necessary, but for a learning organization, it must be accompanied by ‘generative learning’, as he believes that generative learning refers to that learning, which increases the capacity of organizations to create.

2.1.10.8 Learning Disabilities

While Braham (in Meyer & Botha, 2000) identifies types of learning and types of learners, Senge (1990) suggests that there are seven organizational learning disabilities. He states that the fact that organizations learn poorly is not accidental, as the manner in which people have been conditioned to think, the way organizations are managed, and the way jobs are generally defined, all lead to learning disabilities.

The learning disabilities, as identified by Senge (1990) are as follows:

1. I am my position
2. The enemy is out there
3. The illusion of taking charge
4. The fixation on events
5. The parable of the boiled frog
6. The delusion of learning from experience
7. The myth of the management team

2.1.11 I am my position

This disability occurs when people's identities are confused with their jobs. Senge (1990) argues that people will have minimal sense of responsibility for the results produced through the interaction of all positions, if their focus is on their own positions. It is also not easy to understand the reason for disappointing results; and the assumption always made in such instances, is that 'someone' may have messed things up.

2.1.11.1 The enemy is out there

Senge (1990) states that this disability is the 'by-product' of the "I am my position", because when people focus on their own positions, they are unable to see their own actions beyond the boundary of their position. He suggests that people generally find someone or something other than themselves to blame when things do not go according to plan. Within organizations, departments blame each other, e.g. the Marketing department blaming the Manufacturing department suggesting that if the quality of the organization's products was competitive, then the sales target would be attained.

2.1.11.2 The illusion of taking charge

The illusion of taking charge is when the organization believes that it is being proactive, while in fact it is reacting. Senge (1990) is of the view that if organizations react by becoming more aggressive in fighting their competitors, they are simply reacting. He believes that real pro-activeness takes place when the organizations begin to see what their own contributions are to their own problems. He suggests that pro-activeness in its true form is not a product of an emotional state, but of a way of thinking.

2.1.11.3 The fixation on events

He states that this disability comes about because people tend to see life as a series of events, and these events are viewed as having a single cause. He believes that this focus on events leads to explanations that centre on "events", and he says that generative learning cannot be sustainable in an organization where the thinking is focused on short-term events. The best that those organizations would be able to do would be to predict an event before it took place and then react in the best possible manner. However, he cautions '... the primary threats to our survival, both of organizations and of our societies, come not from sudden events but from slow, gradual processes...' (Senge 1990:22).

2.1.11.4 The Parable of the Boiled Frog

According to Senge (1990) the inability of organizations to adapt to threats that build gradually gives rise to the parable of the “boiled frog”.

Senge (1990:22) narrates the parable as follows:

If you place a frog in a pot of boiling water, it will immediately try to scramble out. But if you place the frog in room temperature water, and don't scare him, he'll stay put. Now, if the pot sits on a heat source, and if you gradually turn up the temperature, something very interesting happens. As the temperature rises from 70 to 80 degrees F., the frog will do nothing. In fact, he will show every sign of enjoying himself. As the temperature gradually increases, the frog will become groggier and groggier, until he is unable to climb out of the pot. Though there is nothing restraining him, the frog will sit there and boil. Why? Because the frog's internal apparatus for sensing threats to survival is geared to sudden changes in his environment, not to slow, gradual changes.

For organizations to be able to see slow and gradual processes they need to slow their fast pace and pay close attention to both the subtle and the dramatic. Senge (1990) believes that the fate of the frog will not be avoided by organizations, unless they learn to slow down. He is of the view that the greatest threats to organizations are as a result of the gradual processes.

2.1.11.5 The delusion of learning from experience

Senge (1990) is of the view that the best learning comes from direct experience - where action is taken and the consequences thereof are seen - then taking new action. The problem, he believes, lies in the instances when the action is not immediately apparent, when the results can only be seen in the distant future, or they are an integral part of the bigger system within which organizations operate. Senge (1990) is of the view that people have a "learning horizon", beyond which it is not possible to learn from direct experience, as the consequences are outside of their learning horizon.

According to Senge (1990:23) the real learning dilemma confronting organizations is that 'we learn best from experience but we never directly experience the consequences of many of our most important decisions.'

2.1.11.6 The myth of the Management Team

Senge (1990) believes that in business, teams have a tendency to defend their territories, ensuring that those things that may make individual members look bad are avoided. They spend most of the time pretending that everyone is supportive of the collective strategy - giving the impression that the team is cohesive. In these instances, disagreements are squashed and the environment is not conducive to opposing views being voiced out. He quotes Chris Argyris as having said that under pressure, most management teams break down, and that in dealing with routine issues, the teams may work well, but the 'teamness' seems to dissipate when confronted with difficult and potentially threatening and embarrassing issues. Argyris (in Senge 1990) argues that generally, people are taught not to reveal that they do not know the answer, and that most organizations re-enforce this by rewarding those who are excellent in voicing out their views - and not necessarily delving enquiringly into issues of a complex nature. This leads to a situation wherein people learn to shield themselves from the potential unpleasantness of being seen as ignorant. Argyris (in Senge 1990:25) 'calls this

“skilled incompetence” - teams full of people who are incredibly proficient at keeping themselves from learning’

According to Wind & Main (1998) during this era, land, equipment and capital are replaced with people with knowledge as the assets of an organization. There is therefore, a demand of employees who have better education and training than before. These authors believe that one of the crucial issues of the workplace in the 21st century would be finding and retaining qualified people. They further suggest that individuals’ learning should be shared, otherwise it becomes useless for the organization.

3 CHAPTER THREE

3.1 RESEARCH METHODOLOGY AND DESIGN

3.1.1 Introduction

This chapter deals with the methods and techniques used in collecting data. The purpose of this chapter is to explain what the research subject and question were, and how the research question was generated. It is also to explain the purpose, logic and outcome of the research. The chapter sets out in detail how the research was conducted, by spelling out the research paradigm/philosophy, methods used, how the data was gathered and lastly, how it was analyzed.

The Eastern Cape Tourism Board – an organization mandated to market the entire province - as well as facilitate the development of tourism products in the Eastern Cape is the subject of the research. The specific research question centers on the ability of the ECTB to cope with change. The change referred to is the environmental and/or industry change – which has an effect on all organizations – in one way or another.

The question generates from the realization that the Tourism industry changes constantly – and from the desire to ensure that the body responsible for Tourism in the Eastern Cape is indeed capable of coping in these changing conditions. Human and Horwitz conducted a study in 1992 – in which they examined the ability of South African companies to cope with change. As a result of their study, they published a book entitled: ‘On the edge: How South African companies cope with change’. In the book, they devised a model and a questionnaire – tools to measure the capability of organizations to cope with change. Their questionnaire was used in this study to assess the ECTB’s ability to cope with change.

3.1.2 Objectives of the Study

This study was based on three main objectives, as follows:

To identify criteria for an organization to cope with change

To examine the ECTB's profile against the criteria

To make recommendations as to how the ECTB may be re-aligned for coping with change.

3.1.3 Research Paradigm or Philosophy

The research followed the logical positivist philosophy, and the quantitative and non-experimental approach was followed in the study. According to Patton (2002: 14) 'The advantage of a quantitative approach is that it's possible to measure the reactions of a great many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data'.

3.1.4 Methods and Techniques

3.1.4.1 Questionnaire

A modified version of the Human and Horwitz Coping with Change Capability (CCC) questionnaire was used. There are thirty-two (32) questions, which fall within four key dimensions of coping with change, as identified by Human and Horwitz (1992). These dimensions are as follows:

- Strategic Orientation
- Control Orientation
- Institutional Focus
- Social Focus

3.1.4.2 Questionnaire Modification

For the purposes of this study, nine of the questions were modified to specifically suit the organization assessed. Care was taken to ensure that these questions still fell within the four broad dimensions to ensure that the data is analyzed and interpreted properly. The modified questions are 5,8,10,13,17,18,26,28 and 31. It is important to note that the questions modified still strive to measure the original dimensions as intended by Human and Horwitz (1992).

To this end, the overall context of the question remains unchanged – only that the question has been made more relevant to the tourism industry specifically. For example, the original question 5 of the Human and Horwitz questionnaire reads as follows: ‘We continually innovate new products’, while the modified question reads thus: ‘We continually facilitate the innovation of new tourism products’. This modification has been critical in that according to the mandate of the ECTB, the organization is supposed to facilitate development as opposed to the organization actually developing products.

3.1.4.3 Questionnaire Distribution

The questionnaires were distributed to the entire study population of fifty (made up of forty-two employees of the Tourism section plus the eight Board members). This figure is made up of employees at all levels, incorporating senior managers, regional managers and staff members. The questionnaire is attached as Appendix B. The questionnaires were hand delivered (via a messenger) to all employees at the head office, while they were sent via fax to the regional offices, as well as to the Board members.

3.1.5 Study Population

Babbie & Mouton (2001:100) suggest, 'The population for a study is that group (usually of people) about whom we want to draw conclusions'. They go further to say that 'A population is the theoretically specified aggregation of study elements'. The study will use what Babbie and Mouton (2001) refer to as 'Defined Population', in that only those employees working in the ECTB Tourism division will be used for purposes of this research. They say that 'Often researchers decide to limit their study populations more severely...A researcher wishing to sample psychology professors may limit the study population to those who are members of psychology departments, omitting those who are members of other departments' Babbie & Mouton (2001:173-4).

The defined population excludes the employees who work in the Conservation division as well as the Game reserves – as they will fall under a new Parks Authority Act, which is to be passed during the duration of this study. This new Act will allow for a separation of Tourism, Marketing and Development from the Conservation section, thereby creating a new body – the Parks Board. Another reason for excluding these employees was that the focus of the study is specific to the Tourism, Marketing and Development section of the ECTB.

3.1.5.1 Questionnaire Response Rate

The response rate of the questionnaires was 88% - with 44 of the 50 questionnaires returned completed. However, 6 of the returned questionnaires were incomplete, with some questions not answered. A further 4 questionnaires were returned after the others had been accepted, captured and analyzed. A total of 10 questionnaires was therefore disqualified (the 6 incomplete as well as the 4 late questionnaires) - and the final number of questionnaires accepted was 34 – translating to 68% response rate. This was deemed representative of the population and would allow the researcher to make generalizations about the population.

3.1.6 Organizational Reports and Data

The researcher had unlimited access to reports and data of the organization, due to the nature of her position within the organization. Secondary information was obtained through a number of official documents (e.g. Board minutes, Strategic Plans, Marketing Plans, Annual Reports, Policies and Procedures, Tourism Master Plan, etc.). Other information was gathered informally through the interactions of the researcher with key stakeholders in the industry. This information was only used for background purposes only, and was not actively used in conducting the research.

3.1.7 Scoring/Data Analysis

Human and Horwitz (1992) have developed a method to score the questionnaire responses, according to the four major dimensions as follows:

Strategic Orientation

Dynamic Culture	= (item 3 + item 16)/2	<input type="text"/>
Strategic Leadership	= (item 15 + item 30)/2	<input type="text"/>
People Orientation	= (item 14 + item 20)/2	<input type="text"/>
Strategy Implementation	= (item 29 + item 32)/2	<input type="text"/>

Social Focus

Social Responsibility	= (item 11 + item 27)/2	<input type="text"/>
Black Advancement	= (item 24 + item 6)/2	<input type="text"/>
Industrial Relations	= (item 25 + item 7)/2	<input type="text"/>
Pay and working conditions	= (item 12 + item 21)/2	<input type="text"/>

Control Orientation

Financial Control	= (item 4 + item 23)/2	<input type="text"/>
Hands-on Management	= (item 22 + item 9)/2	<input type="text"/>
Financial Performance	= (item 8 + item 26)/2	<input type="text"/>
Product	= (item 5 + item 10)/2	<input type="text"/>

Institutional Focus

Relationship with state	= (item 13 + item 17)/2	<input type="text"/>
Internationalization	= (item 1 + item 18)/2	<input type="text"/>
Strategic Alliances	= (item 19 + item 28)/2	<input type="text"/>
Competitiveness	= (item 2 + item 31)/2	<input type="text"/>
Total		<input type="text"/>
Divide total by 4		<input type="text"/>

Source: Human & Horwitz 1992

This exercise was done with the use of a computerized program called 'Statistica', and the results are plotted in Figure 8, and discussed in the following chapter.

3.1.8 Data Capturing

When the questionnaires were returned, the researcher captured the information onto a Microsoft Excel Spreadsheet in preparation for statistical analysis.

3.1.8.1 Data Analysis

The results were analyzed using “Statistica” a computerized statistical method of analysis, and the first step was to conduct a number of tests on the questionnaires. The tests conducted were the following: the descriptive statistics, (finding the mean scores of each individual question was measured followed by finding the mean scores of each of the four dimensions) the reliability and validity test, the correlation analysis followed by a factor analysis, and then the ‘Varimax’ rotation (factor loading). The Cronbach’s alpha co-efficient was conducted to assess the reliability of the research instruments used.

3.1.9 Limitations of the study

The major limitation of the study was that the researcher was a senior member of the management team at the ECTB at the time the study was undertaken. This could have had an effect on the manner in which the answers to the questionnaires were given. An attempt to delimit this was that questionnaires were distributed anonymously and the respondents were not required to identify themselves. This was also to deal with the issue of response-set – which Cozby (1989) explains as the phenomenon wherein respondents tend to respond in a socially desirable manner, while Welman and Kruger (2002) refer to this as the ‘halo effect’.

A further limitation could be the ‘involvement’ of the researcher in the organization as she may have areas of subjectivity – owing to the position that she held during the period of the study. This limitation has been reduced through the reliance on the Human and Horwitz instrument, which has been said to be highly reliable.

3.1.10 Conclusion

The focus of this chapter was to define the research design and methodology followed in this study. The methodology used was designed to ensure that data collection was done in a structured and reliable manner. Further, it was to ensure that data gathered was analyzed in a manner that gave validity and reliability to the findings.

The tool used in data collection and analysis has been tried and tested for reliability. Human and Horwitz (1992) suggest that overall, its Cronbach's Alpha is 0,710. Bohrnstedt and Knoke (in Human & Horwitz 1992:165) state that, 'An Alpha of 0,70 is considered acceptable'. The next chapter will discuss data analysis and the interpretation of the research findings.

4 CHAPTER FOUR

4.1 RESEARCH FINDINGS

The purpose of the research was to examine the ability of the Eastern Cape Tourism Board to cope with change. The change referred to is both the external and internal, as change is inevitable in any business. Van der Merwe (1995) quotes Andrew Grove, CEO of Intel as having said the following:

There is at least one moment in the history of any company when you have to change dramatically to reach the next level of performance. Miss the moment and you start to decline.

It is against this background that a need was identified to examine whether the ECTB has the capability to cope with change. This chapter discusses and analyzes the findings of the research. An overview of the significant findings of the study will be given. It will also involve a consideration of the findings in the light of existing research studies on the subject matter.

The issues that will be discussed in greater detail in this chapter are those that are in line with the key issues isolated within the literature review. It must be noted that these issues will be taken from across all four dimensions as identified by Human & Horwitz (1992). It is beyond the scope of this paper to discuss all the issues identified in each of the dimensions, but that only those with specific relevance to the organization evaluated.

4.1.1 Descriptive Stats – Finding the mean score of each item

The first statistical analysis was the testing of each of the 34 questions of the questionnaire to see the mean score of each question. These ranged between 2 and 4, with two denoting “appropriate” and 4 denoting “inappropriate”. Most of the questions

had mean scores of between 2 and 3, with 3 denoting “neither”. It is important to highlight that question 20 had the highest mean with a score of 3.9, which could be interpreted to be ‘inappropriate’. The question was “Employees trust management” See questionnaire in Appendix B.

4.1.2 Reliability and Validity Tests

4.1.2.1 Testing the 32 items separately:

What followed was a test for reliability of the research instrument. When the 32 items were tested separately, the Cronbach Alpha of the tool was 0,875, and this proves validity, as Bohrnstedt and Knoke, (in Human & Horwitz 1992) say that an alpha that can be deemed acceptable is 0,70 (See Appendix E).

4.1.2.2 Testing the four dimensions separately:

A different picture emerged when the four dimensions were tested separately. The only dimension that showed validity with an alpha of 0,861 was the Strategic Orientation dimension. The other dimensions had alphas that fell below 0,70, with the Social Focus dimension at 0,391. The Control Orientation and the Institutional Focus had alphas of 0,610 and 0,636 respectively. The last two dimensions are not too far below the 0,70 acceptable alpha, even though they render the tool invalid. The social focus is way below the acceptable alpha for validity and this could point to possible contradictions in the responses (See Appendix F).

4.1.2.3 Testing the 16 issues separately:

When the 16 issues, were tested separately, they showed an alpha of 0,858, which is acceptable. This indicates that the tool is valid when used in this manner (See Appendix G).

4.1.3 Correlation Analysis

4.1.3.1 Correlation Analysis - Four Dimensions

When the correlation analysis was done on the four dimensions, significant correlations were found between Strategic Orientation and Social Focus scores ($r=0.84$, $p<0.0001$) and between Control Orientation and Institutional Focus scores ($r=0.56$, $p=0.001$). These results show a positive relationship between these dimensions. Table 1 below illustrates these correlations.

Table 1: Correlation Analysis - Four Dimensions

4.1.3.2 Correlations

	Strategic Orientation	Social Focus	Control Orientation	Institutional Focus
Strategic Orientation	1.0000	.8391	.5088	.4130
	$p=---$	$p=.000$	$p=.002$	$p=.015$
Social Focus	.8391	1.0000	.3059	.4581
	$p=.000$	$p=---$	$p=.079$	$p=.006$
Control Orientation	.5088	.3059	1.0000	.5618
	$p=.002$	$p=.079$	$p=---$	$p=.001$
Institutional Focus	.4130	.4581	.5618	1.0000
	$p=.015$	$p=.006$	$p=.001$	$p=---$

4.1.3.3 Correlations Analysis - 32 items

Correlation analyses for all the 32 items are shown in Appendix H.

4.1.3.4 Factor Analysis

Doing a factor analysis on the results was not appropriate in that there were 34 valid questionnaires from respondents, while there were 32 questions in the questionnaire. In this instance, the sample is not large enough to do a meaningful factor analysis. For the results of the factor analysis and the Varimax rotation (factor loadings) please refer to Appendices I and J. Bless and Kathumia (in Botha 2001) suggest that a factor analysis is used to observe whether the actual repetition of a phenomenon corresponds to the repetition as expected to be recorded.

4.2 ANALYSIS AND DISCUSSION OF RESULTS

4.2.1 Responses for the 32 dimensions:

Of the 32 items, a significant amount (59,37%) was scored 'neither'; while 31,25% was scored 'appropriate' and the last 9,38% was scored 'inappropriate'. 'Neither' meant the respondents were neutral about the issues, while 'appropriate' meant they agreed and that the issues were true about the ECTB, and 'inappropriate' meant they did not agree with the statement / or that it was not true of the ECTB (See Appendix C).

The three (3) items that have been scored as 'inappropriate', which meant that the respondents did not agree with the statements, are as follows:

- We pay above average wages
- Employees trust management
- Efficiency in production and services is continually emphasized and rewarded

It is clear that these issues fall within the social focus and that this is an area that the ECTB will have to address. These issues will be discussed later in the chapter, as it is one of the significant findings of the study.

The ten (10) items that have been scored as 'appropriate', which meant that the respondents agreed with the statements, are as follows:

- The international perspective is emphasized
- We experience a lot of competition
- We continually facilitate the innovation of new tourism products
- We actively engage in changing attitudes to blacks (programmes, workshops)
- We acknowledge the role of trade unions
- We have reliable research statistics
- Our tourism products and amenities are excellent quality
- We have beneficial relations with tourism stakeholders

- We have many strategic alliances with other provinces, South African Tourism as well as tourism industry players
- We are a leading tourism destination in the country

The above issues will not be discussed separately in great detail, but only as they fall within the four dimensions. It is important to note that even though they have been primarily scored as 'appropriate', they will form part of the recommendations for future research. This would be to specifically check whether the organization engages effectively and maximally in these activities.

However, two interesting findings came out of the research, where two questions were scored 'appropriate', namely; "We have reliable research statistics" and "We are a leading tourism destination in the country". These issues warrant specific discussion in the next chapter, as the findings is not in line with existing statistics within the tourism industry.

The nineteen (19) items that have been scored 'neither', which meant that the respondents did not agree nor disagree with the statements, are as follows:

- We adapt swiftly to rapid changes
- We have tight financial controls
- We give attention to detail in all our activities
- We make a meaningful contribution towards economic development in the province
- We develop human potential at all levels
- Our leaders have vision
- We encourage entrepreneurship in all our employees
- We have a clear product development plan
- We have well-developed capabilities for obtaining foreign funding
- Our directors are well connected (sit on many other boards)

- The working conditions for all employees are excellent
- Strong control over financial reporting is exercised
- We have been successful in promoting blacks to management level
- We have developed a sound ability to deal with the complexities of IR
- We have achieved consistent tourism growth over the past five years
- Our contribution to social welfare and support of community organizations is significant
- The links between corporate values and business objectives are well understood by all employees
- The quality of thinking amongst top management is outstanding
- Our strategic plans are implemented throughout the company

The above issues scored 'neither' are of major concern in that an organization that is able to cope with change should have clearly articulated goals. The employees of such an organization should not be ambivalent about the critical issues facing their organization.

4.2.2 The frequency of responses for each of the four dimensions

The following section discusses the frequency with which the responses were given to each of the four dimensions (Strategic Orientation, Social Focus, Control Orientation and Institutional focus).

Table 2: Strategic Orientation Frequency

Frequency table: **Strategic Orientation**

	Count	Cumulative	Percent	Cumulative
Appropriate	7	7	20.58824	20.5882
Neither	16	23	47.05882	67.6471
Inappropriate	11	34	32.35294	100.0000
Missing	0	34	0.00000	100.0000

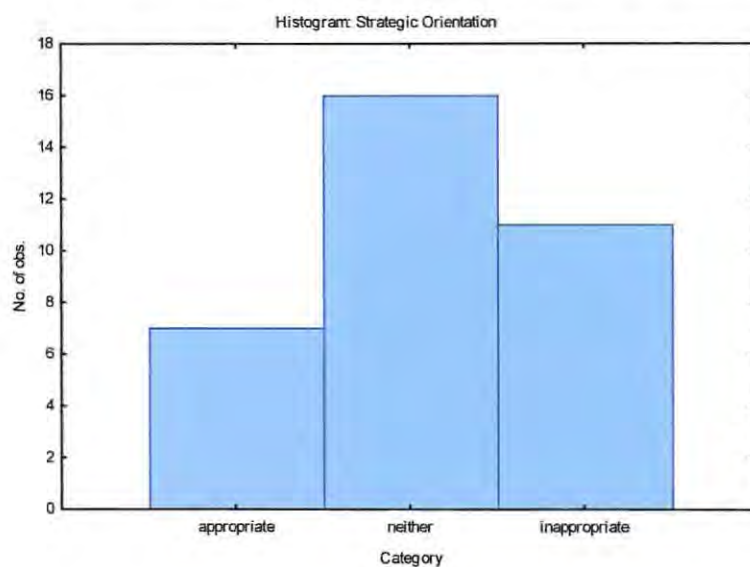


Table 2 above indicates that within this dimension, 21% of the issues were responded to as 'appropriate', and that the remaining 80% was made up of 47% 'neither' and 32% 'inappropriate'. This finding is very serious in that it shows that the ECTB does not have the capability to cope with change, where this dimension is concerned. The strategic orientation dimension includes a number of the critical requirements for coping with change, as identified by Human and Horwitz (1992).

Table 3: Social Focus Frequency

Frequency table: **Social Focus**

	Count	Cumulative	Percent	Cumulative
Appropriate	13	13	38.23529	38.2353
Neither	14	27	41.17647	79.4118
Inappropriate	7	34	20.58824	100.0000
Missing	0	34	0.00000	100.0000

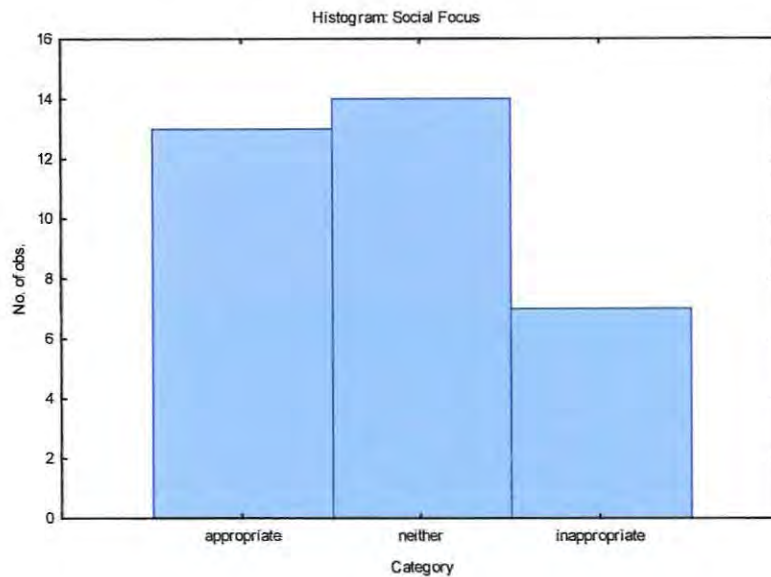


Table 3 above indicates that within this dimension, 38% of the issues were responded to as 'appropriate', with 41 % 'neither' and 21% 'inappropriate'. In terms of social focus, it can be said that the majority (62%) suggest that the organization is either lacking or does not have a strong enough Social Focus.

Table 4: Control Orientation Frequency

Frequency table: **Control Orientation**

	Count	Cumulative	Percent	Cumulative
Appropriate	20	20	58.82353	58.8235
Neither	13	33	38.23529	97.0588
Inappropriate	1	34	2.94118	100.0000
Missing	0	34	0.00000	100.0000

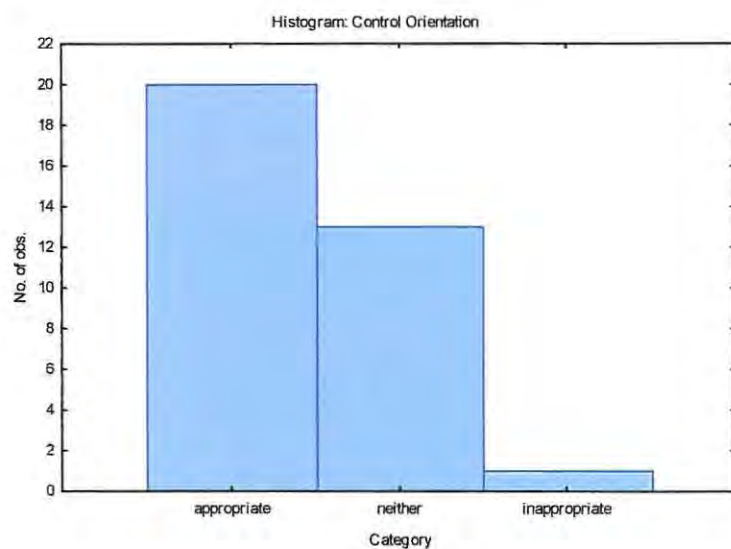


Table 4 above indicates that within the Control orientation dimension, the majority (59%) of the issues were responded to as ‘appropriate’, 38% ‘neither’ and 3% ‘inappropriate’. This finding shows that the respondents are of the view that the ECTB generally does have a somewhat strong control orientation, even though the others were not certain, hence they responded as ‘neither’.

Table 5: Institutional Focus Frequency

Frequency table: **Institutional Focus**

	Count	Cumulative	Percent	Cumulative
Appropriate	19	19	55.88235	55.8824
Neither	15	34	44.11765	100.0000
Missing	0	34	0.00000	100.0000

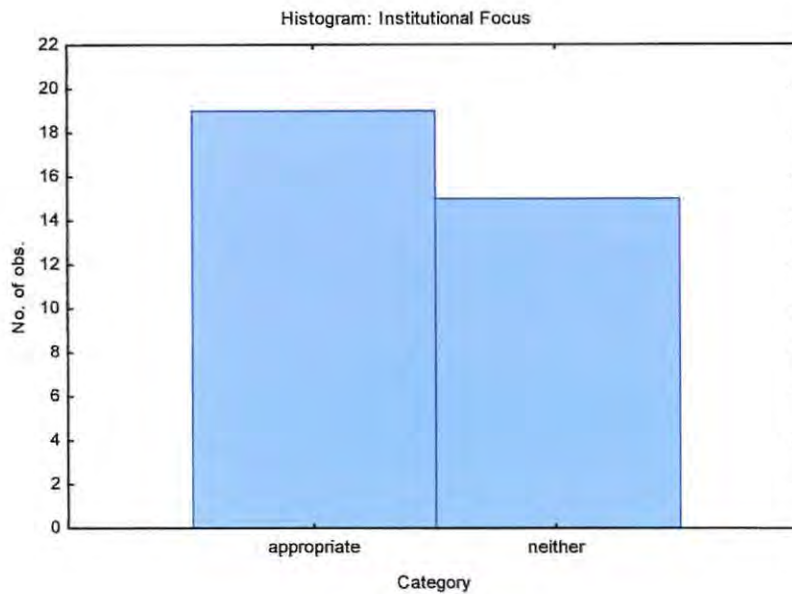


Table 5 shows the institutional focus dimension as having been responded to only with two of the three possible responses (appropriate and neither). Of these, 56% of the issues were responded to as ‘appropriate’, and that the remaining 44% was ‘neither’. An interesting finding is that none of the issues in this dimension were scored as ‘inappropriate’.

4.2.3 Overview of the significant findings

The majority (59,37%) of the issues were responded to as 'neither', which means that the respondents are neutral about the issue under examination. This is a significant finding in that the respondents show a lack of sense of direction about a number of critical issues. The responses cut across all four dimensions as identified as critical for organizational change by Human and Horwitz (1992).

The fact that the majority of the issues have been responded to as 'neither' can be put down to three possible reasons, namely:

Firstly, the response-set or halo effect could have been responsible. This is the phenomenon whereby it is unavoidable for respondents to respond in a socially desirable manner. However, this possibility is rejected because, in an attempt to deal with the limitations of this, the questionnaires were filled and returned anonymously. There would therefore, have been no way to identify the respondents, nevertheless, a small number of respondents could still have chosen 'neither' because of this phenomenon.

The second possible reason could be that the respondents may not have fully understood the questions. This possibility is also unlikely because the majority of the respondents have a Matric qualification – and the questionnaire was not complicated. Again, the possibility that some respondents may not have understood the questionnaire cannot be completely ruled out.

The third possible reason is the most probable, in that at the time the research was carried out, the organization was in a state of flux, with no clear direction as to the way forward. The respondents were unable to say exactly what the status of some issues was; hence they chose 'neither'. The researcher believes that this was the reason for the 59,37%.

4.2.4 Evaluation of the ECTB against the identified criteria

What follows is a discussion of the key issues that emerged from the research, and the results will be discussed according to the key issues identified in the literature review as critical characteristics for organizations coping with change as follows; Leadership, Organizational culture, Customer focus, Employee orientation, Learning organization status. The three key questions that were scored as inappropriate that will also be discussed specifically are as follows; 'We pay above average wages', 'Employees trust management' and 'Efficiency in production and services is continually emphasized and rewarded'. This will be followed by the two issues isolated from the list scored 'appropriate' due to the nature of the questions and against the background of existing research. Lastly, some key issues within the four dimensions as they emerged from the research will be highlighted.

4.2.5 The Typology of the Eastern Cape Tourism Board

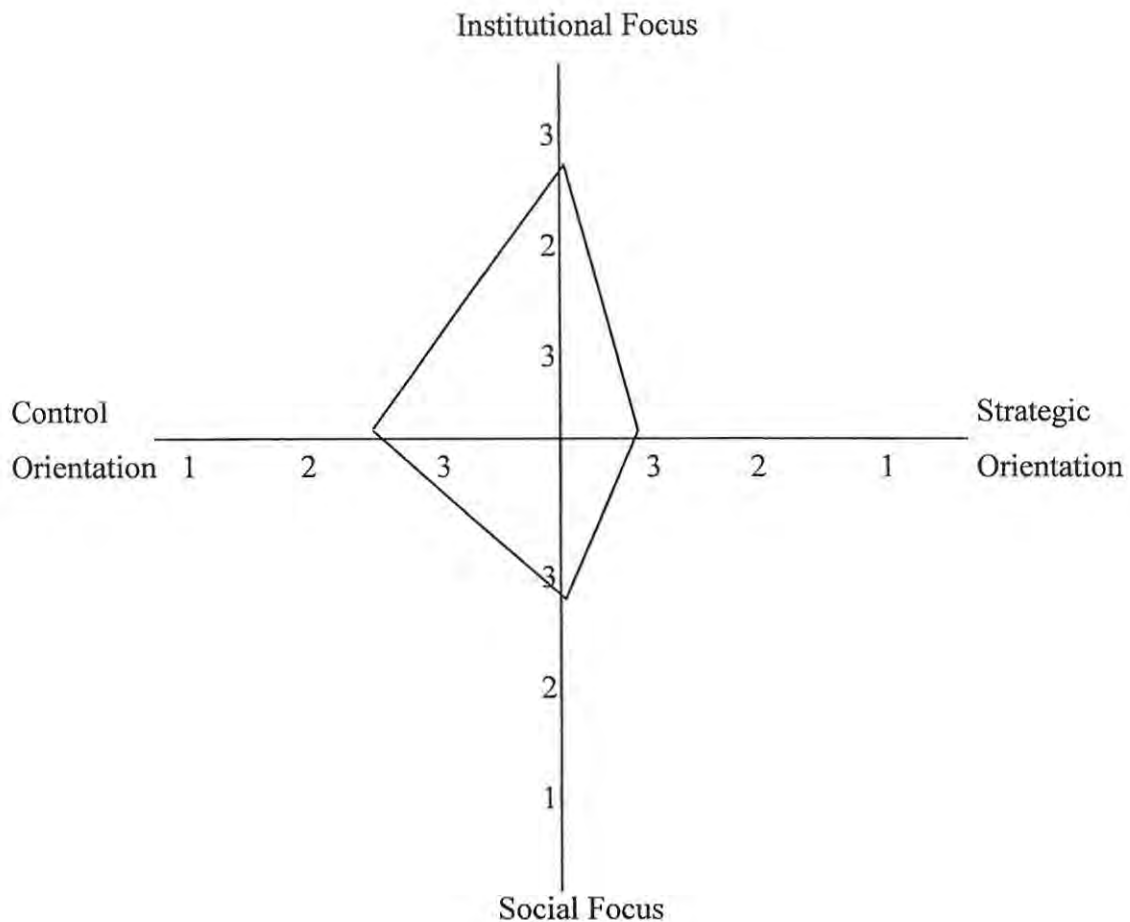
According to Human and Horwitz (1992) there are four types of organizations, and these have been discussed in greater detail in Chapter 2. The four dimensions were analyzed with a view to finding their mean scores, so as to enable the researcher to profile the ECTB according to Human & Horwitz's typology of organizations' model. The results are shown in Appendix D.

The results analysis shows that the ECTB has the following scores for its dimensions:

- Strategic orientation = 3.28
- Social Focus = 2.87
- Control orientation = 2.60
- Institutional Focus = 2.57

These results can be interpreted to mean that the ECTB can be profiled as illustrated graphically below:

Figure 8: Profile of the ECTB



Source: Human & Horwitz, 1992

Figure 8 above shows the profile of the ECTB, and it is evident that the control orientation/institutional focus quadrant is the dominant one. According to the four types of organizations as identified by Human and Horwitz (1992) - the Boardroom, the Hardhat, the Technocracy, and the Missionary- the interpretation of the above profile is

that the ECTB is a Technocracy organization, with a secondary leaning towards a Hardhat organization, characterized by the social focus/control orientation quadrant. According to Human & Horwitz (1992) in a technocracy, formal institutional arrangements (regulations, contracts, procedures and formal aspects of competition) are managed well. The culture of a technocracy tends to be technically oriented, with formalized relationships and also has a bureaucratic structure and spirit. In an organization of this nature, quantitative controls are used, and there is continuous performance management.

On the other hand, Human & Horwitz (1992) argue that the hardhat organization puts an emphasis on outputs, issues of control, problem solving and operational level performance. This organization has a practical view of the issues within the organization. This kind of organization tends to be more internally focused.

The profile of the ECTB suggests that the organization will be lacking in dynamic vision, will have no strategic leadership and will not have the dynamism brought about by having a strategic orientation. Human and Horwitz (1992) argue that the profile of an organization coping well with change should show a 'balance' in terms of orientation (strategic orientation and control orientation). The ECTB's profile does not show this balance, as the mean scores for strategic orientation and control orientation are 3.28 and 2.60 respectively.

Accordingly, Human and Horwitz (1992) further state that when looking at the environmental factors (social focus and the institutional focus), the organizations that cope well with change will be a combination of the 'hardhat' and the 'missionary' type – slightly biased towards the 'hardhat'.

Human and Horwitz (1992:35) conclude as follows: 'The organization successful in coping with change is a 'hybrid' of the above-mentioned four types'.

According to the findings, the ECTB does not have the capability to cope with change in that its orientation is not balanced, and that its profile does not suggest that it is a hybrid of all four types as suggested by Human and Horwitz (1992).

4.2.6 Leadership

The majority of the respondents answered 'neither' to questions such as: 'Our leaders have vision', 'the quality of thinking among top management is outstanding', and 'Our directors are well connected' (sit on many other boards). These are questions that pertain to the leadership of the organization, and if the employees' response is neutral in this critical area, it shows that there is a serious leadership vacuum. In an organization where there is visible strategic leadership, the employees would be able to see it and they would not be ambiguous about its existence. Kochan and Useem (1992) suggest that it is unlikely that change will take place in an organization unless leadership is strong, visionary and intelligent.

These responses suggest that there is a leadership problem within the ECTB, and this should be broken down to its constituent elements. In an organization with a structure like the ECTB, there is a Board of Directors at the top, which is supposed to give strategic direction on issues policy related. Should this aspect falter, it has a trickle-down effect throughout the organization. Next, would be the executive level, and this team is supposed to be implementing the policies according to the strategies of the organization. Effectively, the management team is responsible for the operational aspects of the organization.

4.2.7 Organizational Culture

The results show that the score for dynamic culture in the research is 3.22, which means 'neither'. It shows that the respondents do not believe that the ECTB culture is appropriate for an organization coping with change. Seemingly, the ECTB does not have a dynamic culture; instead there is a tendency to hold onto outdated policies and procedures that may not be relevant to the environment within which the organization has to operate. Adair (2002) says that organizational culture is of strategic importance as part of an organization's overall success strategy, and that culture itself, will need to be changed, as a static culture is moribund. This further suggests that the organizational culture also has to be dynamic and be aligned with the times and the environment.

The culture at the ECTB can be said to be moribund, in that it has not changed over a period of time, and it was formed by 'default' when the original provincial tourism organizations were 'merged' to form the current ECTB. It does not seem that a new culture was actively pursued, created and introduced. The current organization does not have its own strong, dynamic culture, which is constantly updated to be in line with current strategies.

4.2.8 People Focus

It is a commonly accepted view that no organization can survive without people, but it is surprising to find that some organizations do not regard this aspect an integral part of its strategy for success. The research results clearly show that the ECTB is lacking in the area of people focus.

The three questions that the respondents have scored as 'inappropriate', meaning that the respondents did not agree with the statements, are as follows:

- We pay above average wages
- Employees trust management
- Efficiency in production and services is continually emphasized and rewarded

These are clearly issues that pertain to the employees themselves and how they view their relationship with the managers.

4.2.9 ECTB pays below average wages

The issue of pay is a particularly serious one in that the organization's employees believe that they are underpaid, and specifically that the pay is below average. The issue of pay is a critical one in employee motivation, even though it is not the only motivating factor for all employees.

4.2.10 Employees do not trust management

The area of trust in an organization plays a key role in ensuring that there's buy-in into the vision and goals of the organization.

4.2.11 Efficiency in production and services not emphasized and rewarded

A large number of the respondents are of the view that efficiency is not continually emphasized and rewarded. This could be due to the fact that the ECTB does not have an operational performance management system, and the rewards are therefore not based on performance. This is a particularly dangerous way to deal with rewards in that those that work hard will be demoralized as they realize that even for those that do not work any harder, the rewards are the same. Employee morale becomes low and productivity suffers.

4.2.12 Key issues emerging from the research within the four dimensions

4.2.13 Strategic Orientation

The other issues falling within this dimension have been discussed previously in the chapter. These were dynamic culture, strategic leadership and people orientation. The issue of strategic implementation is discussed briefly below.

4.2.13.1 Strategy Implementation

According to Human and Horwitz (1992), strategic implementation is a part of strategic leadership, wherein intentions are translated into actions. This statement is linked to the findings of this study, in that as the majority of respondents have indicated that leadership seems to be a problem, the issues pertaining to strategy implementation in the questionnaire have also been responded to as 'neutral'. This indicates that this is also a problem within the ECTB. It is crucial that when a strategy has been crafted, that there is a plan to implement it, because without implementation, a strategy is as good as non-existent.

4.2.14 Control Orientation

Human and Horwitz (1992) suggest that while they agree that, on the whole, business is about dynamism, change, competition for more customers, and so forth, there is another sphere of business, which in their view, tends to be overlooked. They say this is the control sphere, wherein the concern is on stability and operational maintenance of the business. They say, 'it is the less glorious world of making things, of the factory floor, of efficiency in and structuring of activities. The control orientation concerns the hidden aspects of work, which is, for many, the only authentic activity of the business organization' (Human and Horwitz 1992:73). Whilst the results showed that the ECTB has an element of control orientation, it was not strong enough, thus suggesting that the organization may well be lacking in some critical areas of control that would ensure that it is able to cope with change.

4.2.15 Financial control

The items on financial control, which are: 'we have tight financial control' and 'strong control over financial reporting is exercised' have been responded to as neutral. This aspect is where the organization focuses on its internal structure and control mechanism, and is extremely important because it can have an adverse effect on the business if not handled well. This factor is a critical one in that as the ECTB is dealing with public funds, it has to exercise tight control of finances. The organization must also ensure that strong financial reporting is exercised according to the legal requirements. Human and Horwitz (1992) argue that if an organization does not know the flows of finances in the business, there is loss of control, which in turn, leads to failure of the organization. It is obvious from the responses that this factor needs to be attended to, as the organization cannot be 'neutral' about this.

4.2.16 Institutional Focus

4.2.16.1 Relationship with the state

The ECTB is a parastatal, which means that it has semi-governmental status as it was established as an arm of a government department. The organization is fully funded by the State and gets its mandate from the State. The issue of state relations is an important one in that Human and Horwitz (1992) argue that organizations need to exert influence on government policy pertaining to labour law, finance and economic issues.

4.2.16.2 Internationalization

According to the results, most of the respondents scored this issue as appropriate. The ECTB is an organization in the global tourism industry, and should be clearly and openly emphasizing the international perspective. It makes sense therefore that this item has been largely responded to as 'appropriate'. According to Stats South Africa,

the Eastern Cape province received 20% share of the international tourists into South Africa in the year 2002. This amounted to more than 610 000 foreign tourists into the province over that 12-month period. (Eastern Cape Tourism Master Plan: 2003).

The international aspect of tourism accounts for a major contribution to provincial tourism. Besides the number of tourists, the economic benefits that they bring are considerable.

4.2.17 Strategic alliances

In the context of the Human and Horwitz (1992) study, this aspect referred to businesses forming linkages with other organizations to better cope with change. They suggest that the idea is not a new one, but that it has gained more prominence as organizations strive to be more competitive and more flexible in the face of intense competition. In the context of this study, this issue relates specifically to strategic links between the other provinces as well as with South African Tourism. It further relates to the relationships that the ECTB has with other stakeholders in the tourism industry. While the response to these issues has been 'appropriate', it is imperative that these strategic alliances be formalized. This will be discussed further in the chapter dealing with recommendations. Currently, these strategic alliances are loosely formed and are not properly constituted and regulated.

4.2.17.1 Competitiveness

The research results show that the issue of competitiveness has been scored as 2.3, suggesting that it is 'appropriate'. This finding was surprising in that, according to existing tourism research, the Eastern Cape is the fourth and fifth most popular destination within the country for international and domestic tourists respectively. Competition in the tourism industry is fierce, both from the international as well as the domestic arena. Globally, destinations are always fighting for the slice of the tourism

cake, and are always introducing new and innovative ways to market themselves, so as to be attractive to potential tourists. Another factor that increases competition is that South Africa is geographically a long-haul destination from the core source markets (Europe, etc.).

Within the country, the province experiences a lot of competition from the well established tourist destinations, like, Western Cape, Kwa-Zulu Natal, Gauteng and Mpumalanga. One of the reasons thereof is the fact that, primarily, South Africa was marketed in a manner that created 'established tourist destination status' for the above provinces due to what they offered, e.g. Table Mountain, Kruger National Park, and so forth. An additional factor is the fact that these provinces fell within the RSA, which had the resources to market and at the same time improve their infrastructure. The other reason was that the Eastern Cape had always had a negative image of lack of safety and some infrastructure problems, like unsatisfactory roads.

Another factor is that the province does not have an international airport, while Western Cape and Gauteng do. When tourists arrive in South Africa, they would have to pay an add-on airfare to get to the Eastern Cape – and as a result, some would choose not to travel to the Eastern Cape. Additional to this factor is that the province is primarily serviced by an airline which has monopolistic tendencies – with the effect that it pushes the airfares too high – and they therefore become prohibitive. Again, the fact that the Eastern Cape is relatively far from both these international airports in terms of distance, has given an unfair advantage to the other provinces, which are within reasonable driving distances from international airports, thus increasing competition. According to the foregoing, it is clear that the organization has a number of challenges that it will need to overcome, if it is going to cope with change.

5 CHAPTER FIVE

5.1 RECOMMENDATIONS AND CONCLUSION

The results of this study have shown that the ECTB does not have the capability to cope with change, as it does not have a strong strategic orientation. Human and Horwitz (1992:140) state that ‘The key element to coping with change is to be found in the ‘health’ of strategic orientation’. It is imperative that the Board and the relevant stakeholders engage in a strategic conversation about the future of the organization and how its objectives are to be achieved.

This chapter deals with the recommendations that the organization would need to consider for it to have the capability to cope with change. These recommendations are based on the literature review and emanate from the results of the research. The key recommendation is that the ECTB needs to work on its strategic orientation, which involves the following issues: dynamic culture, strategic leadership, people orientation and strategic implementation.

5.1.1 Dynamic Culture

5.1.1.1 Cultural Audit

In dealing with its organizational culture, the ECTB needs to ensure that the “smell of the place” is changed. It is obvious that the current culture of the organization is not in line with the constantly changing environment. One way this can be done is by engaging experts on culture and diversity and to undertake a cultural audit. This audit will give a clear understanding of which culture is prevalent within the organization, and which culture should be. The gap between these two will then be assessed, and specific strategies to introduce and entrench a ‘new’ culture be put in place.

This new culture must be integrated into the overall strategy of the organization to ensure that it is in line with the current objectives of the business. It is clear that the

current organizational culture is still based on old practices, and is a collection of different cultures brought about at the inception of the organization. When the organization was formed, three vastly different organizations were 'merged' without so much as an examination of cultures or at least direction as what the new organizational culture should be.

The cultural discussion should include the Board members, as they play a critical role in influencing the organizational culture. One of the reasons is that they themselves come from different organizational cultural backgrounds and are supposed to give guidance to an organization that does not seem to have a clearly defined culture, and as a result – this can be disadvantageous for the organization.

5.1.2 Becoming a learning organization

The concept of a learning organization is critical in this instance in that, only those organizations that institutionalize it can even hope to survive, let alone succeed. This concept applies both to organizational learning as well as individual learning. In its current state, the ECTB does not encourage any of these forms of learning.

The prevailing practice is that of holding on to old and outdated decisions, policies and procedures and not one of seeking continuous learning with a focus on nurturing new and expansive thinking patterns. As explained in Chapter 2, Senge (1992) argues that there are seven learning disabilities, and it is clear that the ECTB suffers from all seven of these. Also, those individuals who seek to get learning are frowned upon and the environment is not created wherein this is encouraged. They are seen as an exception to the norm, and a waste of time and money.

For the organization to move forward, it must make a conscious effort to become a learning organization. It must fully embrace the concept and ensure that it is fully 'work shopped' and accepted by all employees throughout the organizational levels. It is imperative that the process of changing from a traditional to a learning organization be led from the top.

In Chapter 2, Meyer and Botha (2000) identified four learning types, as: new learning, incremental learning, unlearning, and transformational learning. It is envisaged that the

different departments within the ECTB would need to embark on all four types, at different times, as they are all at varying levels.

The major recommendation is that a ‘champion’ must be dedicated to this task and be given this as a project, which he/she must be accountable for in their Key Performance areas. Ideally, this must be at senior level to facilitate decision-making, as well as to give the project credibility. The environment has changed dramatically and if the ECTB is to succeed and be at the forefront of tourism in the country, this should be a key focus area. The idea is for the ECTB to eventually create industry experts, who would be able to give guidance to those in the province.

In general, the most relevant form of learning for the ECTB is Transformational Learning as Meyer and Botha (2000) argue that it gives the learners a completely significant paradigm shift. This learning type is capable of influencing organizational culture, and can, often does change the employees’ focus on the supervisor to that of being customer-focused, realizing that the center of the business is the customer.

5.1.3 Customer Focus

5.1.3.1 Stakeholder Analysis

The background of the ECTB is that it came about by ‘merging’ government departments to form a parastatal. Traditionally, government departments did not have a customer-orientation. In fact, they seemed not to believe that they have a ‘customer’. While the idea of customer focus is not entirely new, the ECTB is not entirely familiar with the notion of a ‘customer’ and has been largely internally focused.

The ECTB needs to understand that it does not exist of and for itself. In this instance, the ‘customer’ for the ECTB would be all the stakeholders that it must satisfy in achieving its objectives. To this end, a stakeholder analysis must be done, with the specific expectations of each stakeholder clearly spelt out, with an even clearer plan of how these will be met by whom, and by when.

5.1.3.2 Tourists as Customers

In terms of customer markets, the organization needs to find out who its customers should be and put strategies in place to ensure they attract them. Another aspect would be to find out who the current customers are, and how to keep them. This points towards ensuring that the ECTB has a strong research aspect to carry out research and inform the industry.

The ECTB is supposed to be the overall coordinator of tourism in the province, and this means that it should focus more on coordinating the function and allowing the local and regional bodies to implement at their levels. To this end, there needs to be put in place a 'Tourism Action Team' comprised of a wide range of stakeholders. This group would be responsible for strategy formulation, with specific reference to Marketing and Development strategies, which will assist the ECTB in achieving its objectives.

It is no secret that the ECTB is not populated with highly skilled people. To deal with this shortcoming, the organization should embark on a specific plan to appoint skilled people, even at Board level, while at the same time developing the skills of those within the organization.

5.1.4 People Focus

The ECTB must place a strong emphasis on developing its people. The organization is populated with a lot of people who are passionate about tourism and are willing to work, but in some instances not able to do the work, due to a skills shortage. The organization needs to develop a skills development plan and follow through with it. Issues such as below average wages must also be dealt with as a priority. The ECTB must show that it values its people as its primary asset.

5.1.5 Board Membership

5.1.5.1 Board Membership Tenure

Currently, the tenure of membership of the Board is five years. This must be revised such that Board members' tenure is not more than two years, so as to allow a diffusion of skills and fresh thinking as the environment changes constantly. This would necessitate an amendment in the current Tourism legislation.

5.1.5.2 Board Members' Expertise

It is important that the appointment of the Board members be based primarily on skill and expertise in the various disciplines of running an organization. If people who do not understand the industry, and who also do not have the necessary business skill populate the board, it puts the organization and indeed the province at a disadvantage. As the Chinese saying goes: 'Fish rots from the head'. It is also of critical importance that there is clear clarification of roles between the Board members and the executive team, so as to minimize ambiguity and increase accountability.

5.1.6 Recommendations for further research

It is recommended that the ECTB should consider the above recommendations, and at certain intervals they should conduct research into how the organization progresses. The organization should continuously strive towards attaining the capability to cope with change, by ensuring that a balance exists between its strategic orientation and control orientation, as well as between the social focus and the institutional focus.

Further research is recommended in exploring the issues highlighted by this research, where the ECTB could measure those issues identified in chapter 4, and explore whether the organization benefits maximally from those issues scored 'appropriate' by the respondents in this study, and to highlight areas of possible improvement.

5.1.7 Conclusion

This research examined the capability of the Eastern Cape Tourism Board to cope with change. The results have shown that the ECTB does not have the capability to cope with change, as suggested by Human and Horwitz's (1992) coping with change capability model. For the organization to cope well with change, it would have a strong strategic orientation, and that there would be a 'balance' in the organization's strategic and control orientation. However, the profile of the ECTB showed that the organization was a technocracy with a secondary hardhat type organization, even though these were not very strong. While both these types have their advantages, they do not render an organization capable to cope in a changing environment.

There are a number of specific areas that the organization will have to address if it hopes to cope with change. These issues range from changing the organizational culture to ensure that it is integrated into the overall organizational strategy; ensuring that there is strategic leadership within the organization, as it is clear that without it, the organization will definitely not cope with change.

The weakness in this research is that it does not cover all the issues that have been identified by Human and Horwitz (1992) in their study, as that was beyond the scope of this study. There are a number of areas that could have been of relevance to the ECTB, e.g. the issue of technology and its role in the tourism industry. That issue will have to be explored in future research. This study can help to work as a thought starter in terms of looking at what a tourism organization should focus on, and more in-depth research could be done on the basis of these findings.

The tourism industry is one of the most dynamic industries worldwide, and the ECTB must definitely have the capability to cope with change if the organization is to survive, let alone succeed.

BIBLIOGRAPHY

- Adair, J. 2002. Effective Strategic Leadership. London: Pan Macmillan.
- Anthony, P. 1994. Managing Culture. Buckingham: Open University Press.
- Babbie, E. & Mouton, J. 2001. The Practice of Social Research. (South African edition) Cape Town: Oxford University Press.
- Beach, D.S. 1985 Personnel: The Management of People at Work. (5th Ed) New York: Macmillan
- Bennis, W. 1998. Managing People is like herding cats. London: Kogan Page
- Bennett, J. (1995) (2 ed.) Managing Tourism Services: A Southern African Perspective. Pretoria: Van Schaik.
- Boal, K.B. & Hooijberg, R. 2000. Strategic Leadership Research: Moving On. Leadership Quarterly: Vol. 11, No. 4.
- Bossidy, L. & Charan, R. 2002. Execution, the discipline of getting things done. New York: Crown.
- Botha, J. 2001. The relationship between the leadership, internal quality, and customer satisfaction levels of dealerships in a South African motor vehicle organization. MA thesis. Rhodes University.
- Charlton, G. 1993. Leadership: the human race, 2nd ed. Kenwyn: Juta Johannesburg.
- Collins, J. 2001. Level 5 Leadership: The triumph of humility and fierce resolve. Harvard Business Review, January.
- Collins, J.C. & Porras J.I. Building Your Company's Vision. Harvard Business Review (September-October 1996), pp. 65-77.
- Collis, D.J. & Montgomery, C.A. Competing on Resources: Strategy in the 1990s'. Harvard Business Review (July-August 1998), pp. 118-128.
- Covey, S.R.1990. The seven habits of highly effective people. New York: Simon & Schuster.
- Covey, S.R. 1993. Transforming a Swamp. Training and Development. May.
- Cozby, P.C. 1989 Methods in Behavioural Research (4th Ed). California:Mayfield

Cranwell-Ward, J., Bacon, A. and Mackie, R. 2002. Inspiring Leadership: Staying afloat in turbulent times. Great Britain: Thomson.

Dubrin, A. J. 2001. Leadership: Research Findings, Practice and Skills, 3rd edition. Boston: Houghton Mifflin.

Eastern Cape Tourism Board Act. 1995.

Eastern Cape Tourism Board. Strategic Business Plan. 1 April 2003 to 31 March 2004.

Eastern Cape Tourism Master Plan, 2003.

Galbraith, J.R., Lawler, E.E. & Associates (eds.), 1993. Organizing for the future. Jossey Bass

Godin, S. 2002. Survival is not enough: Zooming, Evolution, and the Future of your company. New York: Free Press

Goleman, D. A. 1998. What makes a leader?_ Harvard Business Review, November-December.

Goleman, D. B. 2000. Leadership that gets results. Harvard Business Review, March – April.

Goshal, S. and Bartlett, C.A. 1977. The individualized Corporation: A Fundamentally New Approach to Management. Johannesburg: Random House.

Grundy, T. 1995. Breakthrough Strategies for Growth: Delivering Sustainable Corporate Expansion. London: Pitman.

Hamel, G & Prahalad, C.K. Strategy as Stretch and Leverage. Harvard Business Review (March-April 1993) pp. 75-84.

Hamel, G. & Prahalad, C.K. Competing for the future. Harvard Business Review, (July-August 1994) pp. 122-128.

Hamel, G. & Prahalad, C.K. The Core Competence of the Corporation. Harvard Business Review (May-June 1990). pp. 79-91.

Hough, J., Neuland, E. & Bothma, N. (Eds.). 2003. Global Business Environment and Strategies: Managing Global Competitive Advantage. Cape Town: Oxford University Press

Human, P. & Horwitz, F. 1992. How South African companies cope with change. Johannesburg: Juta.

- Kaplan, R.S. & Norton, D.P. Having trouble with your strategy? Then Map It. Harvard Business Review. (September-October 2000) pp. 167-176.
- Kaplan, R.S. & Norton, D.P. 1996. Linking the Balanced Scorecard to Strategy. Boston, Mass Harvard Business School Press.
- Kochan & Useem 1992. Transforming Organizations. New York: Oxford University Press.
- Kotter, J.P. 1988. The Leadership Factor. New York: The Free Press.
- Kotter, J.P. 1990. A Force for change: How Leadership differs from Management. New York: The Free Press.
- Kotter, J.P. 1995. Leading Change: Why Transformation Efforts Fail? Harvard Business Review. March-April 1995.
- Kotter, J.P. 1999. On What Leaders Really Do. Harvard Business Review Book.
- Lele, M.M. & Sheth, J.N. 1987. The Customer is key: Gaining an unbeatable advantage through customer satisfaction. New York: Wiley.
- Lesser, E. & Wiecho, C. 2000. Managing Customer Knowledge, Journal of Business. Nov/Dec Strategy
- Maritz, G. 1995. Leadership and mobilizing potential: the art of the possible and the science of the probable. Human Resource Management, October.
- Markides, C.C. 2000. All the right moves: A guide to crafting breakthrough strategy. Boston. Mass: Harvard Business School Press.
- Markides, C.C. 1997. To Diversify or Not to Diversify. Harvard Business Review (November-December), pp. 93-99.
- Maurer, R. 1996. Beyond the Wall of resistance: Unconventional strategies that build support for change. Austin, Texas: Bard.
- Meyer, M. & Botha, E. (editors) 2000. Organization development and transformation in South Africa. Durban: Butterworths, Chapters 3 & 17.
- Naumann, E. 1995. Creating Customer Value: the path to sustainable competitive advantage. Cincinnati, Ohio: Thomson Executive Press.

- Nel, P.S., Gerber, P.D., van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T., & Werner, A. 2001. Human Resources Management. Cape Town: Oxford University Press.
- Ohmae, K. 1982. The mind of the strategist: The art of Japanese business. New York: McGraw-Hill.
- Patton, M.Q. 2002. Qualitative Research and Evaluation Methods. Thousand Oaks: Sage.
- Pitts, R.A. & Snow, C.C. 1986. Strategies for competitive success. New York: Wiley.
- Porter, M.E. (1990) The Competitive Advantage of Nations. New York: Free Press
- Schein, E.H. 1992. Organizational Culture and Leadership (2nd Ed). San Francisco: Jossey-Bass.
- Schein, E.H. 1993. How Can Organizations Learn Faster? Sloan Management Review, 34, 85-92.
- Schwartz, P. 1992. The Art of the Long View: Planning for the future in an uncertain world. New York: Doubleday.
- Senge, P.M. 1990. The Fifth Discipline: the art and practice of the learning organization. New York: Doubleday.
- Silbiger, S. 1993. The 10-Day MBA: A Step-By-Step Guide to Mastering the Skills Taught in Top Business Schools.
- Smith, J.G. 1990. Business strategy. London: Blackwell.
- Strebel, P. 1998. The Change Pact: Building the commitment to ongoing change. London: Pearson Education.
- Thompson, A.A., Jr. & Strickland A.J. III 2001. Strategic Management: Concepts and Cases (12e). McGraw-Hill.
- Thompson, J.L. 1997. Lead With Vision: Manage the Strategic Challenge. London: International Thomson Business.
- Visser, N. 1992. Handbook for writers of essays and thesis. Cape Town: Maskew Miller Longman.
- Walker, D. 1994. Customer First: A strategy for Quality Service. Great Britain: Gower.

Wayland, R.E. & Cole, P.M. 1997. Customer Connections: New Strategies for Growth. Boston Mass.: Harvard Business School Press.

Webster, F.E. Jr. 1994. Market-Driven management: Using the New Marketing Concept to create a Customer-oriented Company. New York: Wiley.

Welman, J.C. & Kruger S.J. 2002. Research Methodology: for the Business and Administrative Sciences (2nd Ed). Cape Town: Oxford University Press.

Whiteley, R.C. 1991. The Customer-Driven Company: Moving from Talk to Action. Reading Mass.: Addison-Wesley.

Wiersema, F. 1998. Customer Intimacy: Pick your partners, shape your culture, win together. London: Harper Collins

Wind, J.Y. & Main, J. 1998. Driving change: How the best companies are preparing for the 21st century. New York: The Free Press.

Yukl, G. 1998 Leadership in Organizations. New Jersey: Prentice Hall.

APPENDICES

Appendix A: Covering Letter to Respondents

From the desk of Nomkhita Mona
P O Box 332
King William's Town
5600
30 July 2003

Dear Colleagues

As part of my third and final year MBA studies, I will be submitting a thesis with the topic '**An Assessment of the Capability of the Eastern Cape Tourism Board to Cope with Change**'

This study is of utmost importance in the running of the organization as it has been apparent that there are a number of areas that need attention. It is envisaged that the results of the study will be incorporated into a report which can be used by the organization in implementing strategies to chart a way forward.

You are kindly requested to complete the attached questionnaire. All participants' information will be treated as confidential as it is not necessary to identify your name when completing the questionnaire.

There will be a box in the Executive office, wherein all completed questionnaires must be put in, in a sealed envelope for my attention.

Should you have any queries, please do not hesitate to contact me on 083 688 3299.

Thanking you in advance.

Nomkhita Mona

Appendix B: Coping With Change Capability Questionnaire

My company is characterized by:

- 1 = very appropriate
 2 = appropriate
 3 = neither
 4 = inappropriate
 5 = totally inappropriate

- | | |
|--|--------------------------|
| 1. The international perspective is emphasized | <input type="checkbox"/> |
| 2. We experience a lot of competition | <input type="checkbox"/> |
| 3. We adapt swiftly to rapid changes | <input type="checkbox"/> |
| 4. We have tight financial controls | <input type="checkbox"/> |
| 5. We continually facilitate the innovation of new tourism products | <input type="checkbox"/> |
| 6. We actively engage in changing attitudes to blacks (programmes, workshops) | <input type="checkbox"/> |
| 7. We acknowledge the role of trade unions | <input type="checkbox"/> |
| 8. We have reliable research statistics | <input type="checkbox"/> |
| 9. We give attention to detail in all our activities | <input type="checkbox"/> |
| 10. Our tourism products and amenities are excellent quality | <input type="checkbox"/> |
| 11. We make a meaningful contribution towards economic development in the province | <input type="checkbox"/> |
| 12. We pay above average wages | <input type="checkbox"/> |
| 13. We have beneficial relations with tourism stakeholders | <input type="checkbox"/> |
| 14. We develop human potential at all levels | <input type="checkbox"/> |
| 15. Our leaders have vision | <input type="checkbox"/> |
| 16. We encourage entrepreneurship in all our employees | <input type="checkbox"/> |
| 17. We have a clear product development plan | <input type="checkbox"/> |
| 18. We have well-developed capabilities for obtaining foreign funding | <input type="checkbox"/> |
| 19. Our directors are well-connected (sit on many other boards) | <input type="checkbox"/> |

- 20. Employees trust management
- 21. The working conditions for all employees are excellent
- 22. Efficiency in production and services is continually emphasized and rewarded
- 23. Strong control over financial reporting is exercised
- 24. We have been successful in promoting blacks to management level
- 25. We have developed a sound ability to deal with the complexities of IR
- 26. We have achieved consistent tourism growth over the past five years
- 27. Our contribution to social welfare and support of community organizations is significant
- 28. We have many strategic alliances with other provinces, South African Tourism as well as tourism industry players
- 29. The links between corporate values and business objectives are well understood by all employees
- 30. The quality of thinking amongst top management is outstanding
- 31. We are a leading tourism destination in the country
- 32. Our strategic plans are implemented throughout the company

Thank you for your participation

Appendix C: Descriptive Statistics – all 32 items
 Mean scores and Standard Deviations

Descriptive Statistics					
	Valid N	Mean	Minimum	Maximum	Std.Dev.
Q1	34	2.264706	1.000000	4.000000	1.136417
Q2	34	2.088235	1.000000	4.000000	0.753483
Q3	34	3.029412	2.000000	4.000000	0.999554
Q4	34	2.588235	1.000000	5.000000	0.924995
Q5	34	2.352941	1.000000	4.000000	0.773906
Q6	34	2.382353	1.000000	5.000000	0.888127
Q7	34	2.411765	1.000000	5.000000	1.018545
Q8	34	2.058824	1.000000	4.000000	0.885615
Q9	34	2.529412	1.000000	4.000000	0.895622
Q10	34	2.235294	1.000000	4.000000	0.955330
Q11	34	2.735294	1.000000	4.000000	0.751113
Q12	34	3.735294	1.000000	5.000000	1.332776
Q13	34	2.470588	1.000000	4.000000	0.825183
Q14	34	3.264706	2.000000	5.000000	1.109431
Q15	34	2.882353	2.000000	5.000000	1.200119
Q16	34	3.411765	1.000000	5.000000	1.047874
Q17	34	3.117647	2.000000	5.000000	0.913359
Q18	34	3.029412	1.000000	5.000000	1.086705
Q19	34	2.970588	1.000000	5.000000	1.058452
Q20	34	3.911765	2.000000	5.000000	0.933149
Q21	34	3.352941	1.000000	5.000000	1.368085
Q22	34	3.764706	2.000000	5.000000	1.016793
Q23	34	3.294118	2.000000	5.000000	1.000891
Q24	34	2.647059	1.000000	5.000000	1.177629
Q25	34	3.029412	2.000000	5.000000	0.968763
Q26	34	2.000000	1.000000	5.000000	0.852803
Q27	34	2.676471	1.000000	4.000000	0.944541
Q28	34	2.176471	1.000000	5.000000	1.140722
Q29	34	3.235294	1.000000	5.000000	1.102582
Q30	34	3.411765	2.000000	5.000000	1.157784
Q31	34	2.500000	1.000000	5.000000	0.896120
Q32	34	3.117647	2.000000	5.000000	1.066422

Appendix D: Descriptive Statistics – all 16 items

Descriptive Statistics					
	Valid N	Mean	Minimum	Maximum	Std.Dev.
Strategic Orientation					
Dynamic culture	34	3.220588	1.500000	4.500000	0.750668
Strategic leadership	34	3.147059	2.000000	5.000000	1.055501
People orientation	34	3.588235	2.500000	5.000000	0.848087
Strategic implementation	34	3.176471	1.500000	5.000000	0.983826
Social Focus					
Social responsibility	34	2.705882	1.500000	4.000000	0.697589
Black advancement	34	2.514706	1.500000	4.500000	0.753631
Industrial relations	34	2.720588	1.500000	5.000000	0.827475
Pay & working conditions	34	3.544118	2.000000	5.000000	1.189395
Control Orientation					
Financial control	34	2.941176	1.500000	4.500000	0.785905
Hands-on management	34	3.147059	2.000000	4.500000	0.634004
Financial performance	34	2.029412	1.000000	3.500000	0.737945
Product	34	2.294118	1.000000	4.000000	0.697589
Institutional Focus					
Relationship with State	34	2.794118	1.500000	4.000000	0.629064
Internationalization	34	2.647059	1.000000	4.000000	0.830566
Strategic alliances	34	2.573529	1.000000	4.000000	0.729595
Competitiveness	34	2.294118	1.500000	3.500000	0.616904
Strategic Orientation	34	3.283088	2.250000	4.750000	0.770741
Social Focus	34	2.871324	2.000000	4.125000	0.528080
Control Orientation	34	2.602941	1.875000	3.875000	0.486046
Institutional Focus	34	2.577206	1.500000	3.375000	0.488518

Appendix E: Reliability and Validity Tests - all 32 items

Cronbach alpha: 0.875 Standardized alpha: 0.871 Average inter-item corr.: 0.185

	Item-Total corr	Alpha if deleted
Q1	0.220561	0.875392
Q2	0.030796	0.877254
Q3	0.186879	0.875538
Q4	0.000525	0.878907
Q5	0.320094	0.872542
Q6	0.324982	0.872445
Q7	0.086232	0.877809
Q8	0.454342	0.869915
Q9	0.298765	0.872962
Q10	0.404686	0.870814
Q11	0.319429	0.872567
Q12	0.384775	0.871766
Q13	0.553616	0.868254
Q14	0.627125	0.865247
Q15	0.817606	0.859557
Q16	0.696345	0.863874
Q17	0.200755	0.874924
Q18	0.197357	0.875704
Q19	0.185248	0.875845
Q20	0.300438	0.872972
Q21	0.592990	0.865491
Q22	0.301192	0.873097
Q23	0.348839	0.872021
Q24	0.119298	0.878143
Q25	0.480141	0.869179
Q26	0.495395	0.869223
Q27	0.519570	0.868405
Q28	0.665497	0.864106
Q29	0.683107	0.863859
Q30	0.672211	0.863842
Q31	0.302534	0.872888
Q32	0.758518	0.862215

Appendix F: Reliability and Validity Tests for each dimension

Strategic Orientation

Cronbach alpha: 0.861 Standardized alpha: 0.864 Average inter-item corr.: 0.621

	Item-Total corr	Alpha if deleted
Dynamic culture	0.687945	0.837293
Strategic leadership	0.833045	0.768220
People orientation	0.646477	0.847470
Strategic implementation	0.703372	0.826593

Social Focus

Cronbach alpha: 0.391 Standardized alpha: 0.345 Average inter-item corr.: 0.120

	Item-Total corr	Alpha if deleted
Social responsibility	0.144226	0.386695
Black advancement	0.204069	0.335986
Industrial relations	0.073183	0.456366
Pay & working conditions	0.479773	0.000000

Control Orientation

Cronbach alpha: 0.610 Standardized alpha: 0.611 Average inter-item corr.: 0.292

	Item-Total corr	Alpha if deleted
Financial control	0.323589	0.595952
Hands-on management	0.341532	0.573765
Financial performance	0.591277	0.370824
Product	0.327698	0.584029

Institutional Focus

Cronbach alpha: 0.636 Standardized alpha: 0.628 Average inter-item corr.: 0.304

	Item-Total corr	Alpha if deleted
Relationship with State	0.415204	0.569309
Internationalization	0.482718	0.516468
Strategic alliances	0.555094	0.457541
Competitiveness	0.231868	0.676446

Appendix G: Reliability and Validity Tests – using the 16 items separately

Cronbach alpha: 0.858 Standardized alpha: 0.856 Average inter-item corr.: 0.287

	Item-Total corr	Alpha if deleted
Dynamic culture	0.617664	0.844320
Strategic leadership	0.829233	0.828595
People orientation	0.559496	0.846497
Strategic implementation	0.782873	0.832538
Social responsibility	0.511037	0.849503
Black advancement	0.284789	0.859321
Industrial relations	0.305243	0.859134
Pay & working conditions	0.519811	0.850903
Financial control	0.195358	0.863671
Hands-on management	0.475914	0.851319
Financial performance	0.543289	0.847834
Product	0.442678	0.852371
Relationship with State	0.515544	0.849851
Internationalization	0.273073	0.860713
Strategic alliances	0.686989	0.841409
Competitiveness	0.230963	0.860316

Appendix H: Correlation Analysis

Correlations N=34

	Dynamic culture	Strategic leadership	People orientation	Strategic implementation
Dynamic culture	1.0000	.6845	.5516	.5509
	p= —	p=.000	p=.001	p=.001
Strategic leadership	.6845	1.0000	.6452	.7403
	p=.000	p= —	p=.000	p=.000
People orientation	.5516	.6452	1.0000	.5074
	p=.001	p=.000	p= —	p=.002
Strategic implementation	.5509	.7403	.5074	1.0000
	p=.001	p=.000	p=.002	p= —
Social responsibility	.4025	.4001	.2757	.4974
	p=.018	p=.019	p=.115	p=.003
Black advancement	.0878	.4639	.4365	.2212
	p=.621	p=.006	p=.010	p=.209
Industrial relations	.4437	.4388	.3924	.4532
	p=.009	p=.009	p=.022	p=.007
Pay & working conditions	.3791	.4352	.7395	.5629
	p=.027	p=.010	p=.000	p=.001
Financial control	.0740	.3943	.0080	.0040
	p=.677	p=.021	p=.964	p=.982
Hands-on management	.6620	.6346	.3274	.4065
	p=.000	p=.000	p=.059	p=.017
Financial performance	.1110	.4611	.0563	.3892
	p=.532	p=.006	p=.752	p=.023
Product	.2774	.3305	.0060	.5402
	p=.112	p=.056	p=.973	p=.001
Relationship with State	.3879	.4349	.2907	.2319
	p=.023	p=.010	p=.095	p=.187
Internationalization	.1165	.0005	-.0728	.3196
	p=.512	p=.998	p=.683	p=.065
Strategic alliances	.3983	.5659	.3320	.5407
	p=.020	p=.000	p=.055	p=.001
Competitiveness	-.0625	.1410	-.1814	.3612
	p=.725	p=.426	p=.304	p=.036

	Correlations N=34			
	Social responsibility	Black advancement	Industrial relations	Pay & working conditions
Dynamic culture	.4025 p=.018	.0878 p=.621	.4437 p=.009	.3791 p=.027
Strategic leadership	.4001 p=.019	.4639 p=.006	.4388 p=.009	.4352 p=.010
People orientation	.2757 p=.115	.4365 p=.010	.3924 p=.022	.7395 p=.000
Strategic implementation	.4974 p=.003	.2212 p=.209	.4532 p=.007	.5629 p=.001
Social responsibility	1.0000 p= —	.0805 p=.651	-.0286 p=.873	.1987 p=.260
Black advancement	.0805 p=.651	1.0000 p= —	-.1511 p=.394	.3711 p=.031
Industrial relations	-.0286 p=.873	-.1511 p=.394	1.0000 p= —	.2284 p=.194
Pay & working conditions	.1987 p=.260	.3711 p=.031	.2284 p=.194	1.0000 p= —
Financial control	.0642 p=.718	.2445 p=.163	-.0377 p=.832	-.1106 p=.533
Hands-on management	.1693 p=.339	.1063 p=.550	.1818 p=.304	.1418 p=.424
Financial performance	.3411 p=.048	.3125 p=.072	.1131 p=.524	.1366 p=.441
Product	.5568 p=.001	.0203 p=.909	-.0371 p=.835	.0935 p=.599
Relationship with State	.4275 p=.012	.1344 p=.448	.0171 p=.923	.3466 p=.045
Internationalization	.3123 p=.072	-.2093 p=.235	.1167 p=.511	.2003 p=.256
Strategic alliances	.4457 p=.008	-.0020 p=.991	.4115 p=.016	.4327 p=.011
Competitiveness	.3127 p=.072	.1534 p=.387	-.1755 p=.321	.1057 p=.552

Correlations N=34				
	Financial control	Hands-on management	Financial performance	Product
Dynamic culture	.0740 p=.677	.6620 p=.000	.1110 p=.532	.2774 p=.112
Strategic leadership	.3943 p=.021	.6346 p=.000	.4611 p=.006	.3305 p=.056
People orientation	.0080 p=.964	.3274 p=.059	.0563 p=.752	.0060 p=.973
Strategic implementation	.0040 p=.982	.4065 p=.017	.3892 p=.023	.5402 p=.001
Social responsibility	.0642 p=.718	.1693 p=.339	.3411 p=.048	.5568 p=.001
Black advancement	.2445 p=.163	.1063 p=.550	.3125 p=.072	.0203 p=.909
Industrial relations	-.0377 p=.832	.1818 p=.304	.1131 p=.524	-.0371 p=.835
Pay & working conditions	-.1106 p=.533	.1418 p=.424	.1366 p=.441	.0935 p=.599
Financial control	1.0000 p= —	.2612 p=.136	.4995 p=.003	-.0504 p=.777
Hands-on management	.2612 p=.136	1.0000 p= —	.1686 p=.341	.3275 p=.059
Financial performance	.4995 p=.003	.1686 p=.341	1.0000 p= —	.4830 p=.004
Product	-.0504 p=.777	.3275 p=.059	.4830 p=.004	1.0000 p= —
Relationship with State	.2966 p=.089	.1922 p=.276	.4541 p=.007	.2975 p=.087
Internationalization	-.1256 p=.479	.0440 p=.805	.4006 p=.019	.4199 p=.013
Strategic alliances	.3513 p=.042	.3690 p=.032	.4602 p=.006	.2390 p=.173
Competitiveness	.0211 p=.906	.0023 p=.990	.3965 p=.020	.4794 p=.004

Correlations N=34				
	Relationship with State	Internationalization	Strategic alliances	Competitiveness
Dynamic culture	.3879 p=.023	.1165 p=.512	.3983 p=.020	-.0625 p=.725
Strategic leadership	.4349 p=.010	.0005 p=.998	.5659 p=.000	.1410 p=.426
People orientation	.2907 p=.095	-.0728 p=.683	.3320 p=.055	-.1814 p=.304
Strategic implementation	.2319 p=.187	.3196 p=.065	.5407 p=.001	.3612 p=.036
Social responsibility	.4275 p=.012	.3123 p=.072	.4457 p=.008	.3127 p=.072
Black advancement	.1344 p=.448	-.2093 p=.235	-.0020 p=.991	.1534 p=.387
Industrial relations	.0171 p=.923	.1167 p=.511	.4115 p=.016	-.1755 p=.321
Pay & working conditions	.3466 p=.045	.2003 p=.256	.4327 p=.011	.1057 p=.552
Financial control	.2966 p=.089	-.1256 p=.479	.3513 p=.042	.0211 p=.906
Hands-on management	.1922 p=.276	.0440 p=.805	.3690 p=.032	.0023 p=.990
Financial performance	.4541 p=.007	.4006 p=.019	.4602 p=.006	.3965 p=.020
Product	.2975 p=.087	.4199 p=.013	.2390 p=.173	.4794 p=.004
Relationship with State	1.0000 p= —	.3062 p=.078	.4797 p=.004	.1022 p=.565
Internationalization	.3062 p=.078	1.0000 p= —	.4692 p=.005	.2383 p=.175
Strategic alliances	.4797 p=.004	.4692 p=.005	1.0000 p= —	.1861 p=.292
Competitiveness	.1022 p=.565	.2383 p=.175	.1861 p=.292	1.0000 p= —

Correlations N=34				
	Strategic Orientation	Social Focus	Control Orientation	Institutional Focus
Dynamic culture	.8054 p=.000	.5515 p=.001	.3875 p=.024	.3033 p=.081
Strategic leadership	.9227 p=.000	.7146 p=.000	.6600 p=.000	.3960 p=.020
People orientation	.7922 p=.000	.8169 p=.000	.1335 p=.452	.1293 p=.466
Strategic implementation	.8463 p=.000	.7377 p=.000	.4757 p=.004	.5264 p=.001
Social responsibility	.4695 p=.005	.4597 p=.006	.4104 p=.016	.5355 p=.001
Black advancement	.3708 p=.031	.5331 p=.001	.2594 p=.138	.0020 p=.991
Industrial relations	.5109 p=.002	.4570 p=.007	.0737 p=.679	.1534 p=.386
Pay & working conditions	.6244 p=.000	.8506 p=.000	.0869 p=.625	.3916 p=.022
Financial control	.1565 p=.377	.0314 p=.860	.6609 p=.000	.1799 p=.309
Hands-on management	.5982 p=.000	.2449 p=.163	.6132 p=.000	.2191 p=.213
Financial performance	.3246 p=.061	.3454 p=.045	.8098 p=.000	.6134 p=.000
Product	.3547 p=.040	.2292 p=.192	.6286 p=.000	.5149 p=.002
Relationship with State	.3973 p=.020	.3910 p=.022	.4617 p=.006	.6634 p=.000
Internationalization	.1105 p=.534	.1869 p=.290	.2663 p=.128	.7740 p=.000
Strategic alliances	.5546 p=.001	.5513 p=.001	.5228 p=.002	.7860 p=.000
Competitiveness	.0984 p=.580	.1488 p=.401	.3318 p=.055	.5194 p=.002

Appendix I: Factor Analysis

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Q1	-0.229366	-0.050452	-0.032315	0.523410	0.565419
Q2	-0.076549	-0.259646	0.436258	0.538715	-0.005395
Q3	-0.277864	-0.184880	0.085938	-0.845734	0.115418
Q4	-0.093453	-0.409926	-0.727044	0.020514	-0.164246
Q5	-0.369934	-0.390925	0.584613	-0.138637	0.035939
Q6	-0.396055	-0.279969	0.000468	0.036571	-0.727968
Q7	-0.107117	0.167219	0.272120	-0.202741	0.601793
Q8	-0.487038	-0.414561	0.073571	0.430638	-0.011892
Q9	-0.397272	-0.623514	-0.195713	-0.362535	-0.001579
Q10	-0.513099	-0.612014	-0.031594	0.049629	-0.124830
Q11	-0.363639	-0.342957	0.358001	0.136913	0.224822
Q12	-0.407189	0.580396	0.410444	0.172508	-0.179220
Q13	-0.607721	-0.196985	-0.306157	0.264936	0.149736
Q14	-0.669967	0.398166	-0.034014	-0.103113	0.189127
Q15	-0.874906	-0.136547	-0.284029	-0.141140	-0.083513
Q16	-0.699952	0.474085	0.084605	0.059029	-0.106558
Q17	-0.201276	0.116910	0.416075	0.040266	-0.177405
Q18	-0.251004	-0.429468	0.573090	-0.215883	0.078833
Q19	-0.192877	0.509667	-0.426358	0.083896	0.540216
Q20	-0.324416	0.658212	0.298046	0.017323	-0.430597
Q21	-0.627015	0.382706	0.224279	0.414448	0.064049
Q22	-0.361440	0.510300	-0.041315	-0.368152	-0.276435
Q23	-0.395304	0.294359	-0.636335	0.159369	-0.055088
Q24	-0.168322	0.506776	-0.192751	0.414078	-0.140073
Q25	-0.528073	0.416595	-0.240136	-0.433936	0.255815
Q26	-0.561383	-0.251964	-0.493593	0.136243	-0.117211
Q27	-0.611399	-0.160057	-0.079764	0.019745	0.082526
Q28	-0.734522	-0.422470	0.123481	0.068467	0.086024
Q29	-0.737086	0.141047	0.290456	0.040557	-0.046371
Q30	-0.720785	0.397871	-0.061531	-0.259311	-0.113246
Q31	-0.386898	-0.544419	-0.197584	0.110840	-0.050993
Q32	-0.806811	-0.065449	0.144206	-0.150515	0.204915
Expl.Var	7.804657	4.923224	3.404368	2.689090	2.199384
Prp.Totl	0.243896	0.153851	0.106387	0.084034	0.068731

Appendix J: Varimax Rotation (Factor Loading)

Factor Loadings (Varimax raw) Extraction: Principal components

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Q1	0.003910	0.279314	0.387429	-0.588863	0.111279	0.277213
Q2	-0.025302	0.184299	-0.529802	-0.391829	-0.005888	0.332341
Q3	-0.010743	0.060485	-0.012681	0.820262	0.005437	0.071561
Q4	-0.445103	0.365176	0.194448	0.106964	0.490730	-0.301263
Q5	0.030328	0.262734	-0.522787	0.269533	0.000324	0.407212
Q6	0.240720	0.119820	-0.427245	0.094969	0.642761	-0.128589
Q7	0.062766	0.008457	0.043963	0.086119	-0.135195	-0.077191
Q8	-0.021445	0.604676	-0.231372	-0.310044	0.453517	-0.022064
Q9	-0.317523	0.211827	-0.111494	0.549212	0.505220	0.315933
Q10	0.017851	0.402028	-0.204379	0.022401	0.510774	0.369256
Q11	0.006345	0.079643	-0.001077	0.005837	0.048475	0.936299
Q12	0.866377	0.111556	-0.047153	-0.205180	-0.147409	-0.047058
Q13	0.015778	0.935814	0.157004	-0.038819	0.155769	-0.029777
Q14	0.501088	0.503228	0.237578	0.346063	-0.142210	0.150013
Q15	0.282064	0.552494	0.111634	0.432427	0.533055	0.174004
Q16	0.689917	0.136116	0.321984	0.147095	0.155745	0.285204
Q17	0.206099	0.047159	0.003471	0.018674	-0.083583	0.093307
Q18	0.043011	0.073403	-0.265676	0.094788	0.066818	0.383095
Q19	0.099420	0.103278	0.885949	-0.025946	-0.121809	0.069927
Q20	0.837929	-0.151447	-0.041511	0.001942	-0.000078	-0.163912
Q21	0.632679	0.266035	0.131855	-0.200135	0.034936	0.415131
Q22	0.717928	-0.016354	0.302144	0.261787	-0.006489	-0.180068
Q23	0.173901	0.135210	0.697942	-0.003928	0.444892	-0.100999
Q24	0.310835	0.047411	0.155086	-0.153550	0.009475	-0.043545
Q25	0.428657	0.110437	0.388298	0.486793	0.153531	-0.099004
Q26	0.063730	0.268081	0.239432	-0.017407	0.824511	-0.000568
Q27	0.052999	0.685726	0.044434	0.292580	0.055107	0.251479
Q28	0.230550	0.699594	-0.193745	0.010791	0.335661	0.259212
Q29	0.701235	0.172082	-0.113674	0.049748	0.305594	0.359259
Q30	0.611149	0.307000	0.121794	0.461198	0.191273	-0.087893
Q31	-0.120355	0.050968	-0.036902	0.012391	0.687543	0.494586
Q32	0.371458	0.417538	-0.014554	0.356611	0.243386	0.431837
Expl.Var	4.981196	3.853431	2.987749	2.851619	3.490058	2.834227
Prp.Totl	0.155662	0.120420	0.093367	0.089113	0.109064	0.088570

