

**Building cultural capital through value-driven leadership:
A case study in an international finance company**

Written by:

Mariana Ackerman

G01A1081

Supervisor:

Mr. M. Routledge

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ABSTRACT

Today, organizations are placed under extreme pressure to adapt to the ever-increasing changes in their environments in order to survive. Research proves that corporate culture has the ability to either blunt or aid change. Past research conducted in Z-Nam, a subsidiary of an international finance company situated in Namibia, indicated that a divided culture resulted in limitations in their functioning, including their adaptability. Pressure was placed on Z-Nam by its majority shareholder to internalise a set of core values into its daily functioning in order to build a strong adaptable culture. This objective called for values-driven leadership. The four core values identified by Head Office were integrity, respect, accountability and pushing beyond boundaries. In becoming more values-driven, values theory posits that Z-Nam will build its cultural capital and so reap the benefits of higher performance, talent retention and adaptability. In this way Z-Nam will be able to combat the weaknesses in its current culture. Leadership adaptability and the capacity to lead change were seen to distinguish cultural changes that succeed from those that do not. Principles inherent in the field of OD were also considered, as they are seen to assist in the effective management of change.

The methodology involved a purposive sample being drawn that included the top leadership team and internal OD consultant. Semi-structured interviews were conducted and thematic analysis employed in analysing the resultant data with three main aims in mind. Firstly, to assess Z-Nam's top management's perception of the current set of values being lived in the organization, to establish their level of support for the desired set of values proposed by Head Office and lastly to establish whether the leadership team is ready to promote the adoption of a new set of core values. Through comparing the themes that emerged from the data with literature on OD, values, culture and change, the researcher was able to make inferences as to the leadership's readiness and capacity to successfully lead cultural change. These findings were substantiated with secondary data from previous research activities. It was found that Z-Nam was not utilising its culture as an asset and that several barriers existed to adopting and implementing the desired values. It was concluded that Z-Nam will not be able to successfully embark on cultural change until its leadership recognises the importance of culture and their personal responsibility in bringing about the desired change, adequately assimilates information from past research and comes to a consensus as to the necessary accommodations that need to be made.

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INTRODUCTION

During the last few decades, organizations across all industries have seen a dramatic increase in the rate of change to which they are expected to adapt or otherwise face extinction. Chapter one in this study looks at how companies are turning to the field of Organization Development, or OD as it is commonly referred to, in an attempt to aid them in their change efforts. This research study considers a subsidiary of an international finance company situated in Namibia, henceforth referred to as Z-Nam, and its efforts at building a strong adaptable culture unified around a set of four core values. In an attempt to aid Z-Nam in this change endeavour, the researcher will follow the methodological model for OD, namely Action Research, and gather literature on culture and change.

The research aim and methodology will be stated in chapter 2. The paradigm is considered first as it directs the data collection process, methodology and analysis of the data in an attempt at attaining the research aim. The importance of maintaining trustworthiness is then highlighted and the means by which the researcher intends to accomplish it is discussed. Due to the consultative nature of the study it is vital that a standard of ethics is maintained. This will be considered last.

Chapter three deals with the thematic analysis of the data collected. The themes that emerged out of the data are then placed within a theoretical framework in chapter four according to the literature reviewed in chapter one. This will allow the researcher to interpret whether the leadership team in Z-Nam is ready to successfully drive the cultural change process. Recommendations are made accordingly.

The last chapter considers the extent to which the research question is answered. It highlights the perceived areas of weakness and strength within the study and indicates areas of future research that could further aid Z-Nam in building a strong adaptable culture.

CHAPTER 1: REVIEW OF LITERATURE

1.1 CHANGE

It is not the strongest of the species that survive, nor the most intelligent; it is the one that is most adaptable to change.
Charles Darwin (Augustine, 1998, p. 159).

In the past, tasks were simple, markets and technology were stable, products were precisely replicated in production and workers were satisfied with monetary incentives alone. In this environment, organizations did not have to rely on high levels of employee competence, internal motivation or commitment in order to succeed. High performance results were attainable through hierarchical structures, centralised decision-making, division of labour and rigid rules and regulations (Beer, 1980). During the last few decades the environment in which organizations operate has undergone dramatic changes and is becoming increasingly unstable. Emphasis is now placed on innovation, creativity, adaptability and employee commitment in order to stay ahead of the competition (Morgan, 1997). Organizations are also expected to be able to continually attract and retain talented people, increase profits and shareholder value, be productive and ensure that ethics permeates the corporate culture. Only those organizations that are sensitive to the changes in environmental demands and are able to incorporate them into the daily organizational functioning successfully and timeously, will survive (Barrett, 2005a).

A longitudinal study conducted by Tushman and Nadler (in Hayes, 2002) on the patterns of change experienced by hundreds of companies in several industries finds there to be a consistent pattern in the degree of change that occurs over time. Evidence suggests that industries go through periods of relatively minor change eventually punctuated by intervals of major disturbance. Research indicates that these periods of major change appear to be triggered by political, social, economic or technological changes or are initiated by a company within the industry trying to gain a competitive advantage. The effects are widespread, placing pressure on all companies in an industry to adapt or else they will perish. A disconcerting finding is that in most industries the rate of change is increasing and the time between periods of discontinuous change is decreasing, further stressing the need for organizations to be able to be adaptable (Hayes, 2002).

Organizations are looking to the field of Organization Development (OD) to aid them in bringing about successful change and to become more adaptable, since OD is considered to be “an applied field of change that uses behavioural science knowledge to increase the capacity for change and to improve the functioning and performance of a human system” (Cummings & Worley, 2005, p. xvi). OD assists organizations in assessing themselves and their environment so as to appropriately revitalise and rebuild their strategies, structures and processes. It aids organization members to go beyond surface changes, to transform underlying assumptions and values governing their behaviour, resulting in lasting change (Cummings & Worley, 2005). This research study is placed within the field of OD, therefore a brief history and its nature will be discussed first.

1.2. THE FIELD OF ORGANIZATION DEVELOPMENT

1.2.1 History of OD

OD and management texts reveal a similar history. Both emerged with the onset of the Industrial Revolution where organizations developed rapidly to meet the challenges brought on by political, social and technological progress. World trade was expanding, leading to an increase in consumer demand and competition (Beer, 1980). At first organizations were managed by means of trial-and-error, but as demand increased the need to develop a more structured and efficient means of organising arose. This resulted in the Classical Approach to management (Bolsmann, Rugunanan & Routledge, 2003).

The Classical Approach emerged in the late 19th century. It sought to build a formula for success that others could follow by codifying the experiences of successful organizations. Its main focus was therefore on the design of the entire organization where management would operate through strict planning, organization, command, co-ordination and control. This resulted in jobs being precisely defined and organised in a hierarchical manner and where there were rigid lines of command and communication. This formula for success was formulated in response to the circumstances at that time, therefore this approach became increasingly criticised when the environment changed (Morgan, 1997).

The Scientific Approach pioneered by the work of Frederick Taylor followed, focusing on the most efficient design of individual jobs. He believed that separating the planning, design and execution of even the most mundane task would lead to greater efficiency. Management was responsible for planning and designing tasks in a scientific manner that would prove most efficient. Workers were merely trained to perform these tasks under strict supervision (Morgan, 1997). The simplification of tasks de-skilled the workforce and hindered them from bettering themselves. Close supervision suffocated creativity and initiative. It was assumed that employees found work distasteful, that they valued only monetary rewards and that they were not suited for challenging and creative tasks (Rothwell, Sullivan & McLean, 1995).

Both these approaches considered organization as a technical problem and assumed that: “If you get the engineering right the human factor will fall into place” (Morgan, 1997, p. 22). It was however found that the human factor often subverts the reengineering process thus leading to massive failure rates (Morgan, 1997). This led to the next approach.

The Behavioural Approach aimed to increase production through an understanding of people. It comprised the Human Relations and Human Resource Schools of Thought. The Human Relations School emerged from experiments done at the Western Electric Plant in Hawthorne in 1924, where the effect on productivity was tested when working conditions were altered. They found that an increase in productivity resulted, however it was not directly related to the change in working conditions but due to the fact that workers were given attention. Socially sensitive supervisors and camaraderie affected productivity. This realisation, however, did not bring forth much change, since no effective workplace applications were attached to it. Workers were treated better, but their jobs remained unchanged. For this reason, the Human Resource School emerged. It comprised many disciplines. The economic discipline saw the importance of human effort and creativity in production. Psychologists like Maslow, Rogers, Herzberg and McGregor recognised that people have a desire to improve and to satisfy their needs. In education there was a shift towards adult education and in management it was found that bureaucratic organizations foster dependency, passivity and choke creativity (Rothwell et al., 1995).

Supporters of the Classical and Scientific Approaches criticised the Behavioural Approach for not understanding the realities of the world of business, and the advocates of the Behavioural Approach criticised them for ignoring the human element of organising (Carroll, 1976). This led to the next approach.

The Contingency Approach emphasises that “what managers do in practice depends on a given set of circumstances” (Certo, 1994, p. 39). Studies done as early as 1949 by Selznick and in 1961 by Burns and Stalker revealed that the structure of an organization is subjected to outside constraints, therefore it must develop a formal and informal system to help adaptation to the outside environment. They concluded that the closer the organizational structure matches the requirements dictated by the environment, the more successful it will be. A well-known behavioural scientist in the seventies, Charles Perrow, studied many large companies in the United States. He stated that: “It is very important that a proper fit exists between an organization and its environment, and that one organization’s structure and style of management may be effective in one type of environment, but quite ineffective in another” (Carroll, 1976, p. 55).

The roots of OD can also be considered according to a methodological perspective stemming from experiments conducted by applied social scientists (Rothwell et al., 1995).

Laboratory training or T-groups were conducted in the late 1940’s and comprised small, unstructured group sessions where participants had the opportunity to share experiences and learn from their interactions. It focused on group dynamics, interpersonal relations, communication and leadership. It formed the basis for team-building initiatives, which are still important to OD today.

Survey feedback was also considered to be a movement that led to OD emerging as a practical field. Rensis Likert recognised that providing the results obtained from a survey in a top-down manner would result in all levels in the organization being involved in devising an action plan while ensuring that the plans follow on and complimented those devised by the preceding levels. This coordinated approach was considered to lead to

greater involvement and commitment to achieve a collaborative change programme (Rothwell et al., 1995).

1.2.2 Recent Developments

The Systems Approach is a recent movement in the field of Management and OD. It combines the thinking of the preceding approaches. The Classical and Scientific Approaches focused on the technical requirements of an organization, the Behavioural Approach drew attention to the social and psychological aspects, and the Contingency Approach realised that there is no best way of organising but that it is dependent on the environment (Bolsmann et al., 2003). The founder of this approach is a scientist by the name of Ludwig von Bertalanffy and it is based on General Systems Theory. The theory states that in order to fully understand the operation of an entity, that entity must be viewed as a system. “The system must be viewed as a whole and modified only through changes in its parts. A thorough knowledge of how each part functions and of the interrelationships among the parts must be present before modifications of the parts can be made for the overall benefit of the system” (Certo, 1994, p. 42).

Work teams, organization culture, learning organizations and total quality management are more recent concepts that are considered in the field of OD when aiming to bring about successful change (Bolsmann et al., 2003). Teams consist of a group of experts who work together towards a shared goal. They often enhance productivity and enable quicker decision-making (Greenberg & Baron, 2000). Organization culture is: “The pattern of values, beliefs and expectations shared by organizations members” (Cummings & Worley, 2005, p. 662). It is therefore the overall accepted roles and norms that would guide organization behaviour either towards or away from its desired outcomes. Learning organizations scan the environment for significant deviations from the stated norms, vision, goals etc. which will then be questioned, challenged and changed if necessary. This allows companies to continuously make strategic adjustments that will fit their changing environments so as to ensure continued innovation and therefore survival (Morgan, 1997). Total Quality Management is a company wide effort to foster a climate of continued improvement and quality. It is therefore equally vital for continued organizational success (French, Bell & Zawacki, 1994).

1.2.3 Nature of OD today

Following the discussion on the history of OD, it becomes apparent that its precise origin cannot be established and that the field has gradually evolved and will continue to do so. Organizations are continuously changing, thus resulting in new organization and management theories emerging that would build on or replace previous theories. Burke (1987) states that OD is a young field that is still being shaped, therefore no encompassing theory can describe the nature of OD today. This fact, however, does not diminish the standing of OD as an effective means of managing change. A dynamic approach is necessary in aiding organizations adapt to ever changing demands. Multiple definitions exist which attempt to incorporate all the elements of the field of OD. The most quoted definition of OD is that by French et al., (1994, p. 17):

“OD is a top management sponsored, long-range effort to improve an organization’s problem-solving and renewal processes, particularly through a more effective and collaborative diagnosis and the use of the theory and technology of applied behavioural science, including action research”

Definitions describing the field of OD as it evolved overlap greatly with the one given by French et al., (1994). Beer’s (1980 in Cummings & Worley, 2005) definition however also highlights that OD is aimed at enhancing congruence among organizational structure, process, strategy, people and culture. Burke (1994 in Cummings & Worley, 2005) also notes the importance of organization culture in the planned process of change, because culture has a great influence on the implementation of a change initiative and change is only perceived to have been successful if it results in a change in culture.

OD is clearly directed at improving performance, adaptability and problem-solving capability. French et al. (1994) state that when an organization is experiencing a recurring problem that limits its effectiveness, morale is low and efforts to increase productivity continuously fail, the organization is in need of an OD intervention. According to Hanson and Lubin (1995) other signs are closed communication, isolation, distrust, apathy, a resistance to change, little or no ownership of OD programs or of problems facing the organization and decision making that is unilateral, prolonged or results in little implementation. When these hindrances to organization functioning are present, OD aims to diagnose the organization by looking for incongruencies between the organization’s

informal structure, formal structure and the environment. It is believed that any change needs to be linked with vision, since a clear and agreed upon vision provides direction and purpose to organization functioning. The vision is based on the corporate culture, which comprises the core beliefs and values of the organization (Smither, Houston & McIntire, 1996). OD attempts to bring to conscious awareness the implicit behavioural patterns that result from this culture that may hinder or help development. It is therefore seen as a process aimed at bringing change in culture (Burke, 1987).

Performance problems can be complex and bringing change to a culture is complicated if not impossible. OD therefore needs to be regarded as a planned long-term effort that has to be linked to strategic business planning in order to be successful (French et al., 1994). It is also vital that top management supports OD, since they are the main change agents, powerful role models for behaviour change and control the resources and systems within the organization (Routledge, 2000). Neither the consultants nor the clients are expected to solve the organization's problems on their own. Each possesses different knowledge and skills that can contribute towards a viable solution. "The intent is that the client organization should become proficient in solving its own problems – present and future – by itself" (French et al., 1994, p. 9). The focus of OD is therefore on educating and developing organization members and the success of an OD change effort is highly dependent on management commitment (Cummings & Worley, 2005).

OD is based in the social sciences. It realises that people affect the quantity and quality of the organization's operations. Therefore OD values the emotions, personal values and interpersonal relationships of the people in the organization. (Smither et al., 1996). Emphasis is therefore placed on making the action research process collaborative not only with management, but also with employees. Encouraging employee participation in diagnosing problems, finding solutions, setting change objectives, implementing planned change and evaluating outcomes is believed to breed a culture of continuous learning, increased ownership of change processes and outcomes and ultimately result in greater future adaptability and efficiency (Routledge, 2000). This argument is supported by Hanson and Lubin (1995, p. 34) when they stated that: "People will support what they help create. They will be more highly invested and committed if they participate in

decisions and in solving problems that affect their lives both in the community and at work”. For collaboration to be possible there needs to be trust between management, employees and the consultant (Routledge, 2000).

“Action Research is the foundation for most OD interventions” (Rothwell et al., 1995, p. 51). It is a cyclical model of inquiry and action representing the complex activities that occur in a change effort. The change process does not consist of following a sequence of precise and logical steps with the assurance of success. Change is considered to be messy and often results in failure, therefore the model only acts as a road map for the consultant to facilitate the change process (Rothwell et al., 1995). Action Research, or AR as it is commonly referred to in the field, is applied to assist change within a specific context, therefore the context of the study will be considered prior to a description of the AR process that will be used.

1.3 CONTEXT

The research study was conducted in the Namibian offices of an international financial company, which also has offices situated in South Africa. These offices will be referred to as Z-Nam and Z-SA respectively. Z-Nam demutualised from Z-SA in 1998 rendering it a separate legal entity. It is however still largely dependent on, and reports to Z-SA, which in turn reports to a Head Office in London. Four major research studies were conducted in Z-Nam after November 2004 namely the Climate, Values, Beehive and VISA (Vision, Interdependence, Structure and Action) surveys. These will be described below together with a brief account on their results. These studies will be referred to in the analysis and discussion section on this research as they provide vital background information that will clarify findings within their context. Information was obtained from reports compiled at Z-Nam on the main premise and findings of these surveys.

The Climate survey was conducted in November 2004 and served as an indication of the organization’s ability to change over time as it provided a snapshot of the character of Z-Nam as reflected in the motivation levels of employees and the quality of the working relationships. It had an affect on the level of commitment expressed by employees towards business goals, and thus affected performance outcomes. Current employee

attitudes are believed to predict future performance and therefore act as a warning of new or emerging issues that may hinder or support performance. Feedback given to management regarding the issues highlighted by employees should therefore be incorporated in strategic planning so as to leverage identified areas of strength and combat weaknesses (HR survey, 2002, T.E. Systems Inc, 2006 and Zip Survey, 2003;). In the Climate survey conducted by Z-Nam the following dimensions were considered: trust, human capital management, valuing diversity, respect, support, recognition and clear goals. According to Howard (1994), an organization's climate is the manifestation of its culture. In this case, it shows the culture as influenced by its informal structure.

Results of the Climate survey indicated that Z-NAM under-performed in all these dimensions with employee perceptions for the desired outcomes as follows: human capital management (42%), support (43%), commitment (43%), trust (44%), respect (44%), ownership (47%), recognition (47%), valuing diversity (45%), setting clear goals (48%) and attaining a sense of achievement (49%). A motivation index of 46.8% was calculated based on the overall results achieved in the Climate survey. The following categories were used to interpret the motivation index. Organizations that score 85% or more are considered to be world class as they are dynamic and act as role models of excellence. Those scoring between 65% and 84% successfully facilitate growth and change, striving to become world class. Companies are considered to be middle class with a motivation score of between 52% and 64% where motivation is seen to be adequate to maintain current operations, but it will not facilitate growth and change. Companies scoring between 30% and 51% are considered to be poor as motivation is insufficient to even maintain current operations. It is pointed out that if such issues are not attended to immediately, the organization's performance will deteriorate. Z-NAM falls in the last category, consequently placing them on a 'burning platform' and in need of change.

At the beginning of 2005, the Head Office identified four core values that each subsidiary had to roll down in its respective country with the aim of creating a common identity internationally for the company. These four core values are: integrity, respect, accountability and pushing beyond boundaries. Z-Nam's business planning now includes

co-operatively defining and internalising these four values, in an attempt to build their cultural capital and overcome the shortcomings indicated by the employee Climate survey.

In February 2005, a short 21-question values survey constructed in Z-SA was distributed in Z-Nam. In terms of 'integrity' it was found that different standards applied across the organization. Personal interests were not seen to always align with organizational interests; a good news culture was seen to prevail where mistakes or bad news were hidden, and that a better quality of integrity was maintained with customers than with employees. Products and services were not seen to be developed with the interest of customers in mind, thus negatively affecting the value of 'respect'. 'Accountability' was also not seen to be taken as decisions were pushed up the organization. The negative response to mistakes was felt to inhibit the willingness to make decisions. A silo culture, where there is a lack in interconnectivity between employees since individuals only focus on their own interests and needs, also inhibited Z-Nam from 'pushing beyond boundaries'. The exact perceived meanings of these values are unknown since at this time, the values have not been co-operatively defined or rolled down in Z-Nam. In general it was felt that the values chosen were good, but they were not supported by the behaviours as indicated in the survey. This is believed to result in a low level of trust. The results of the values survey therefore act as an indication of the foundation on which the new values will need to be introduced.

The Beehive is a theoretical model developed by Christo Nel. The model is based on international research and was adapted to the South African context with the collaboration of Stellenbosch University through their research involving a number of companies in the country. The instrument is believed to provide a snapshot of the organization and evaluates seven sets of critical workplace practices that are seen to relate strongly to superior performance namely: strategy, structure, talent creation, business disciplines, stakeholder commitment, pay and incentives and change leadership. Using a sliding scale ranging from closed system practices (or old economy values) to open system practices (or new economy values), the instrument reflects the level of conformance to each of these indicators. Open system practices are those associated with

best practices. The framework can be used to establish the organization’s prevailing culture of practices. The table below illustrates some of the values held (Denton, 2003).

Table 1: Old and New Economy Values

Old Economy (Transactional)	New Economy (Relational)
Focus on self	Focus on us
Win-lose	Win-win
Silo’s, individuals, hierarchy	Shared purpose, flat structure, open
Closed turfs	Transparency
Coercion and co-option	Co-determination and co-creation
Dependence and Co-dependence	Interdependence and integration

The Beehive was conducted in April 2005 and attained a response rate of 48%. It was believed that employees were experiencing research fatigue, hence the low response rate. Z-Nam was seen to follow closed system practices in respect of strategy execution (52%) and structure (55%) with reward and recognition being on the borderline with 50%. Concern for stakeholder value, talent creation and business disciplines conformed to open system practices most with 70%, 60% and 57% respectively. Change leadership scores only slightly tilted towards best practices with 52%. Overall, Z-Nam’s conformance to best practices was seen to be only 54%. These results were interpreted to mean that Z-Nam does not have a clear culture as the business conforms almost equally to old and new economy values. This is believed to result in mixed messages leading to confusion, dissonance and ultimately low trust. There is a strong silo focus with no overall engagement on a common shared purpose. It is felt that the culture is in need of assertive guidance and strong leadership for clarity to be reached. Leadership therefore needs to be clear on the new economy values, believe in them and actively model them. The four core values that Head Office wants to introduce are consonant with new economy values therefore leadership has to consistently incorporate them along all the dimensions of their practices.

Over the past 30 years research has indicated that there is not one single right profile of leadership and that it is impossible for anyone to be a whole leader. This rings true since

the concept of leadership includes certain polarities that render it impossible for any one person to be good at all facets of leadership. The set of polarities occur along four dimensions: Vision, Interdependence, Structure and Action, or VISA. Each dimension comprises a diverse range of attitudes and approaches to leadership. Different leaders will develop unique profiles according to these dimensions. Sustainable high performance is however considered to require the fulfilment of all these leadership attributes. High performance can therefore only be attained through a team of leaders who compliment each other. Each leader has been evaluated according to the VISA model. Due to its confidential nature, results were not made available to the researcher (Denton, 2005). Z-Nam aims to use the results from this survey to develop their leadership team. This is deemed essential since successful change will be largely dependent on effective leadership (Routledge, 2000).

Surveys not only act as a means of diagnosing an organization, they also motivate employees as an interest is shown in their opinions and views. It therefore has the potential to lead to greater commitment, ownership and productivity provided that feedback of the findings and recommendations are communicated and a future course of action is co-crafted. But if major issues highlighted are not addressed, it could lead to an even greater level of dissatisfaction than before the surveys were conducted. It is therefore vital that leaders do not conduct surveys if they do not intend to act on the results obtained (Rothwell et al., 1995). The strategy plans of Z-Nam reflect their intended course of action and propose to address issues highlighted in the above-mentioned research.

1.4 CORPORATE STRATEGY

According to Wade and Recardo (2001), when top management adopts a well-defined and communicated business strategy, aligns all activities in the organization from top to bottom with the adopted strategy and applies performance measures covering a diverse set of performance categories relating to the execution the strategy, companies enjoy a higher return on equity. Performance must not only be measured financially but also on dimensions such as employee and customer satisfaction, productivity and innovation. Performance measurement requires that the strategy be translated into a clear activity-

based business plan first, and then the dimensions will be determined along which the success of its execution will be measured. Wade and Recardo (2001) state that corporate initiatives often fail because senior management does not develop or incorporate performance measures to hold managers accountable for implementing and sustaining initiatives.

Mankins and Steele (2006) agree with Wade and Recardo (2001), but they believe that it is time that organizations stop making plans and start making decisions. They highlight that only when strategy planning leads to decisions, and therefore action, is it an effective tool for enhanced performance. They find that the old approach to strategy planning, which requires each business unit making presentations to the executive committee each year in order to formulate a strategy, is highly ineffective. They believe that strategy cannot drive decisions as long as it remains focused on individual business units and is done only once a year. Greater unity, cooperation and ability to take advantage of opportunities in the market are seen to result when strategy planning is done with a focus on issues facing the organization rather than particular business units (Mankins & Steele, 2006).

Organizations should also adopt a continuous strategy development approach, where strategy plans are reviewed on regular intervals to assess performance and whether the assumptions on which the plans were made are still valid. An example of an organization that successfully adopted a continuous strategy development process is Textron, a \$10 billion multi-industry company. Arguments over past decisions, alternative choices and facts presented however inhibited their strategy review process. To overcome this problem they structured their meetings as follows. During the first meeting, facts and information are presented and alternative courses of action considered. The next session involves an evaluation of the alternatives and selecting the best course of action. By separating the dialogue around facts and alternatives from debate over which alternative course of action to choose, the management team overcame their strategy review problems (Mankins & Steele, 2006).

Z-Nam's Human Resources business strategy objectives for 2006 include: assisting the business in changing the low rating in the Climate survey to reach 60% within the next 3 years and driving the corporate values internalisation process throughout the company (progress is to be assessed with regular Climate and Values surveys respectively), driving the alignment and standardisation of HR processes and practices, providing dedicated support in performance management, developing succession and talent management and engaging in leadership development. Z-Nam is to engage in an organization wide Role Design Programme where each role and level of work is to be redefined and redesigned in order to bring clarity of expectations. A review of HR policies and procedures would possibly also be required as the new Role Design Programme may conflict with current standard HR policies and procedures. This is a major form of transformation and will affect all areas in the organization.

Z-Nam's overall business strategy for 2006 considers barriers to change as a key focus point, which requires OD to remain on the agenda and filter through to guide all workplace practices. It is seen that greater engagement by executives and leaders is required with regard to the OD findings. Focus is also to be placed on monitoring whether values are lived and role modelled in departments. The precise means by which this will be done is still to be determined. There are also plans to embark on team-based leadership development intervention based on the VISA survey. Z-Nam aims to increase their leadership effectiveness by concentrating on achieving focused delivery through better role designs across all levels in the organization and by managing performance more effectively so as to better integrate and execute strategy. They also want to aid future performance and adaptability by building a strong open system culture around the identified set of core values and to develop an understanding and capability to facilitate change. Encouraging staff engagement, goals alignment and better performance management are also strategic foci.

No clear business plan was given to the researcher indicating how Z-Nam aims to achieve these strategy objectives. To date, no performance dimensions were decided on in order to measure progress on these issues and increase accountability of their attainment. It seems that they are unsure of where they are going and how to get there. There also

appears to be disparity between Head Office and the local management regarding the objectives prescribed by Head Office. These perceptions are to be further investigated in the research study.

1.5 ACTION RESEARCH

Kurt Lewin developed the Action Research (AR) methodology in the mid 1940's and believed it to be a means of improving group decision-making and commitment to change strategy, and to probe deeper into problems facing the organization. The original model proposed by Lewin comprised cyclical steps of data gathering, diagnosis, action planning and implementation, and evaluation; however he expanded the model on occasion to fit the situation (Cady & Caster, 2000). Cady and Caster (2000) argue that AR should be used to guide OD interventions. It must allow other models to be used within the framework and the framework itself should be adaptable to fit the context of study. Considering the context of the study, the AR model will be used to guide the change process in Z-Nam in the following manner.

Step one: During the entry phase, the consultant makes contact with the client so as to establish what assistance the client needs, what change is desired, when it is to be implemented and who requested it (Hanson & Lubin, 1995). Within the current context, the researcher entered the organization with the aim of assisting them in embarking successfully on one of their intended change initiatives as indicated in their strategy plan. Z-Nam's strategy plan for 2006 is directed by the results obtained from the surveys conducted since November 2004. Poor results obtained in the Climate, Values and Beehive surveys placed Z-Nam's culture in the spotlight. Head Office also instructed that all offices worldwide internalise a set of core values namely integrity, respect, accountability and pushing beyond boundaries as a means of shaping a common corporate identity. These values are however not defined and the means by which they are to be introduced is unspecified. These core values are seen by Head Office to support the needs placed on the financial industry in its current environment. The strategy plan of 2006 indicates a perception that if the core values are successfully integrated throughout the organization, a strong adaptive culture will result, overcoming the shortcomings identified in the surveys and driving future performance.

Z-Nam's strategy plans also include a major change initiative in its Role Design Programme. Research done by Goodman, Zammuto and Gillford (2001) has shown that many attempts at change fail as a result of neglecting an organization's culture. Therefore in order to increase the success of future change initiatives it is vital that Z-Nam focuses on building a strong adaptive culture shaped around a set of core values. Cummings and Worley (2005, p. 482) emphasise the importance thereof by stating that, not only does culture form the foundation for change in its capacity to either facilitate or hinder transformation, but "a well conceived and well-managed organization culture, closely linked to an effective business strategy, can mean the difference between success and failure in today's demanding environments".

For these reasons, the researcher settled on supporting Z-Nam in their attempts to embed these four identified core values into their organization functioning and in so doing build a strong corporate culture that will support future change initiatives.

Step two: The start-up phase is when the consultant establishes a contract of cooperation and collaboration with the client and conducts a further investigation into the corporate culture and the environmental pressure that they are facing. This investigation forms the groundwork for the preparation of a tentative, flexible, written plan for guiding a change effort (Rothwell et al., 1995). The preceding discussion on the context of the study reveals some of the research that has been done in Z-Nam and will be referred to in more detail during the next steps of AR as employed in the research study. The researcher is also interested in investigating the reasons behind so much research being conducted, all alluding to areas of weakness in Z-Nam's culture, but with little effect. This could assist Z-Nam in overcoming any obstacles in their attempt at reshaping their culture.

Step three: This step is the assessment and feedback phase. The fact that Z-Nam does not have a strong culture shaped around a set of positive core values has already been identified as a problem. Successfully internalising the 4 identified core values into Z-Nam's corporate functioning is dependent on their readiness for change, capability to change and the current cultural foundation that may hinder or support the change process (Cummings & Worley, 2005). The researcher would also like to ascertain whether

reshaping the corporate culture is on the strategy agenda for 2006 because Head Office has mandated it or since past research has identified it as a problem. The affects of a top-down authoritative approach to cultural change will also have to be determined. This phase aims to investigate these areas and provide feedback to management in order for an appropriate action plan to be jointly formulated (Cummings & Worley, 2005).

Step four: Action planning needs to be highly participative since those affected by the change are more likely to offer the most appropriate solutions to identified problems. The opinions of both employees and management need to be elicited and considered when drafting an action plan. With participation and with the facilitation of the consultant, the action plan is more likely to be feasible, concrete, cost effective, measurable, simple to understand, and sequenced in a logical manner. In the end it is Z-Nam, not the consultant, who will have to take ownership of the change initiative and ensure that it is continually implemented. Client commitment therefore needs to be established so as to ensure that the next steps in the AR process are followed (Rothwell et al., 1995). The opinions of employees as expressed in past research and the perceptions of leadership as voiced in this research study make up a starting point for collaborative future planning.

Step five: This is the implementation of the action plan (Rothwell et al., 1995).

Step six: The interventions are evaluated to ensure that they are achieving the set goals. Adjustments are made accordingly and subsequent follow-up evaluations are instituted periodically in order to track progress and to ensure that goals continue to be met effectively (Hanson & Lubin, 1995).

The focus of the study is the internalisation of a set of core values by Z-Nam. Values are central to many definitions of organization culture (Michela & Burke, 2000), thus placing the shaping of corporate culture at the heart of this research. The next section deals with the importance of building a strong yet adaptive culture, but before an organization can attempt a cultural change it is important to understand what culture is.

1.6 CULTURE FOCUS

1.6.1 What is culture?

Despite the increase in attention devoted to culture, there is still confusion as to what the term actually means when applied to organizations. Three distinctive world-views have been developed in an attempt to understand the ‘elusive nature’ of corporate culture (Goodman et al., 2001). In the first world-view, culture is seen to emanate from values. It is believed that an organization can change its actions only when there is a change in the values held by employees. The second world-view believes that behaviours, actions and communication patterns shape values. This view therefore purports that changing an organization’s culture can only occur by first changing everyday habits, communication and goals. An integrative approach makes up the third world-view and is the focus of this study. It states that “culture is made up of and is mutually constituted by both the internal and the external; values affect behaviours, and behaviours affect values” (Deetz, Tracy & Simpson, 2000, p. 10). Both should therefore be equally considered when attempting to change an organization’s culture. However, Deetz et al., (2000) note that leaders have more direct control in shaping communication patterns and overt behaviour than they do in changing deep-rooted value systems.

Despite the difference in cultural views, there are agreements as to the common elements that make up culture. According to Cummings and Worley (2005) these elements are the basic assumptions, values, norms and artifacts that are shared by organization members. They agree with Morgan’s (1997) views that the meanings attached to these elements helps members make sense of events, actions, objects and situations; rendering culture a process of reality construction. This pattern of understanding helps people to cope with situations and provides a basis for sensible decision-making that would guide behaviour (Cummings & Worley, 2005). According to the integrative approach, effectively shaping an organization culture would involve paying attention to each of these elements (Deetz et al., 2000). The concepts of schemas will also be considered since Michela and Burke (2000, p. 232) argue that schemas “bind elements such as values and needs to action”.

Basic Assumptions

At the deepest level of cultural awareness lies the unconscious, taken for granted assumptions, beliefs, perceptions and feelings which form the source of all values and actions in the organization. They are non-debatable assumptions about the environment, human nature, activities and relationships. As assumptions make up the deepest core of the organization's culture, they are considered to be non-confrontable. They are nearly impossible to change, and if they do, they are the last element of culture to change. Organizations cannot change the values of their employees because they cannot change the assumptions, beliefs and perceptions by which each individual lives by. However, they can influence and encourage the values that are expressed in the daily functioning of the organization. In the end people are responsible for the values they live by and whether they change (Cummings & Worley, 2005 and Senior, 1997).

Values

The next deepest level of cultural awareness is values (Cummings & Worley, 2005). The concept of values has been central to the organizational sciences for decades and the interest in corporate values has increased along with the continuing interest in organization culture in recent years. Many theorists, such as Meglino, Ravlin and Adkins (1989) believe that "shared values are the *sine qua non* of cultures and of organization cultures in particular" (Stackman, Pinder & Connor, 2000, p. 49). Cultural change is seen to have occurred successfully only when there is perceived to have been a change in this deeper level of cultural awareness. The permanence of change reaches beyond a change in overt behaviour (Stackman et al., 2000).

According to Kilmann (1981) values are the objects, qualities, standards or conditions that are perceived to satisfy needs and therefore act as a guide to decisions and action. Stackman et al., (2000) continue by stating that both needs and values influence a person's cognitive-affective appraisal of a situation in relation to both means and ends, rendering values as neither attitudes nor behaviour, but the building blocks of behaviour and decisions. Values are seen to underlie and affect attitudes, which in turn underlie and affect behaviour. Values are conceived to transcend all situations, allowing a sense of stability during times of organizational change. For this reason Seligman and Katz (1996)

state that it is beneficial for organizations to commonly identify a clear and concise set of core values as they will collectively guide employee work behaviour towards organization goals regardless of the context.

Blanchard and Stoner (2004) state that organizations need to identify, rank and define a core set of no more than four values, otherwise employee behaviour will not be sufficiently impacted. Research done by Schwartz (1996) builds on this and finds that decisions are guided by a trade-off between competing values. Therefore if organizations weigh and encourage a certain set of values arranged in levels of priority, it ensures that collective decisions are guided in the same direction. Hierarchies are more flexible when the values in question are of equal or nearly equal importance. Stackman et al., (2000) state that values can only be seen as being core to the organization when they are shared and lived by key actors operating in powerful and important positions. When this is the case, values will cascade down to all levels of functioning, thus building a strong corporate culture. The internalisation of a core set of values therefore begins with strong leadership support and commitment. However a strong culture is only seen to exist when there is “a high degree of consistency among all its members in terms of their shared belief structures, values and norms” (Stackman et al., 2000, p. 51). Values are after all not something that the organization has, but what its members express.

Building a strong culture around a commonly identified and lived set of core values will require some members to change their values to fit those of the organization. “A person’s values are robust and subject to change only to the degree that the individual permits them to be so” (Stackman et al., 2000, p. 49). By confronting an individual with information showing that his/her values are inhibiting in some manner may lead the person to question and therefore alter these values (Stackman et al., 2000). Some ethical issues have been raised regarding the right that organizations have to influence the values of employees through employment contracts, induction training or even in the selection process itself. It is felt that: “The right to believe in whatever we please is one of the most cherished freedoms” (Stackman et al., 2000, p. 52). Organization functioning is however severely impaired if members are not rallied around a common set of values and beliefs. To overcome these ethical issues it becomes vital that employees participate in

identifying, defining and implementing the core values of the organization and that they are not imposed. This also has an advantage to the organization, as member participation will lead to greater buy-in and support of the core values, resulting in a stronger culture developing as core values are being lived on a wider scale (Stackman et al., 2000). The employees and leaders of Z-Nam have not had the opportunity to participate in the identification of the core values, however they are in still a position to define and implement the values with great levels of participation. Whether this will present a barrier to their cultural change endeavour will need to be determined.

Norms

Just below the surface of cultural awareness are the norms that guide organization members' behaviour. Norms are defined as: "the way we do things around here" and represent the unwritten rules of behaviour (Michela & Burke, 2000, 229). Norms and values are seen to be intertwined where norms often imply identifiable values. Either or both can therefore be used to explain corresponding behaviour. The challenge facing organizations is instilling these unwritten rules in such a manner that is consistent with the values that they want lived in the organization so as to effectively guide collective behaviour towards corporate objectives. In essence this is a problem of changing employee behaviour on a broad scale so as to fit core values (Michela & Burke, 2000).

According to the Schwab model as modified by Stackman et al., (2000), this requires values to, firstly, be generally defined at a conceptual level and then for the definition to be operationalised into terms that are relevant to particular settings in the workplace. This will allow values to be measurable, since the execution of tasks is defined according to the values of the organization. For example, if the organization values customer satisfaction and conceptually defines it as friendly service, this can be operationalised on the shop floor by requiring assistants to greet all customers that enter the shop and ask if they need any assistance. This will make up a dimension along which performance can be measured, thus enabling reward, punishment and/or training to be administered if tasks are not completed according to the values of the organization. Having both a general and specific definition of a value also allows greater flexibility in functioning, as there may be situations where appropriate behavioural norms may not be stipulated by rules or

precise value definitions. Leaders must ensure that there is an overall consensus regarding the conceptualisation of the values and that each level in the organization commits to operationalising the values accordingly (Michela & Burke, 2000).

Artifacts

Artifacts are the most overt aspects of culture. They are the visible symbols of the deeper levels of culture such as norms, values and basic assumptions. They include the observable behaviour and language of members, the structures, systems, procedures and rules, and the physical aspects of the organization such as décor or space arrangements (Cummings & Worley, 2005). They are important in encouraging the values and norms that the organization desires to embed in their functioning. All elements of the formal system such as selection, induction, promotion, performance appraisal, discipline and reward need to be aligned with the desired values and norms. For example, if a certain behavioural change is required, research has shown that extrinsic rewards allow for the initial behavioural shift to take place. For change however to become permanent, the behaviour change needs to be linked with intrinsic rewards such as recognition, appreciation and support since they will lead to a change in values, attitudes and beliefs (Sathe & Davidson, 2000). Harrison (1995, p. 159) goes as far as to say that: “Intrinsic motivators are superior to extrinsic ones, because the latter tend to produce surface compliance and covert rebellion.”

Schemas

According to Michela and Burke (2000) values give emphasis to the affective aspects of culture, norms to the behavioural aspects and schemas focus on the cognitive aspects. They state that the study of culture and cultural change cannot be complete without considering all three; therefore schemas will be added to the discussion on the common elements of culture as identified by Cumming and Worley (2005). A schema is defined as “a mental framework or structure for identifying or understanding things, actors, events and situations” (Michela & Burke, 2000, p.232). Schemas are seen as important in motivation in general, but specifically for understanding culture as they are seen to bind the elements of values, needs and actions. Cultures are seen not only to derive from values and norms, but from the convincing rationales that often accompany values and

norms. There is a high reported failure rate of change initiatives that can be directly attributed to members' resistance to change. Resistance stems from a failure on the part of management to provide employees with an adequate rationale for change and creating an understanding of its necessity. A lack of change in schemas can therefore be a major barrier to change and therefore needs to be considered (Michela & Burke, 2000).

If Z-Nam is to successfully integrate the core values into their organization functioning, they have to consider all elements of culture discussed above as it is clear that they are inter-related. Attempting to bring any change to culture requires a long-term commitment of resources, time and effort; therefore it is important to establish its necessity and possible rewards (Cummings & Worley, 2005).

1.6.2 Culture as an Asset

Peat (2003) states that, organizations that focus on incorporating their cultural values into their everyday functioning are exercising values-driven leadership. According to Barrett (2005a), in so doing they are building their cultural capital to successfully meet the demands for higher performance, enhanced adaptability and the attraction and retention of talented staff. Cultural capital is defined as: "The value attached to the collective mental programming (values, beliefs and behaviours) of the organization that supports its relationships with its employees, customers and society" (Barrett, 2005a, p. 2). The following benefits are seen to accrue to organizations that are values-driven and therefore seek to build their cultural capital. Although they are discussed separately, the benefits are seen to be inter-related.

Enhanced performance

Cummings and Worley (2005) refer to a growing body of research that shows that culture can affect strategy formulation and implementation, thus exercising a strong influence on organization performance. In a longitudinal study conducted by Collins and Porras (in Barrett, 2005a), they find that companies that consistently invest in building a strong corporate culture based on shared values outperform companies that do not on the general stock market. Research done by Clothier (2005) points out that an absence of positive shared values results in behaviour such as manipulation, empire building and information

hording. These behaviours require energy to maintain and the effort invested in supporting them could result in lost opportunities, productivity, adaptability and therefore performance. Despite the fact that there is considerable evidence supporting the link between values alignment and organizational performance, the intangible value of cultural capital often remains under-estimated and under-invested (Peat, 2003).

Competitive Advantage

According to Peat (2003), successful businesses understand that in order to generate and retain customer loyalty; they have to provide more than functional or economic value through the goods and services that they provide. It is important to develop an emotional connection with customers, suppliers, shareholders and employees. This is achieved through intangibles such as living a positive set of core values. This argument is supported by Deetz et al., (2000) finding that in order to become and remain a market leader, organizations need to invest in more than just their performance. They must have a strong company spirit, powerful corporate identity and employees that are committed and identify with the business. This is found to be especially true in service industries where the attitude of the frontline staff is the actual product. On most occasions, the public comes into contact with your culture through your staff before they get to know your product. Their choices are often guided accordingly. Product focus alone is therefore not enough to differentiate you from the competition. It is clear that a strong culture can be used to market the organization both internally and externally allowing all stakeholders to identify with its identity and image (Deetz, et al., 2000).

Better talent retention

Kossek and Lobel (1996, p. 2) attribute the retention of talented staff to the Person-Environment fit where: “Individuals are generally attracted to and selected by organizations that appear to have members with values similar to their own. Over time, employees who do not fit in well with the dominant culture eventually leave the firm”. According to Schermerhorn, Hunt and Osborn (1994), when values are shared there is a greater chance for harmonious working relationships because interpersonal relationships are easier. There is also less conflict, frustration, turnover and miscommunication, and faster decision-making, co-operation, coordination, generosity and motivation.

Organizations must, however, be certain that the dominant culture is supportive of organization goals, otherwise it will be the valuable staff that will be deflected (Jackson, 1996). Distefano and Maznevski (2000) find that if members do not share a positive set of core values it will eventually result in the emergence of sub-goals that are in direct conflict with the vision and mission of the organization, distrust, information hoarding and self-serving behaviour. This not only has a negative affect on organization performance, but also creates a negative working environment that could lead to greater loss of staff.

A survey conducted by McKinsey (in Barrett, 2005b) identifies an organization's ability to attract and retain talented people as an aspect of competitive advantage. His findings indicate that among 200 executives in 77 companies, culture and values are rated as the highest scoring factors for talent retention. Deetz et al., (2000) finds that employees are often more satisfied when they are working in a strong supportive culture. This is seen to be due to the fact that a strong culture is built around *shared* values. Employee participation in deciding, interpreting and prioritising values are seen to increase their identification with the organization, which is deemed necessary for greater satisfaction. Senior (1997) finds that when employees identify with the organization, loyalty will be fostered. Increased satisfaction, motivation and loyalty all contribute to greater performance. In knowledge-intensive and high-performance companies, employees carry significant amounts of social and intellectual capital. A loss of an employee to a competitor can therefore have dire consequences (Deetz et al., 2000).

Greater Coordination

Linked to the concepts of coordination is that of organization unity. Morgan (1997) states that culture is holographic, therefore the whole must be encoded in all its parts otherwise some parts will not in accordance with the character of the whole. When every part of the organization, regardless of position, level or function operates according to the same set of core values, it leads to coordinated activity since there is unity. Unified cultures are seen to generate identification with the organization, resulting in greater levels of trust between members and groups. This in turn leads to clarity of communication and therefore coordination (Deetz et al., 2000). When the same values are

not encoded in all the parts, the result is divisions within organizations. This affects coordinated activities towards common objectives and therefore the overall ability of the organization to deal with the challenges it faces (Morgan, 1997). Deetz et al., (2000) recognise that organizations are segmented both laterally into different departments and linearly into hierarchical levels, but they stress that segmentation should not become excessive. Segmentation can occur because of incentive programmes that encourage unfair competition, or the systematic privileging of one group over another or by enforcing a code of silence with regard to organization ethics. Despite the natural segmentation that occurs, unity must be encouraged through the common adoption of a positive set of values. According to Deetz et al., (2000), this will also allow an agreed code of ethics to become part of the corporate culture.

There exists a danger that in the attempt to achieve greater coordination and unity, organizations create uniformity and groupthink. Symptoms of groupthink include: an illusion of group invulnerability, rationalising unpleasant data, negative stereotyping of outsiders, applying pressure on deviant members, self-censorship and illusions of unanimity and mind guarding against alternative ideas. This is counterproductive; therefore leaders must ensure that the values encouraged in the organization embrace diversity of thought and open discussion (Schermerhorn et al., 1994). Teams must be able to embrace diversity while being unified around a core set of values if they are to find optimal solutions to complex problems. To attain this, members must agree on the values that will unite them, learn, understand and accept each other's differences and find ways to harness the strengths that lie in their diversity (Distefano & Maznevski, 2000).

More effective control

In the past, organizations aimed to attain control through strict rules and regulations. This, however, has led to the creativity, innovation, flexibility and sense of shared responsibility necessary for high performance being stifled. Due to the rapidly changing environment, rules and regulations can also no longer cover all possible situations and problems which an organization can be faced with. But without organizational controls in place, coordination and direction is difficult.

Culture is a powerful and often invisible source of control (Deetz et al., 2000). As stated by Sathe and Davidson (2000, p. 279), “Culture provides a sense of understanding of an organization’s beliefs and values that is necessary when rules, regulations and micromanagement cannot be used to control behaviour and work procedures”. An ethical caution is raised in using culture to exercise control over members. Culture is seen to be more palatable to employees than bureaucratic control, but due to its effective yet unobtrusive nature it is difficult for employees to discuss or resist, making it potentially oppressive. Leaders therefore have the responsibility to not misuse the power of culture as a means of controlling employee decisions and behaviour, but should instead always encourage participation and deliberation, making changes where necessary (Deetz et al., 2000).

Better Decision Making

Business decisions are often made under conditions of great uncertainty since information can be incomplete and changes in the environment can be unpredictable. “Values and assumptions fill in the gap between what one knows and the need for a decision now” (Deetz et al., 2000, p. 15). In time, all teams in an organization start to adopt rather routine decisional premises that are embedded in their values. These values will guide all decisions ranging from production to general problem solving. Companies must therefore ensure that the values that are currently guiding their decisions are desired and beneficial (Deetz et al., 2000).

Foundation for change

Heathfield (2005) concludes that being a values-driven organization will provide a sense of stability during change since despite strategies and procedures changing, strongly held values remain constant. Barrett (2005c) expands on this idea and holds that shared positive values form the foundation upon which change can be introduced, since it encourages organizations with an enhanced capacity for coordinated collective action. The dynamic nature of corporate culture also allows greater adaptability during times of change since control is not exercised through inflexible rules and procedures, but through a shared system of meaning (Morgan, 1997).

From the above discussion it is clear that being a values-driven organization aimed at building a strong corporate culture could potentially be very beneficial. But research has shown that merely building a strong culture where the majority of members share the same values is no longer enough to ensure that culture will be profitable. Due to a rapid increase in the complexity and speed of change, it has become apparent that corporate cultures also need to be adaptive in order to yield results. It is well documented that most change initiatives fail to achieve their objectives and improve organization performance, since the change process itself is not considered to be predictable or stable. “Even if a leader is able to get his organization from point A to point B, the environment often shifts during the change process so that D becomes more appropriate” (Glover, Friedman & Jones, 2002, p. 16). In an attempt to encourage a culture that is predisposed to self-renewal and redesign, leaders are moving away from bureaucratic forms of management towards forming organic learning organizations (Glover et al., 2002). The means by which leaders can encourage an adaptive culture will be considered later.

1.6.3 Culture as a liability

Senior (1997, p. 133) states that: “Culture is capable of blunting or significantly altering the intended impact of even the most well-thought-out changes in an organization”. Cummings and Worley (2005) agree by stating that a particular set of values that was once a source of strength can become a major liability if it is not in congruence with environmental demands and business objectives. If an organization wants to build its cultural capital and reap the benefits of a strong adaptive culture, it first needs to assess the nature of its current culture. This will indicate if a change is required in the character or the strength of the culture. If it is found that if the current culture is well aligned with the business objectives and environmental demands, but the intensity and extent of buy-in need to be increased, the strength of the culture needs to be increased. If the current culture is however found to be a liability, transformational change is required (Deetz et al., 2000). If the negative culture is strong, transformation will be difficult and highly time consuming. If the current culture is not set, the transformation has a greater chance of success, but it will still require a great amount of time, commitment and effort. Assessing the environment and developing business objectives, vision and values accordingly are rational processes and relatively easy to establish. Getting company-wide

buy-in is usually more difficult to attain as it involves human emotion and motivation (Cummings & Worley, 2005).

Within the current context, Z-Nam has assessed its culture and found it to be non-supportive of a high performance organization. It is also believed to be weak and divided leading to, amongst other things, high levels of confusion and distrust. At present, its culture is a liability. Z-Nam plans to build a strong culture that centres on the values of integrity, respect, accountability and pushing beyond boundaries. These were identified by Head Office earlier this year as necessary in order to meet environmental demands. As Z-Nam is not interested in fine-tuning the status quo, but instead desires a shift in corporate values, they are embarking on transformational change. This requires re-shaping the corporate culture and aligning the strategy, structure, policies and procedures, leadership philosophy, tasks and people accordingly (Cummings & Worley, 2005).

An organization's culture is not something that is static – it is subject to change. It is an ongoing, proactive process of reality construction through social interaction. Creating a shared system of meaning that is commonly accepted, internalised, acted on at every level and continuously in line with ever changing environmental demands is however an enormous and ongoing task (Morgan, 1997). If Z-Nam desires to build a strong adaptive culture, leaders must firstly commit to a long-term change initiative that will require continuous time and effort. According to the definition of OD, it is vital that any change initiative is top management sponsored, since leaders are the main change agents (Routledge, 2000). Leaders are also responsible for encouraging participation from members so as to ensure that the values are commonly understood, agreed upon and therefore shared. Leaders stand at the centre of cultural change. Since their role is central to successful change, it may be required that a new leadership style and philosophy needs to be adopted (Senior, 1997).

1.7 THE ROLE OF LEADERSHIP

The ever-changing environment in which organizations operate today requires them to have strong adaptive cultures. Z-Nam is no exception. Building this culture starts with an adaptive leader.

1.7.1 Leadership Adaptability

A model inspired by the work of the noted developmental psychologist, Jean Piaget (1971, in Glover et al., 2002), will be used to explain adaptation in terms of two concepts of learning namely, assimilation and accommodation. The models of learning as described by Piaget were taken and applied in organizational settings by De Geus (1997, in Glover et al., 2002), to provide a better understanding as to how organizations can become more flexible through the adaptive capabilities of their leaders. The concepts of assimilation and accommodation will be described first.

Piaget states that assimilation means: “taking in information for which the learner already has structures in place, enabling him/her to recognise and attach meaning to the information being received” (Glover et al., 2002, p. 23). De Geus expands on this idea by finding that in many organizations, information about the environment and the organization functioning are assimilated into the existing beliefs, values and structures of the organization and guide the decisions made by leaders accordingly. Internal or external consultants typically present information in management meetings with regard to their findings. However rarely will information that does not fit the existing structures or culture be accepted, thus reinforcing the existing culture. This could result in inappropriate action being taken, if any at all (Glover et al., 2002).

Accommodation, according to Piaget, occurs when: “the learner undergoes an internal change in the structure of his or her beliefs, values, ideas and attitudes (Glover, et al., 2002, p. 23). Based on this definition, De Geus applies this concept of learning in organizations by finding that accommodation occurs when a leader adapts to a changing world through in-depth trials in which he/she fully participates both intellectually and emotionally while not knowing what the final results will be. An example given is that of an expatriate executive who spends years on an assignment in another country and on returning finds it difficult to repatriate since he/she has developed a different way of perceiving the world (Glover et al., 2002).

Learning, as described by Piaget and adapted by De Geus to the organizational setting, is believed to become adaptive when both assimilation and accommodation are included in

the process. “Assimilation of relevant information accompanied by accommodation to that assimilated data need to occur together for successful adaptive responses to happen” (Glover et al., 2002, p. 24). When leaders do not fully utilise both assimilation and accommodation, they become unable to successfully lead change. This is illustrated by the table below:

Table 2: Leadership Responses to Change
(Glover et al., 2002, p. 24)

	Assimilation	
	Low	High
Low Accommodation	Maladaptive cultural traps	Natural Selection
High Accommodation	Serendipity	Maximum Adaptive Potential

Maladaptive cultural traps

Bohannon (1995, in Glover et al., 2002, p. 25) describes cultural traps as “the condition in which our culture prevents us from seeing the need for adapting to changes in our environment”. This happens when the leaders and organization employ low levels of assimilation and accommodation of learning processes in their decision-making strategies. This renders them either unable or unwilling to change despite the signals that they receive from the environment, convinced that the way they have always done things is the best (Glover et al., 2002).

IBM’s history is a classic case of a company falling into this trap. They were highly successful in the 1960’s and 1970’s and were viewed by many as a model business with a homogeneous organizational culture. In the 1980’s however the environment changed drastically. Personal computers were on the verge of a market explosion, but IBM continued to focus its efforts and strategies on its mainframe business. Leaders ignored information about the changes in their environment and refused to change (Morgan, 1997). It has taken more than a decade for IBM to recover a position of prominence in the industry and it is still not considered to be the market leader it once was (Glover et al., 2002). The inability of the leaders to adapt shaped a culture incapable of learning from its

environment and changing accordingly. This is an example of how past successes can be the seeds of future disaster (Morgan, 1997).

Natural Selection

Natural selection is a term used to describe what occurs when “leaders collect a lot of information from their environments (high assimilation), but do not use it to make any real change (low accommodation)” (Glover et al., 2002, p. 25). Again leaders are either unwilling or unable to break away from the way things were done in the past. They make superficial changes, but substantive changes in systems, values and beliefs are not accepted or sought. In cases where transformational change is necessary to survive, organizations led in this manner will fail (Glover et al., 2002).

Glover et al., (2002) indicate natural selection as the reason why a regional airline that had enjoyed considerable growth in the past decade almost went bankrupt. Voluminous amounts of data were collected about a possible island destination. The vice president focused on information showing the economic growth of the island that resulted in a steady increase in tourists looking to visit there. Based on this favourable information, the airline purchased a new aircraft and established a new route to this island. Five days later, there was a military coup on the island, resulting in cancellations of reservations due to a fear of violence. The airline bookings went from 90% down to 20%. The leaders of the airline assimilated the information that they wanted to and ignored reports of social unrest on the island that was signalling the possibility of a coup. If leaders were more open to data that did not fit their mind set, they would have been able to accommodate the unfavourable information into their decision-making and acted more appropriately.

Serendipitous Adaptation

Serendipitous adaptation occurs when there is “constant change in the absence of appropriate or sufficient input or feedback” (Glover et al., 2002, p. 26). Leaders employ change initiatives haphazardly based on the newest fad and do not consider if it fits their environment (Glover et al., 2002). Continuously embarking on change initiatives that do not address a specific problem or opportunity facing the organization will cause unnecessary confusion and instability. People find change unsettling, therefore it should

not be considered lightly, but should be carefully planned, implemented and evaluated according to desired outcomes (Cummings and Worley, 2005).

Adaptive Leadership

Adaptive leadership occurs when “leaders make decisions and create accommodative changes based on careful and continuous review of information they received from the environment” (Glover et al., 2002, p. 27). Leaders are expected to gather information about their environment and diagnose it so that they can use the information they receive from the assimilation processes to make informed decisions regarding actions that need to be taken to accommodate the challenges their organization is facing. Adaptive leadership is therefore considered to go hand-in-hand with OD practices, specifically AR, as indicated in Hanson and Lubin (1995). Adaptive leaders are able to deliberate about the issues facing their organizations and question old premises. They are courageous in trying new approaches and are able to drive change throughout the organization. The greatest challenge for leaders, however, is to pro-actively shift the corporate culture into alignment with the new demands of a constantly evolving context, since culture is slow to change and usually serves to perpetuate the status quo (Glover et al., 2002).

Bill Gates, a perceived icon of the information age, did not allow previous successful modes of operating to interfere when Microsoft made efforts to enter a new context, the People’s Republic of China. He visited the country for a month getting to know the culture and market so that he could make informed decisions fitting to the new environment. He displayed both assimilation and accommodation skills and met with great success (Glover et al., 2002).

Over the past decade, Kotter (1998) has conducted research in 100 companies undergoing change. Based on this research he indicated 8 steps that leaders need to follow in order to aid them in what Glover et al., (2002) refers to as the successful balance of assimilation and accommodation. His model of change places leaders at its centre: “The single most visible factor that distinguishes major cultural changes that succeed from those that fail is competent leadership at the top” (Kotter & Heskett, 1992, p. 84). Competently leading change requires leaders not to skip or neglect any of the steps as it can slow down the

momentum of change, negate gains already made or cause failure (Kotter, 1998). The researcher will use these steps as a guideline in assessing Z-Nam's readiness and capability to change its culture.

1.7.2 Leading Change

Step 1: Establish a sense of urgency

According to Kotter (1998), this first step in leading change is essential as it will be the force that will drive the entire change process. Transformation requires the aggressive cooperation of many and without sufficient motivation and commitment, the entire change initiative will fail. Kotter's (1998, p. 4) research indicates that the reason why well over half of the corporate change initiatives fail is because they have neglected to build a sense of urgency where: "The status quo seems more dangerous than launching into the unknown". The rate of urgency is sufficient to drive change only when at least 75% of a company's top management is certain that business as usual is totally unacceptable and are therefore willing to commit the time, effort and resources necessary to bring about a change (Kotter, 1998). According to Glover et al., (2002), this commitment will only be generated once management has assimilated all the information, good and bad. This will allow informed decisions to be made about the necessary accommodations needed to bring about the required changes.

There are many reasons why organizations fail to create a sufficient sense of urgency. If organizations focus solely on their bottom line and the formal system is considered to carry more weight than the informal system, motivating the urgency for cultural change is more difficult (Kotter, 1998). Leaders may also overestimate their ability to force change. Leaders are in a strong position of power that allows them to have an advantage in driving change. They however do not have the monopoly on the ability to create shared meaning. Culture is not something that can be imposed by rules or regulations, it is a living phenomenon that is created and re-created during social interactions. A sense of urgency needs to be communicated so as to gain the support and participation of all members in the organization and for a shared system of meaning to be created (Morgan, 1997). It is vital that leaders do not underestimate how difficult it can be to drive people

out of their comfort zones in the support of change. Actions by leaders may also inadvertently reinforce the status quo. Leaders have a strong influence on the corporate culture, but ultimately “they must be the change they want to see” (Barrett, 2005d, p. 1). Leaders may become paralyzed by the possible downside of change such as a short-term downturn of results or increased resistance. Their inaction is amplified when they confuse urgency with anxiety. If they communicate fear to the organization, it will drive even further resistance to change. Being stuck in the past, a lack of a visible crises or insufficient feedback are also barriers to creating a sufficient sense of urgency (Kotter, 1996).

The leadership team at Z-Nam has already received feedback on the results of the surveys conducted during the last year. At present, they are not experiencing a crisis in terms of bad revenues or profits, but the survey results are believed to predict future performance and they are a warning that Z-Nam’s weak culture is going to be a major hindrance in the near future. The leadership team is aware that there is a need for a culture shift and are under orders by Head Office to roll down the four core values as identified. Whether they have adequately assimilated this information and are recognising the urgency for change, needs to be established. It should also be determined whether they are resisting cultural change because Head Office has dictated the core values to be adopted. Without a sense of urgency, they will not take pro-active steps in making the required accommodations not only in the organization functioning, but in their personal behaviour (Glover et al., 2002 and Kotter, 1996).

Step 2: Creating a powerful guiding coalition

Kotter (1998) states that change is impossible if the head of the organization is not an active supporter. He however emphasises that for change to be successful a powerful coalition in terms of formal titles, information and expertise, reputation, influence, control over resources and systems, and the capacity for leadership must be formed. Individuals alone, regardless of how competent or charismatic they are, will never possess all the qualities necessary to overcome inertia and resistance to change. Organizations that undervalue the need for such a powerful team or assume that an executive from HR can lead the change initiative, will meet failure (Kotter, 1996).

Initially, the coalition team will be small with senior management always forming the core of the group. The size of the team must however grow in order to drive change throughout the entire organization. Management must encourage and pull together the right group of people. This requires that they themselves are committed to the change process. Regardless of how powerful the team is, their success is dependent on their ability to collaborate, requiring a minimum level of trust and communication (Kotter & Cohen, 2002).

Step 3: Developing a vision and strategy

“A vision without action is a daydream.
Action without a collective vision is a nightmare!”
(Dannemiller & Fitzpatrick, 2002, p. 104).

Traditionally, organizations go through a process of data collection and analysis. Based on the results, an action plan is devised consisting of thorough strategy planning. Once the strategy has been argued and accepted, it is implemented. But Dannemiller and Fitzpatrick (2002) state that this approach has outlived its usefulness. Their opinion is substantiated by Kotter (1996) who holds that successful change requires more than strategy, it requires vision. He points out that vision will direct, align and inspire action of a large number of people and that without it there will be confusion, and incompatible and time-consuming projects. Strategy describes how an organization should position itself in its external and internal environment so as to meet challenges and harness opportunities. It is a path to reaching a vision. Dannemiller and Fitzpatrick (2002, p. 104) emphasise that vision goes beyond a set of goals and targets as it should “capture the hearts and minds of all employees” if it is to drive collective action. They also stress that vision cannot be imposed; people must be able to interact with it before they will commit to it.

Based on past research, Z-Nam has made the internalisation of the core values part of their strategy for 2006, so as to overcome certain highlighted issues. It is also a task that they have been instructed by Head Office to undertake. A strong unified culture will only emerge if the leadership team itself has a common understanding and appreciation of the values that they want permeating the organization (Cummings & Worley, 2005). The

need for leaders to internalise a set of core values in order to inspire change is united with the development of a common vision of life. The leadership team must adopt a vision of change because they see it as necessary, not because they have been instructed to do so by Head Office. Only then will they be able to inspire change.

Step 4: Communicating the change vision

Transformation is only seen to be effective once it has become apart of ‘the way we do things around here’, thus indicating that a change in the behaviour, hearts and minds of most employees in the organization is required. This is impossible without effective and unified communication from the guiding coalition. A major contributor to change failing is under-communication. Leaders do not use enough intra-company communication mediums, therefore people are not afforded an opportunity to understand, interact with or rally behind a change initiative. Chief Executive Officers also tend to make speeches to employee groups, with management remaining virtually silent. This does not communicate urgency or unity. Lastly, communication comes in words and deeds with the latter generally being the most powerful. When leaders make decisions or act in contradiction to what is communicated, they are perceived to be hypocrites. Trust and support diminishes as a result (Kotter, 1996).

Step 5: Removing Obstacles

Deetz et al., (2000) highlight the importance of assessing the current culture of the organization before embarking on change. This will highlight possible barriers in need of removal. In Z-Nam, leaders need to show an awareness of the barriers present in their environment, and the formal and informal systems, because if they are not aligned with the espoused values or if different value systems are communicated and encouraged in the organization, it will lead to complete resistance to change or multiple cultures emerging in the organization. This will result it any attempt at change failing and may cause unproductive internal competition or even rivalry, further inhibiting the attainment of corporate objectives (Morgan, 1997). Leaders must earnestly confront these obstacles otherwise they will disempower employees and undermine change (Kotter, 1998).

The final three steps

“Real transformation takes time” (Kotter, 1996, p. 11). It is therefore easy for organizations to lose momentum if they do not establish short-term goals to meet and celebrate. This requires leaders to actively look for ways to obtain clear performance improvements, establish goals in their yearly planning, measure performance and reward people accordingly. This will keep complacency down and encourage reflection on the change process. It is vital that victory is not declared too soon. Change is only seen to be successful when it is consolidated into the culture (Kotter, 1996). Z-Nam desires a set of four values to become core to their organization functioning. They are therefore attempting to re-shape their culture. Due to the dynamic nature of culture, this will require constant commitment from leaders to ensure that these values become the heart of their operations and continue to be so in the future (Senior, 1997).

1.8 CONCLUSION

Z-Nam is at the threshold of major change. As indicated in this chapter, OD provides a means of assisting them in increasing their capacity for change so as to enable them to overcome both current and future obstacles as well as meet the demands of a dynamically evolving environment. The pressure being placed on Z-Nam to internalise a set of core values into their daily functioning is causing them to re-shape their culture. Becoming a values-driven organization will result in them building their cultural capital and reaping the benefits of enhanced performance, competitive advantage, talent retention, coordination, control, decision-making and adaptability. Building a strong adaptable culture is, however, an enormous task that requires the continued commitment of leadership. Successful change calls for an adaptable leader with the capability of assimilating all information from his/her environment and making the necessary accommodations accordingly. Kotter’s model for leading change indicates what leaders have to do to increase their readiness for change so as to bring their vision of change to fruition. The AR framework will be used to guide the steps of the researcher in attaining the aim of the research: aiding Z-Nam in becoming values-driven.

CHAPTER 2: METHODOLOGY

2.1 THE NEED FOR RESEARCH

The aim of this research emerges out of a specific organizational need. Research has indicated that Z-Nam does not have a strong culture unified around a set of positive core values. This is seen to cause several weaknesses in Z-Nam's functioning. Pressure is therefore being placed on the company to review its culture to make it unified and strong, yet adaptable. The preceding chapter highlights the need for an adaptable leader capable of leading change at the centre of a successful cultural change process. Leaders encourage a strong adaptable culture when they are committed to adopting a set of core values to guide an organization's functioning. The benefit that the organization will reap is the building of its cultural capital and with an enhancement of performance, adaptability and the ability to retain talented staff. This allows Z-Nam to overcome the weaknesses in its functioning and take advantage of any future opportunities.

2.2 AIMS

This research study aims to assist Z-Nam in the building its cultural capital that has been effected by its weak culture. This eventual objective will be met, in part, by encouraging the leadership to become values-driven. To help in this process the research aims will be:

1. To assess Z-Nam's top management's perception of and reasons for the current set of values being lived in the organization.
2. To establish the top management's level of support for the desired set of values proposed by the organization's Head Office.
3. According to literature on culture and change to establish whether Z-Nam's leadership team is ready to promote the adoption of the set of core values.
4. To provide feedback to the top management highlighting any changes that will have to be made to existing behaviour norms, policies and procedures in order to introduce the desired values as a general guide to daily operations.

2.3 PARADIGM

“Paradigms are systems of interrelated ontological, epistemological and methodological assumptions” (Terre Blanche & Durrheim, 1999, p. 36). A research paradigm guides the

data collection, analysis and interpretation process so as to ensure that research is cohesive and valid. This research study is mainly situated in the interpretive paradigm as qualitative techniques were employed in the discovery process. The researcher however also made use of secondary data in the form of prior survey results and strategy plans in order to gain a better understanding of the context for the study, and to further substantiate findings and support recommendations (Brenner, Brown & Canter, 1985).

The interpretive paradigm assumes that “people’s subjective experiences are real and should be taken seriously (ontology), that we can understand other’s experiences by interacting with them and listening to what they tell us (epistemology), and that qualitative research techniques are best suited to this task (methodology)” (Terre Blanche & Durrheim, 1999, p. 123). A qualitative methodology was seen to be appropriate as it is considered to be a coherent way of researching human thought, perception and behaviour within a specific context (Holloway & Wheeler, 1996). The purpose of this study is to aid Z-Nam’s leadership in the promotion and implementation of a set of core values. This will help in effectively building the organization’s cultural capital. The manner in which leaders perceive this task within their particular context will dictate how they will behave, and therefore how successfully they will drive cultural change. Cassell, Buehring, Symon, Johnson and Bishop (2005) state that qualitative research allows for an in-depth and holistic understanding into complex workings of organizations; providing researchers with greater insight into management decision-making processes, practices and how the meaning attached to certain phenomena or situations affects their behaviour. This argument supports the decision to adopt a qualitative approach in the research study.

Terre Blanche and Durrheim (1999, p. 417) state that: “Interpretive practice is not a mechanical process, but an open process of engaging with a text in an attitude of enquiry. Even the recipes that exist are no more than guidelines” The means by which data was collected, analysed and interpreted within the interpretive paradigm was guided by the researcher’s attempt at meeting the aim of this study. This process is described below.

2.4 DATA COLLECTION

2.4.1 Sampling

Ezzy (2002) states that it is vital that sampling in qualitative research is purposeful. This means that: “The sample provides a clear criterion or rationale for the selection of participants that relates to the research question” (Ezzy, 2002, p. 74). A literary search was conducted on corporate culture to discover what constitutes culture and how to successfully re-shape it. It was found that in order to effectively integrate a set of core values into daily functioning and therefore build a strong adaptive culture, leadership must be adaptive and ready to lead a change process as described by Kotter (1996). It is evident in the literature (Senior, 1997 and Routledge, 2000) that leaders have a pivotal role in cultural change since they control the resources and reward systems and are the main change agents. A purposive sampling technique therefore dictates that the main change agents at Z-Nam, which constitutes the entire leadership team together with the internal OD consultant, should be sampled.

Table 3: Demographic information

Position	Race	Gender	Age	Length of service
Chief Executive Officer	Black	Male	50+	1 - 2 years
Employee Benefits Executive	Black	Male	40 - 50	More than 5 years
Group Schemes	White	Male	30 - 40	More than 5 years
CEO of Retail	White	Male	50+	More than 5 years
Chief Financial Officer	White	Male	40 - 50	2 – 5 years
Marketing Executive	Black	Female	30 - 40	1 - 2 years
Human Resource Executive	Black	Female	40 - 50	Less than 1 year
Client Service Executive	Black	Female	20 - 30	1 - 2 years
OD Consultant	White	Female	20 - 30	1 - 2 years

2.4.2 Data collection method

The researcher aimed to discover the readiness of leaders to promote and implement the set of core values by conducting semi-structured interviews with the leadership team of Z-Nam which comprises the Chief Executive Officer (CEO), seven departmental executives and the internal OD consultant. The discussion guide can be found in the

Appendix. An emic perspective was initially adopted in the research process, since the researcher aimed to examine the feelings and perceptions of the leadership team towards the change process without imposing a theoretical framework which may have distorted responses. This allowed the researcher access to their social reality and therefore a better understanding of their readiness and capacity for change (Holloway & Wheeler, 1996). A semi-structured interview-schedule was constructed, eliciting responses regarding their perceptions of the current culture in Z-Nam, the importance of introducing a set of core values into the organization, what they perceive their role to be in the change process, and how they intend to bring about change and overcome barriers, if any are seen to exist. The open-ended questions were believed to bring to light the perceptions of leaders towards the change initiative.

The researcher attended a management meeting where the leadership team was informed that a study was being conducted within Z-Nam with the aim of assisting them in rolling down the identified set of four core values. The CEO communicated his support of the project and encouraged the other members of the leadership team to participate in the interviews to be conducted. Due to the busy schedules of the leadership team, interviews ranging from between 30 and 45 minutes were scheduled over the next month. The interviews were tape-recorded, transcribed and analysed.

2.5 DATA ANALYSIS

Thematic analysis was chosen to analyse the data collected from the interviews with the leadership team. This technique “focuses on identifiable themes and patterns of living and/or behaviour” (Aronson, 1994, p. 1). Perkins and Hodge (2005) describe themes as units derived from patterns such as conversation topics, vocabulary, recurring activities, meaning or feelings. Themes are identified by “bringing together components or fragments of ideas or experiences, which often are meaningless when viewed alone” (Leininger, 1985, p. 60). Thematic analysis is inductive by nature as themes are seen to emerge from the data instead of pre-defined categories being imposed onto the data during analysis. This allows for a greater understanding of a phenomenon within its context (Ezzy, 2002). According to Donovan-Hall (2004), unlike content analysis, thematic analysis is not interested in the frequency of occurrences as it aims to

understand rather than know the data. This analysis technique was therefore considered to be the most appropriate, due to desired initial emic approach that the researcher wished to adopt. Other advantages to this analysis technique is that it produces rich, insightful and complex results that cannot only be interpreted in light of existing theory but can also be used to generate theory (Donovan-Hall, 2004). For this reason it was also seen to be appropriate due to the eventual etic approach adopted by the researcher during the interpretation phase.

A pragmatic approach to thematic analysis as described by Aronson (1994) was followed in this research study. The first step of thematic analysis requires the immersion of the researcher in the data, which are the transcriptions of the nine interviews. The researcher can then start identifying patterns of experiences that are recurrent within and across texts and label them as themes. The next step involves the researcher identifying all data that are linked to the classified patterns and catalogue related patterns into sub-themes. When themes and sub-themes are pieced together they should fit together in a meaningful way, forming a comprehensive and coherent picture of the collective experience.

2.6 DATA INTERPRETATION

According to Terre Blanche and Durrheim (1999), interpretive researchers are not always solely interested in understanding subjective perceptions and feelings about phenomena; they desire to make inferences that could make a difference within a given context. The emic approach contributes to the researcher obtaining an in-depth understanding of the phenomenon under study within its particular context without imposing a framework on the perceptions of subjects; however the researcher now has to adopt an etic approach in order to interpret this gained understanding. Terre Blanche and Durrheim (1999) describe this process as the researcher moving from description towards interpretation, from local knowledge to expert knowledge, from understanding to explanation. Aronson (1994) argues that this is achieved by referring back to literature. Once the themes emergent from the data have been identified, they are interpreted within an appropriate theoretical framework. Aronson (1994) argues that: “When literature is interwoven with the findings, the story that the interviewer constructs is one that stands with merit” (Aronson,

1994, p. 2). Terre Blanche and Durrheim (1999) are in agreement with this when they argue that good research projects encompass both an emic and an etic orientation.

The common elements that make up culture (Cummings & Worley, 2005 and Michela & Burke, 2000), the adaptability of the leaders (Glover et al., 2002) and the steps involved in effectively leading change as described by Kotter (1996) make up the theoretical framework considered in the interpretation of the data. This enabled the researcher to comment on the readiness and capability of leaders to bring about cultural change and to make recommendations with regard to the changes that need to be made to existing behaviour norms, policies and procedures in order to introduce the desired values as a general guide to daily operations. Secondary data collected about the context were also used to make sense of the analysis and support recommendations.

2.7 TRUSTWORTHINESS

Holloway and Wheeler (1996) argue that qualitative research should be evaluated by the researcher demonstrating the trustworthiness of the study. Trustworthiness is seen to exist when “the findings of a qualitative study represent reality” (Holloway & Wheeler, 1996, p. 162). The foundations of establishing trustworthiness are as follows:

2.7.1 Credibility

Credible research is seen to produce findings that are convincing and believable (Terre Blanche & Durrheim, 1999). It is established through prolonged engagement by the researcher in the field, allowing enough time to learn about the culture and build trust with participants (Babbie & Mouton, 2001). The researcher remained in Z-Nam for four months gathering information about the culture and environment from sources such as strategy plans, internal communications and results from previous research conducted. She also attended two Human Resource meetings and one top management meeting. The credibility of a study is also enhanced through peer debriefing. This is done when the researcher presents data analysis and conclusions to an outsider with an understanding of the nature of the field of study (Babbie & Mouton, 2001). Within this study, a supervisor will evaluate the credibility of the study. The researcher will also make use of member

checks since at the conclusion of the study, results will be discussed with the leadership team. This will ensure the genuineness of the data analysis and interpretation.

Triangulation was employed in the study enhancing its credibility since it is seen to “reveal different aspects of empirical reality” (Patton, 2002, p. 555). Theory triangulation was evident in that theory on the common elements of culture (Cummings & Worley, 2005 and Michela & Burke, 2000), adaptability of leaders (Glover et al., 2002) and leading effective change (Kotter, 1996) were considered in interpreting data. Data triangulation was also used since the researcher substantiated findings from the interviews with that obtained from secondary sources (Patton, 2002).

2.7.2 Transferability

This refers to the extent to which “findings can be applied in other contexts or with other respondents” (Babbie & Mouton, 2001, p. 277). Thick descriptions about the data in the context and detailed reports allow readers to make their own judgements as to the transferability of findings to other contexts. Researchers should also state the characteristics of those included in the sample (Kelly, 1999).

2.7.3 Dependability

Dependability is whether the study will yield the same results if the same or similar respondents are studied within the same context. The dependability of the study is established by the researcher providing detailed information regarding the research process, awarding readers an opportunity to form their own judgement regarding the validity of the study and draw conclusions accordingly (Kelly, 1999). This is referred to as an audit trail, which entails decisions made about theoretical, methodological and analytical choices (Holloway & Wheeler, 1996).

2.7.4 Confirmability

Confirmability is “the extent to which the findings are the product of the focus of the inquiry not of the biases of the researcher” (Terre Blanche & Durrheim, 1999). In this study the researcher provides quotes in the analysis phase allowing the reader to judge

how the results were derived from the data and establish the credibility of the emerging themes (Holloway & Wheeler, 1996).

2.8 ETHICAL CONCERNS

Ethical research requires protecting the welfare and rights of research participants. Within this study, the researcher obtained voluntary and informed consent by providing the leadership team and internal OD consultant with information regarding the research project and the expectations that will be placed on them if they participate. They were also assured that confidentiality would be maintained by disallowing any revealing or personal information in the feedback report provided at the conclusion of the study. Participants were also awarded the option to withdraw from the study if at any point they experienced harm. The research study was also designed in a manner that would bring benefit to Z-Nam on its completion as recommendations could assist the management team in successfully integrating a set of four core values into their operations and reaping the benefits of the resulting strong adaptable culture (Terre Blanche & Durrheim, 1999).

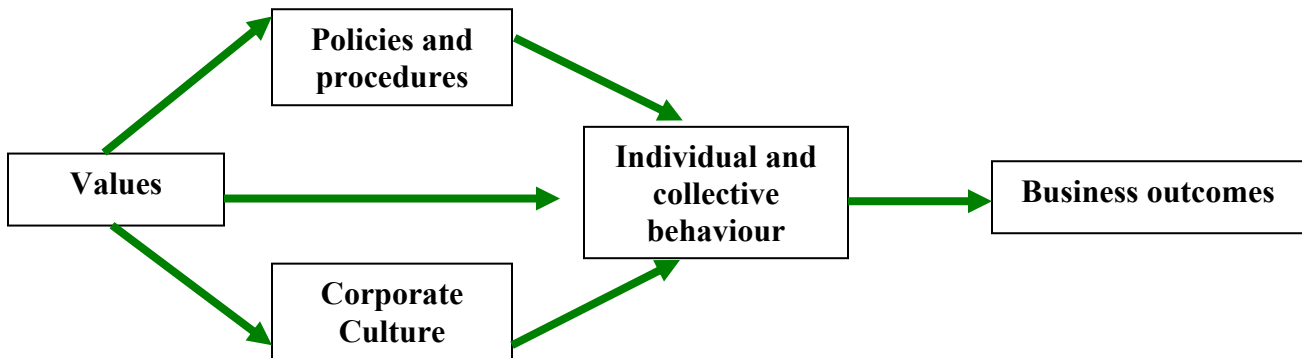
CHAPTER 3: RESULTS

By applying thematic analysis to the data gathered, five main themes emerged with sub-themes linking all related patterns in the data to the main themes. Quotations and information regarding the research thought processes are provided so as to allow the reader the opportunity to observe how the themes were identified and decide on their trustworthiness. The researcher finds it necessary to include contradictory beliefs expressed by the leadership team within themes and sub-themes. In thematic analysis, the quantification of results is however not required (Donovan-Hall, 2004). The researcher will be able to comment on the leadership's readiness to embark on and effectively encourage change in their culture through the successful integration of a set of four core values into their organization functioning once the identified themes and sub-themes are pieced together and placed within a theoretical framework (Aronson, 1994). This will be done in the discussion part of this paper. The identified themes will be discussed first.

3.1 THEME 1: THE ROLE OF VALUES

The top leadership team agreed about the role that values play in the organization. Their perceptions can be illustrated in figure 1 and will be discussed below by looking at the four sub-themes that emerged under this main theme.

Figure 1: The role of values



3.1.1 Values affect behaviour

Values were perceived to have a direct influence on the individual and collective behaviours of employees and consequently on business outcomes. Values were seen to set the “norms”, “standards” and “expectations” of behaviour and in so doing were perceived to “guide” individuals’ behaviour in executing tasks and in their interactions with colleagues and clients. Values were seen to “form the basis of all your dealings”, therefore playing a vital role in “shaping behaviour” as it is referred to in all decisions and will therefore eventually determine the action taken. It was evident that the role of values lies in its ability to direct behaviour that is desirable and therefore benefit the organization.

3.1.2 Values affect corporate culture

Values were perceived to be “one of the key contributors to culture” and are “necessary for the collective spirit of the organization”. Culture was seen to influence behaviour in that it creates an environment that either supports or hinders performance. The interviews revealed the opinion that if a collective culture that is driven by a shared set of positive values is created, it will lead to the building of a “high performance culture” since values create “a conducive environment” for effective organization functioning and are seen to “drive the process towards achieving the vision and mission”. The role that values play

therefore again lies in their effect on behaviour through shaping a culture that drives behaviour away or towards desired outcomes.

3.1.3 Values affect policies and procedures

Comments made indicated that values are perceived to influence behaviour through policy and procedures. Policies and procedures are designed to direct behaviour and enforce desirable behaviour through reward and consequences. If the policies and procedures are consequently in congruence with a positive set of values, the values are perceived to have a strong effect on individual and collective behaviour, guiding it toward business objectives.

3.1.4 Business outcomes

Values were seen to guide behaviour either through the setting of norms and standards or through their influence on policies and procedures and culture. It was believed that due to the positive effect that a set of values has on behaviour it would lead to enhanced profits since “profit is the consequence of certain behaviours” and behaviour is driven by values. It was also seen to substantiate the adoption of “best practices”, therefore building a reputation of being “the best company to work for” and one that offers “the best financial services”. Finally it was also commented that positive values, through their effect on behaviour, will lead to the attainment of the organization’s vision and mission. The entire leadership team recognised the relationship between values and ultimately, business performance. The researcher believes that the extent to which values are perceived to influence business outcomes will indicate the degree of importance attached to values and therefore to the change initiative at hand. This idea was explored in the next theme that emerged from the data.

3.2 THEME 2: THE DEGREE OF IMPORTANCE OF VALUES

Despite the fact that top leadership accepted the importance and necessity of values; they reported this to varying degrees. One leader stated that values are “influential to the success of an organization” to the extent that “they form the foundation of the company” while another felt less strongly, stating that they are merely “pretty important”. One executive was of the opinion that others in the leadership team regard values as a “nice to

have because it is a trend”. However, comments were made indicating that the usefulness of values is something to be “debated” and that as the “soft side of the business” it might be pushed aside behind the pursuit of targets. The researcher believes that this theme may affect the way in which leadership will perceive their role in the value’s roll down effort. The role perception held by leaders influences the time and effort that they will invest in driving a positive set of values in the organization. The divided opinion expressed by leaders with regard to the degree of importance of values may result in them not assuming a positive or pro-active role in the change process as a team, thus affecting its success. These beliefs held by the researcher are substantiated by the statement that: “It is a whole contradiction, we really believe in this process and we understand why it has to happen, yet we are not doing it because on the other hand it is not really that important”. These ideas are explored in the next theme.

3.3 THEME 3: THE ROLE OF LEADERSHIP

In identifying the role of leadership, 4 sub-themes emerged from the data collected from the interviews with the leadership team namely: ownership, consistency, process recognition and follow through. Each of these themes indicate a perceived area of responsibility that needs to be taken by the leadership, with data collected from the interviews with leaders highlighting possible consequences if this is not done.

3.3.1 Ownership

The interviews indicated that ownership of the roll down process is largely being placed on HR. This was evident in statements such as: “executive management and top management see it as our OD consultant’s responsibility” and “I think that your HR department can really make this happen” and “I think that HR should champion that”. It was also noted by two leaders that they are so consumed by “chasing the numbers” that they “tend to forget about the people issues”. Only three leaders noticed that, “if you don’t have it from the top, you don’t have it in the organization” and that “what you want to inculcate in this company is very much your responsibility”.

The possible reason why the responsibility for driving the values into the organization was seen to fall solely on the shoulders of the HR department is that there was a

perceived separation between HR functions and that of other business units. “At the moment (HR) is seen as a stand alone. We are not very good at integrating it into the way we do business”. This perception was believed to render it difficult if not impossible to introduce any OD or HR initiatives throughout the organization. There is a history of a lack of follow through on perceived HR initiatives due to this opinion, as will become evident under the sub-theme of ‘follow through’. It was believed by some leaders that the only means of combating this standing is through the deliberate integration of HR issues in business planning sessions and performance objectives. One business unit has already set an example by including HR into their business planning day, deliberately merging HR objectives with that of the business unit.

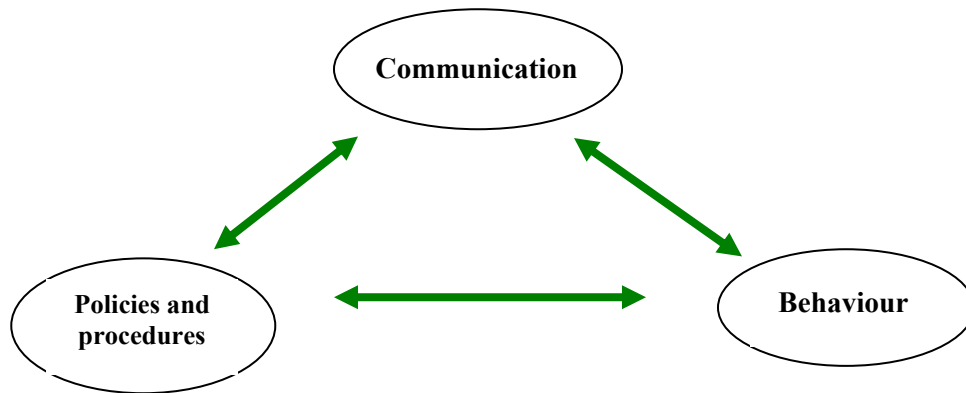
Ownership was said by leaders to be linked with them taking “responsibility and accountability” for the change process, thus directly affecting its success. The researcher believes that since the leaders were in disagreement about their required level of ownership, comments like “not enough has been done to date that management actually take ownership of the values” and “management don’t realise that they actually have to drive behaviour” were made by the management team themselves. It seems that they are not functioning as a team and see themselves as passive onlookers of the change process. If leaders are not united in terms of their perceived ownership of the change process, it may result in inconsistencies in communication and behaviour. This leads to the next perceived area of responsibility.

3.3.2 Consistency

Figure 2 indicates the strong link between verbal communication, policies and procedures, and behaviour that was present in the data collected from the interviews with the leadership team. Data indicated that the resolve that leaders have as to their personal level of responsibility in the values roll down process will be reflected in their verbal communication, their behaviour and in the application of organizational policies and procedures. Since leaders disagreed on their level of ownership, it is not surprising that inconsistencies between what is communicated, lived and applied in terms of policies and procedures were reported in every interview. Any inconsistency between these three

areas is seen by the researcher to negatively affect the future effectiveness of introducing the four core values into organization functioning. This will be considered below.

Figure 2: Consistency



Communication:

Communicating positive values was seen to require management to constantly relate decisions and behaviour to values and in so doing “always remind people” of them and how they are applied in their daily functioning. Values were also seen by leaders to be a means by which they can “test final decisions”. Therefore by setting the example of constantly referring to the values, they believe they can teach employees to also be guided by the values in their decision-making. This will result in unity as a common culture is adopted in the organization. This statement will become clear in one of the subsequent themes of ‘disunity’. It was commented that values are not something that can be discussed once or twice a year during strategic planning sessions. No contrary statements were made to these views, however three leaders said that since values are merely seen as a “trend”, it is something that is often neglected under the pressure of “chasing the numbers”. This again highlights the importance of leadership taking ownership of the process and fully appreciating the importance of organizational functioning being guided by a positive set of values. It cannot be something that is, as indicated by one leader, discussed once a year during business planning and thereafter “it is implied”.

It is believed that values should not only be communicated frequently, but consistently in order for them to be uniformly “imprinted” throughout the organization. It was however

commented that for this to occur, the values have to be commonly understood by all concerned. If the values and the behaviours that constitute them are uniformly defined, they can be consistently communicated and enforced. To date, this is not a process that Z-Nam has yet embarked upon. Top leadership said that they will be better equipped to fulfil this responsibility if they have examples, case studies and benchmarks according to which they can work.

Behaviour:

If verbal and written communication is not consistent with the behaviour of each leader, a positive set of values will not be successfully or uniformly integrated into Z-Nam. In all the interviews, leaders communicated that it is their responsibility to behave in an “exemplary” fashion. One leader stated that: “The values are much more, you can communicate but the value of the values is in whether we are living it. The way you conduct yourself, the way you lead, is a much stronger signal of embedding values”. Communication alone is not believed to be sufficient in driving a positive set of values into the organization, what is communicated has to be backed-up consistently with behaviour.

Despite the fact that the leadership team was unified in their belief that they must lead by example, it was commented that there is a gap between what is communicated and what translates into daily functioning. The value of the values roll down plan has been communicated to the staff, but leaders themselves felt that they do not “really practice this message on a daily basis”. It was reported that, “people say things and then they do different things”. This comment made by one of the leaders illustrates this clearly: “People are talking...we all see why it should be done, and we all see it’s good for development, except we are not doing it”. Leaders recognised the value of values, however they did not uniformly perceive it to be of significant importance, therefore the researcher believes that ownership is not equally taken. This was perceived by the leaders to result in the example that is set to be one of disunity, inconsistency or inaction. This was thought to lead to employee frustration.

Leaders can only lead by example if they are visible. One leader indicated that the absence of leaders also sends a strong message to employees. It was perceived that if managers do not attend meetings or workshops dealing with the issue of values, it sends a negative message to the employees and leads to frustration as they may feel that “why do I have to behave in a certain manner when they (leaders) are not behaving in a certain manner”. It was believed that this view will hinder “cascading the values down and embedding them in the business”. For employees to be “inspired” to live by these values they have to see that there is “somebody serious about this” and not just “leaving it for others to do”. These statements made by the leadership team again indicate the importance of leaders accepting ownership of the change process as it will affect the manner in which they behave.

Policies and procedures:

As stated under the theme of ‘the role of values’, policies and procedures are considered to have an effect on individual and collective behaviour and therefore need to be reflective of the values that the organization wants to embed into its practices. Leaders expressed the importance of having disciplinary processes in place which will indicate the appropriate steps to be taken if one of the values were violated. This indicates the perception that values need to be considered when drawing up policies and procedures so as to ensure that they will be enforced. One of the leaders went further by saying that it is not only vital for the policies to exist, but that in their application leaders must be careful that “we don’t send different signals and keep people in the dark and let people guess what we intend to do if we compromise values”. This statement also indicates to the researcher that not only should leaders consistently apply policies and procedures, employees must be aware of them so as to know what to expect, again highlighting that there should be a consistent link between policies and procedures, communication and behaviour.

From the interviews it was evident that leaders recognise that their behaviour sends strong signals to the organization and most communicated the importance of sending the right message through the consistent application of policies and procedures. However the following comments were made: “I think that the policies and structure of Z-Nam is

conducive to good values; whether they are consistently applied, I would not think so”; “the systems exist but management don’t do it properly or they just don’t do it” and “I don’t believe that the same rules apply to the same people”. Again what is communicated does not always appear to translate into behaviour. Examples given of inconsistent application of policies and procedures were as follows. The performance of cost centres is measured according to whether they attain their budgets, but some were seen to apply this policy less strictly, creating a sense of complacency in other departments in terms of managing their budgets. Policies concerning recruitment and promotions are reportedly also not applied consistently. There were also complaints with regard to some departments receiving a 13th cheque while others did not. It was questioned whether this was done in accordance with policy. If policies and procedures are inconsistently applied it was seen to result in employee confusion and mistrust.

It is impossible to send strong consistent signals through the application of policies and procedures if leaders themselves are not aware of them. It was commented that there is an unawareness of certain policies and procedures, especially those monitored by HR and other departments, and that other leaders or departments apply them inconsistently. It is noted that, “no-body knows how things work anymore, even basic things”, therefore it was suggested that a refresher course on the policies and procedures is offered and that leaders should assess if policies and procedures are in fact consistent with other departments and with the core values that they desire to permeate through the organization. New people entering the Z-Nam need to be informed of the policies and procedures in place and should not be solely reliant on other staff for this information. Sending out e-mails as general reminders, or providing links to policy documents were also suggested. The link between policies and procedures and communication was not seen by leaders to be very strong. Inconsistencies in behaviour could therefore result.

In order to overcome inconsistencies it was also recommended that “clear strict practices” should be put in place “not only for HR practices but all management practices” with “consequence management” attached to inconsistent application. One leader however stated that, “one should give people room to manoeuvre when it comes to the success of their business unit”. He added that in the case where policies and procedures are wilfully

not adhered to, that person should inform his/her superior and HR as to the circumstances that motivates his/her actions. One leader felt that the policies and procedures were “much too much rules based” and that people should be open to “push it” or “question it”. These two leaders felt that the present procedure did not leave much room for flexibility or innovation and believe that values should play a more important role than policies and procedures as the basis to “guide” behaviour and “test final decisions”. This again highlights the necessity of leaders reviewing the current policies and procedures to see if they are congruent with the four core values, and to agree which rules are non-negotiable, which are flexible and to decide on protocol if a policy or procedure is to be disregarded.

Maintaining consistency between what is communicated verbally and in policies and procedures, and what is reflected in leadership behaviour is evidently seen to be vital since, as one of the executives said: “if you do have values but they are not consistently imprinted into the business, you will actually get behaviour that is inconsistent with these values”. Despite the recognition that consistency is of great importance, it is evident from the interviews with the leadership team that it is not present.

3.3.3 Process recognition

Leaders saw bringing about a change in the current corporate culture as a “learning curve” that will take “serious time and effort” since “consolidating organizational values is a process, it is not an event”. One leader recognised the link between the values that are reinforced in society and the effect that they have on employees’ thinking and behaviour at work. It was felt that desiring a certain change in behaviour at work will consequently also require leaders to recognise the impact that society plays in shaping the values adopted and lived by employees. Bringing about a change to values being lived in the organization will therefore require a great amount of understanding, time and effort as it also involves societal norms and values. Z-Nam is also believed to have a strong historical legacy, which still dictates the way things are done today. Bringing about change to a value system, behaviours and policies and procedures that have been in place for many years will be a time consuming and difficult process.

It was noted that Z-Nam is at the beginning of this process of change and “still has a way to go”. Whether Z-Nam has what it takes to successfully undergo a process of change should be considered. It was stated that whether leaders are willing to invest the time and effort is dependent on how they perceive the importance of values in the organization and how they define their personal level of involvement in the values roll down process. Leaders were divided on these issues. Leaders themselves felt that there is “a lot of talk” around bringing about change but little action has been taken. The fact that some leaders do not appreciate the importance of values being consistently communicated and the belief that values are “implied” after business planning sessions indicate that some of the management team still do not recognise that driving a positive set of values in the organization is a process that requires continued effort.

3.3.4 Follow through

This sub-theme refers to the ability of leadership to follow through on change initiatives introduced in the organization. A good track record of following through on change initiatives is seen by the researcher to affect how successfully a new set of values will be introduced and eventually integrated into the corporate culture.

About two years ago Z-Nam embarked on a bottom-up process involving all employees in the organization in crafting their own values. High levels of support and buy-in necessary to drive these values into the organization were reported amongst employees. This year however, Head Office decided on a different set of four core values that need to be introduced in all the branches internationally in order to create a common universal identity for the company. It was indicated by leaders that this decision has led to them and employees feeling “despondent”, “upset” and de-motivated to put in the effort to drive the values that are now being forced upon them. This will have an obvious negative affect on the level of support and buy-in necessary for both leadership and employees to internalise the core values and use them in day-to-day organizational functioning. This inability to follow through on the change initiative introduced two years ago was beyond the control of leaders. But their role in inspiring change and taking ownership now becomes more vital for the success of the values roll down process as they must overcome greater levels of resistance.

Employees were also asked to give their opinions in the Climate survey and Beehive survey early last year. Results were reported to top management, but it was noted in the interviews that the results are not being “taken further” or “investigated” so as to find a way to bring about positive change. The point was made that “for a while when that was the topical issue, everybody was talking about it but then obviously it subsided”. These statements resonate with the results of the Beehive that found that 57% of the time stakeholders feel that their opinions are not valued and therefore their interests are not satisfactorily met by the organization. It is evident that despite the research being conducted in Z-Nam and eliciting the opinions of the work force in the attempt to bring about improvements, there is little or no follow through based on the findings. It is believed by the researcher that due to this lack of sufficient action taken by leadership, there has been a continued decline in response rates to research conducted in Z-Nam and a growing level of distrust of management. It is the role of management to recognise the importance of research and that they must be willing and committed to follow through on any changes that findings necessitate.

3.4 THEME 4: THE DESIRED VALUES

This theme considers what the desired values are and whether they are perceived to be lived within Z-Nam, thus providing an indication as to the degree of change that needs to occur in integrating the new set of values. Comments regarding the extent to which values are perceived to be lived can only be made if the values are defined. Leaders have also indicated that for the values to be consistently communicated and successfully integrated into the corporate culture, they have to be jointly defined and generally understood. Integrity and respect were considered to be the pillars upon which the 4 core values rest. Leaders’ comments indicated a perception that if there is integrity and respect, the result will be increased accountability, which in turn will lead to pushing beyond boundaries. Integrity and respect will therefore be discussed first, followed by accountability and ultimately pushing beyond boundaries.

3.4.1 Integrity

It was strongly felt that “as the custodians of people’s money you cannot compromise on this value”, therefore “it is a value that is probably pushed quite high in Z-Nam”. This

value therefore forms one of the pillars upon which all positive values are based, as it is considered to determine the very survival of the organization.

Firstly, integrity was seen to be present when the “way of dealing with my colleagues, with the employees that report to me is professional”. This means that all conduct has to be “honest”, “straightforward” and “beyond reproach”. The Climate survey indicated that only 39% of employees feel that honesty is present in the organization. Only 42% believe that there is openness and transparency in operations. Integrity was also defined in the interviews as “you must live what you say” and according to this description, the value of integrity was seen to be lacking since “I see people say things and then they do different things”. Integrity was also seen to be absent when there is an inconsistency in the application of policies and procedures. The Values survey conducted in February 2005 supports this belief held by the leaders as employees also communicated that different standards are seen to be applied across the organization. It is evident the sub-theme of ‘integrity’ is linked with that of ‘consistency’. Considering the above results, it is clear that Z-Nam still has a way to go in internalising the value of integrity.

With regard to the value of integrity being lived towards the outside world “I would like to think that we do represent the value of integrity”. This statement was made with the definition of integrity considered to be that Z-Nam “does not put products on the market if they are not legally sound”. In comparison to other businesses it was felt that Z-Nam is very strong on this point. Integrity was also seen to be a “focus on service”, since the clients’ needs should be considered first. Z-Nam is in the business of working with people’s money. If this value is absent, they will not survive in the market. It was felt that despite the fact that Z-Nam is perceived to be strong on service, they are “not service excellent yet”. This indicates a striving towards improvement.

3.4.2 Respect

According to the interviews with leaders, another pillar upon which positive values and their reciprocal behaviour is based is the value of respect. This is indicative of statements such as: “If anything, I think it counts more, I would weight it more than anything else”, “To me respect is the strongest (value)” and “Everything is born out of respect”.

The definitions given by leaders of respect were as follows. “Respect reflects how you should be treating other people and basically treating other people like you want to be treated yourself. Having a high opinion and high esteem of other people and giving them the service that they demand”. It is the “recognition of the contribution” that each person in making and letting everyone “feel worthy”. It was felt that: “Every member should be recognised and treated equally” regardless of their level within the organization. “Yes we have hierarchies, but yes we also have to respect the lower levels of your staff and I think it is overall good”. Respect was seen to be present when “we respect our differences” be it culturally or as different business units. It is reflected when people are “open to help (others) if that is required and also to accept that they need to help you”.

Whether this value is lived or not was contested in the interviews. It was felt that: “Respect can probably be seen at different levels”. Two leaders however commented very positively on the presence of respect saying that: “I definitely have not come across or into a situation where there is not a lot of respect” and “The one thing that I can say that I have always appreciated in Z-Nam is the respect with which people treat one another”. One leader was not as positive and stated that: “We do exercise respect but not as much as we should”. Another executive noted that “we don’t respect our differences”, especially the differences between business units”. It was therefore perceived to be a value that Z-Nam “needs to work hard at”. Considering the definitions given for respect, this perception is substantiated by the following results shown in table 3. The results were retrieved from the Climate survey that indicates the percentage of employees that perceive the following behaviour to be lived in Z-Nam.

Table 3: Climate Survey Results

Support	45%
Acknowledgement	46%
Praise	48%
Recognition	47%
Value diversity	45%

When respect is lived within the organization, certain benefits were seen to result. It was seen by leaders to add to the positive reputation of Z-Nam and that it aids the necessary collaboration, since an environment of respect encourages sharing.

3.4.3 Accountability

Accountability was seen to be lived when people can take responsibility for their actions and admit when they have made mistakes or under-performed. It is not having to always “check-up” on people, but have them take responsibility and ownership of their jobs. The Climate survey indicates that only 47% of employees feel that ownership is taken. The Values survey conducted three months later indicates that a good news culture prevails. This is a culture where mistakes are hidden and decisions are pushed up. It was therefore perceived by leaders to be a value that is closely linked to “performance management”. It was seen that the reason why “we are not strong on accountability” is because there is a lack of efficient performance management. If you really want certain behaviours to drive excellence in a high performance organization you need to let people take accountability for their action. It was felt that, “there needs to be more focus on taking accountability”, and that it is especially a problem at the lower ranks. Without accountability it was believed impossible for Z-Nam to push beyond boundaries as employees have to “take ownership of any area or responsibility to find your solutions and near initiatives to make things work better”. It therefore precedes the next value.

3.4.4 Pushing beyond boundaries

Pushing beyond the boundaries was considered to be, “going beyond the conventional limits”. It was seen to be evident when people “put in the extra effort”, “exceed targets” and stop looking for “excuses” or “shortcuts” by just merely complying with the limits set by the law instead of exceeding these standards. It was believed to be more than just “creativity” and “innovation” but also the ability to “rejuvenate” yourself, embrace “entrepreneurship, when you try something new” and “to really think beyond the conventional approach”. This requires the ability to “embrace change” and challenge rules, structures, legacies and the way things were done in the past. Z-Nam should also accept the risk inherent in doing this. This value can be seen as a commitment towards excellence and therefore related to performance and competitiveness.

It was perceived that this value should be encouraged in a manner that the other values are manifested in the process. “You cannot push the boundaries without having respect. You cannot push the boundaries by doing it in a way that does not support integrity.

Further if you take over accountability you will have to push the boundaries in order to come up with better solutions”. It was felt that people need to feel that they are respected in that they are perceived to be important and to add value in order for them to be motivated to do more than the “basic requirement of what is required within my work context” and therefore to push beyond boundaries. Leaders stated that the value of pushing beyond boundaries cannot stand in contradiction to that of integrity, because “if you are pushing the boundaries there are certain limits that must be there”.

Whether or not this value is lived can be seen in the following comments. “...overall I think that this value is not applied”. A possible reason why this is the case is because Z-Nam has not “reached the point where we are able to embrace change”. It was also commented that in comparison to other businesses in the field, Z-Nam is not at the “forefront of change”, and therefore not pushing them into the future. This statement was supported by the claims that “there is a lot of complacency” and that innovation is greatly lacking. There was however considered to be a “definite movement towards pushing the boundaries and taking accountability for that”, but it is unfortunately not “remotely as extensive as I believe Head Office would like to see it”.

In some cases leaders express different ideas as to how these values are defined. They also perceive them to be present to varying degrees within the organization. It is vital that they consolidate their views so as to ensure that, as stated by one executive, “we are all travelling on the same path and at the same speed of implementing these and integrating these values into our day-to-day activities”.

3.5 THEME 5: THE FOUNDATION

Leadership has indicated that before any new values can be introduced into the organization, it is important to “create an awareness of where we are at” in terms of the values and behaviours that are currently present in the organization and the consequences that they bear. This assessment will indicate the perceived foundation upon which the new values will be introduced and driven into Z-Nam. This theme considers whether this foundation is perceived to be conducive to the introduction of the four core values as

defined in the theme of ‘desired values’, and whether barriers to the success of the values roll down initiative are perceived to be present.

3.5.1 Disunity

The interviews revealed that there is a lack of unity between different business units in the organization. It was stated that: “I can give you part of the values that are represented in different parts of the business, but on the whole I don’t see much coming through”. With each unit living its own values, different cultures were reported to have emerged in the organization. The Beehive survey results support this perception as it indicates that Z-Nam is not uniformly adopting open system practices and values, which causes an unclear and fragmented culture. Interviews indicated that working with different business units can be frustrating, and conflicts arise due to the expectations placed on service, interactions and behaviour by the desired values. It is also indicated in the Beehive that 76% of the time different departments and functions are more likely to work on their own and do not work with one another in an open and active manner. This was seen to complicate inter-departmental cooperation; affecting client service and organizational success. It was reported that disunity between business units is evident since some departments are perceived to be “looked down on” or not as important in contributing to the success of Z-Nam. This was also seen to affect inter-departmental cooperation.

Each unit living its own set of values has also resulted in a lack of a corporate identity. A “silo-mentality” has emerged where each business unit “wants to make your own succeed” instead of considering the success of Z-Nam as a whole. It was commented that: “I don’t think there is unity. I don’t think there is an issue of one unit trying to make the other one successful. Everybody is focused on surviving and achieving their own goals”. With each unit having its own targets it was seen to be forgetting that “at the end of the day we have to get Z-Nam to win”. Internal competition was believed to have resulted from disunity.

Internal competition between units was seen by leaders to be positive when it drives performance. There is however a line between healthy competition and business rivalry where one “plays unfair in competition”. There was a level of disagreement between top

leadership whether there is rivalry between the units or healthy competition. It was reported that: “sometimes the operating converges, there are the same clients that they need to chase”. This situation was seen to cause rivalry between departments where units enter into “turf fighting” where “people are saying that these are my clients and they are not going to share this information”. There have been reports of people and client “poaching”. One executive elaborated on this by commenting that “some business unit at the expense of the other would probably want to perform so much so that some people will tell clients out there ‘just cancel this policy’ and then probably offer their own policy”. This behaviour was seen to enhance unit performance at the expense of Z-Nam’s overall results. It was perceived that the inconsistent application of policies and procedures also “creates an unhealthy sense of competition” as it creates a perception of “favouritism” on the part of leaders towards certain departments. The result is disunity and that people “don’t believe in the business anymore”.

It was suggested that the rivalry might not be vindictive but merely a “stepping on each other’s toes because there is not a clear definition and separation of roles. Because there is a disconnection between the departments and people don’t come into contact with each other, they don’t know what the other is doing and therefore inadvertently step on their toes”. It was therefore believed that communication between departments needs to be attended to so as to ensure a “greater coordination of activity”.

Overcoming disunity is not an easy task since the units operate “in totally different worlds”. For example, one unit takes on a few big single investments in a year, whereas others are concerned with short-term investments and are required to work with smaller amounts and more face-to-face with clients. It was however suggested that units should explore “common ground”, be more “supportive in cross selling”, each unit should “make sure that they know what the other business is doing” so that they can be more aware of the challenges facing them and therefore be “supportive”. It was noted that one business unit should not expect another to drive it, there should be a freedom between the units to approach each other for resources necessary to attain their objectives. It was seen that this obstacle will only be overcome once departments recognise their interconnectedness in

that, “we are all the same, we all have equal worth, if one sub-system stops, it affects the whole system”.

It was commented that overcoming disunity between units “starts at the highest level and then cascades down to lower levels. We need more team building, more understanding and more acceptance to overcome (disunity)”. It was felt by the leadership team that they should consider whether policies and procedures, communication and behaviour enhance unity between business units in such a manner that encourages healthy competition instead of rivalry. It was noted that “there is a lot of room for improvement” in achieving this level of cooperation between units. It was seen to be vital to restore unity as it is believed that without it, “I don’t see how they (the positive core values) are going to fall in fertile ground”, thus posing a great barrier to the successful integration of positive values in Z-Nam’s culture.

3.5.2 Fear and mistrust

The interviews with leadership revealed fear and trust to be very closely linked as they were often referred to together therefore making up one sub-theme. It was indicated that: “trust is a concern”. The lack of trust was seen by the leadership team to cause people to feel that they “are not empowered” and to breed a “culture of fear”. The Climate survey supports this perception as only 45% of employees believe there to be an environment of trust and only half feel empowered in their jobs.

Reasons given by the leaders for mistrust were as follows. “Trust is a problem because of disunity”. In the cases where disunity between departments was seen to cause rivalry, a perceived by-product was that people become “uncomfortable with their positions” as they find themselves in an environment where they believe they have to continuously “protect their turf”. It was therefore commented that people are “afraid of whatever the future holds”, resulting in old economy behaviour such as “power-seeking”, “selfish ambition”, “secrecy” and trying to gain the “monopoly of information”. These behaviours were believed to be exhibited in an attempt at “self-preservation”. They were also seen to result in people being “defensive” and when they are corrected or critiqued they often “take it personally” and are “overly sensitive”. When this occurs there was seen to be

little chance that the person who was questioned will take the comments made beyond what is perceived to be an insult or threat to his/her position. This behaviour was believed to inhibit Z-Nam in pushing beyond boundaries.

Leaders noted that, “there is a lot of fear of mistakes”. If a mistake is made, employees “decide to keep quiet”, “play the blame game” or if highlighted by management, any comments made is seen as “criticism” and “taken personally”. The result is that mistakes are under-reported, reported too late or not at all. The researcher believes that this can result in a compounding of mistakes that could have dire consequences on performance. If employees are afraid to make mistakes, they are also afraid to take chances on new ideas or show initiative. Fear and mistrust are therefore believed by the researcher to negatively affect the internalisation of accountability and pushing beyond boundaries. Some possible reasons given by leaders as to why employees fear making mistakes are that feedback is not given in a constructive manner and that due to inconsistencies in the application of policies and procedures, employees fear unfair punishment. This sub-theme is thus linked with that of ‘communication’ and ‘inconsistency’.

“If practices are not followed as how the rulebook said, there is then confusion among the employees and then ultimately mistrust”. Interviews indicated a belief that due to this lack of trust resulting from inconsistencies, employees might become “complacent” and “de-motivated”, therefore causing them to not “bring up issues” that if addressed may lead to higher performance. This sub-theme is therefore also related to ‘participation’.

3.5.3 De-motivation

Comments were made by leaders on the low motivation index of 47% as obtained from the Climate survey and that they believe this status will severely influence the integration of positive values into Z-Nam. “The thing is, if people are happy and you come up with these values, you will have fertile ground to do something”. One executive expanded on this idea by relating de-motivation specifically to a lack of integrity and respect in Z-Nam, stating that it negatively impacts Z-Nam’s ability to push beyond boundaries.

“People are sometimes just so de-motivated because of the value of integrity that is not kept, that they will actually not put in that extra (effort)...if a

human being is not regarded as important and regarded as adding value then the human being will basically just give in and do only the basic requirement and not push beyond boundaries”.

3.5.4 Stuck in the past

Z-Nam’s “legacy” and “historic culture” was believed by leaders to be causing “complacency” since it was perceived that people are “very much stuck in the way things were done in the past”. The history and legacy of Z-Nam was said to be one of bureaucracy where employees are not to “question any authority or anything that has been done”. It was reported that Z-Nam is in the process of moving away from this management style. However at present the high level of bureaucracy was believed by leaders to still be inhibiting Z-Nam from “going forward”, “embracing change” and therefore “pushing beyond boundaries”. Historically, the level of bureaucracy was present to varying degrees in different business units. According to the researcher, this indicates that the inconsistencies and disunity between business units is also something that is being carried over from its past.

The Beehive indicates that Z-Nam exhibits effective change management only 52% of the time. This is believed by the researcher to be inhibiting them from breaking away from old ways of operation and management and effectively bringing about change.

The Beehive indicates that the problem is due to:

1. Old policies, procedures and structures inhibit the execution of strategy 57% of the time.
2. A general lack of ongoing participative evaluation of change implementation.
3. The change process is often not managed well and 43% of the time poorly communicated, resulting in divergent interpretations and execution of strategy.
4. 57% of the time practical day-to-day consequences and requirements of strategy are not clearly set out and communicated.
5. Adequate training to accommodate changes is received only 43% of the time.
6. Senior management congruence is perceived to occur only 43% of the time, because leadership tends to put together strategic plans without engaging the opinions of other levels. This perceived lack of a unified guiding coalition is

believed to cause chaos and confusion at operational levels that need to convert strategy into action.

3.5.5 Participation

Leaders commented that a culture of participation is something that they “need to inculcate”. Interviews showed that participation was perceived by leaders to be a means by which they can get the best out of their employees and where they themselves are challenged towards excellence and overcoming group-think, thus leading to greater levels of innovation and performance. It was commented that: “If people have divergent views and we can professionally challenge each other, the company will win”. At present, despite the fact that participation was seen to be highly encouraged and vital for business success, it was not seen by leaders as something that is practiced consistently or enough throughout Z-Nam. The Climate survey supports this belief held by leadership as it indicates that only 51% of employees believe participation to be exercised and only 49% feel that their viewpoints are allowed.

For participation to occur, people have to be able to exercise their freedom to “challenge certain accepted views and those of senior people in the organization”, however there were reports that, “there is unquestioning obedience where people are expected to do things just because ‘I said so’”. Due to a level of bureaucracy, “junior people don’t feel able to participate at all and the senior people perhaps also do not want to argue a point”. Examples were given where the absence of top leadership resulted in a “relaxed atmosphere”, where people felt comfortable to raise their opinions. This is because senior people were reportedly sometimes seen as “stern” and unable to “facilitate the whole process”. In an attempt to elicit participation, it was said that some leaders “play devil’s advocate” or “deliberately and maybe in an unfair way sometimes elicit critique and debate and arguments”. This approach might not always be conducive to participation.

There was seen to be a lack of trust and a fear of participation due to inconsistencies between what is communicated and how leadership behaves. Inconsistencies are evident in comments such as: leaders “encourage different opinions, but if they are aired you are seen in a different light” and “leaders say ‘you can always challenge me’, but the moment

they are challenged they do not like it”. The fact that there was perceived to be a level of fear and distrust in the organization seemingly resulting in people hoarding information, blaming others, being overly sensitive and fearing making mistakes was also seen to contribute to the lack of participation. At present the forums are not encouraging “debate in a healthy and constructive manner”. The result of communication problems is often then that there is no discussion and therefore decisions are made in a “top-down” manner, which negatively influences buy-in and commitment. The value of participation is therefore greatly linked to the theme of ‘communication’, as discussed later.

3.5.6 Performance Management

All leaders stressed performance management as the central means of integrating a positive set of core values into the organization and overcoming any barriers that may hinder the process. One leader stated that: “Without performance management everything falls flat. You can have the best system, the best processes, the best policies, if there is no consequence management, then it just goes to hell”. It was felt that measuring and then attaching rewards to values will assist in internalising the positive core values into functioning, as it will “make values an integral part of our operations”. It was also seen by leaders as a means by which the importance of the values can be communicated throughout the organization. It was noted that if values are not measured “we would probably only for a while run with them and obviously then the targets will overtake that and then it will take its normal place”. It was felt that if values are “embedded into the performance management system properly, we will get the behaviour that we need in a high performance organization” and that by appraising values, accountability will be enhanced since “people need to understand that I should be accountable for what I am doing”. Performance management was however highlighted as a major barrier in Z-Nam, rendering it an ineffective tool for managing change. The reason given for the poor management of performance is the general lack of consensus as to how it should be applied and the resulting inconsistency with which it is used, especially with regard to integrating the new set of values.

At present “it (values) is structured about 10% of your performance”. When asked to comment on this percentage, the following divergent opinions were raised. The

performance appraisal is used for 360-degree feedback and is concerned with “how you deal with other departments” and “how others perceive you”. Due to this level of subjectivity some leaders felt that the percentage should not exceed 20% of your performance rating and should vary according to your level of interaction with others. It was felt that if your contact with other staff is limited, the percentage should be between 5% and 10% of your performance rating. One leader stated that “in an ideal world you would actually define all your activities under those values”. It was expressed that the focus of rewards is currently mainly on the attainment of bottom line objectives. These were seen as “non-negotiable”, but if you are lacking in the outward expression of positive values, it is still excusable as long as targets are met. This perception was seen by this leader to be the greatest barrier to the eventual internalisation of the four core values into Z-Nam. It was believed by this leader that when targets are set in the performance contract, the means by which they will be attained should also be highlighted. The respect, accountability, integrity and initiative with which targets are met should therefore be set, agreed upon and contracted, thus providing grounds for joint measurement.

It was communicated that due to its subjective nature it is vital that the leadership come to agreement as to the performance management system and through their attitude and behaviour promote the consistent application and importance of values appraisal. This was seen as essential otherwise the whole process will lead to employee “distrust” and the perception that performance appraisals are used as a tool to promote “hidden agendas”. This perception is supported by the Beehive survey, which indicates that 71% of the time people do not understand and trust the pay and/or incentive system because it is too complicated and used in an unplanned manner. It was also noted that pay is not perceived to be linked to performance but subjective. The performance management system was also not seen to be utilised as a tool for constructive feedback and employee development. This reportedly also results in confusion, fear and mistrust.

Leaders recognised performance management as an important tool for integrating the four core values into everyday functioning; however, the researcher believes that they do

not as yet have a realistic or clear perspective on how this should be done. This opinion will be discussed further in the next chapter.

3.5.7 Communication

Despite the fact that open communication was said by leaders to be encouraged in Z-Nam, this was not believed by them to be a lived reality. Communication emerged in the interviews as a major problem area that either acts as a perceived cause of many of the indicated barriers or is perpetuated by them.

Ineffective inter-departmental communication is evident under the sub-theme of 'disunity'. This was perceived by leaders to result in a lack of cooperation, un-coordinated activity, or in some cases rivalry; all negatively affecting overall business outcomes. The Beehive study also indicates that 71% of the time employees perceive inter-departmental communication to inhibit Z-Nam from delivering superior customer services and greater productivity. According to the Climate survey, only 45% of employees feel that information is shared and that the information shared is believed to be of poor quality 55% of the time. The many bureaucratic levels are believed to obstruct the flow of information 57% of the time. Certain structural problems are also present since some employees do not have computers, and even if they do, some are not well "versed with technology". These reasons contribute to 57% of employees feeling uncertain about what is expected of them or remaining uninformed about developments that may affect them. Forty-two percent of employees also report a lack of transparency. This is believed by the researcher to negatively affect the levels of trust necessary for effective operation in Z-Nam. The leaders indicated that the level of fear and distrust necessitates that they learn how to offer constructive feedback and elicit positive debate. It was noted that, "I am not sure we get enough feedback and it is not presented in a constructive light".

Gossip was identified as a "big issue". It was seen to be a symptom of a "lack of good communication" and was believed to create disunity in that it "creates camps". It was commented that this consequently inhibits Z-Nam from pushing beyond boundaries as "you spend more time gossiping than actually getting into the issues". Gossip reportedly

also leads to distrust and secrecy. This again inhibits participation, constructive debate and therefore business performance. Gossip was also seen to result from management not consistently applying policies and procedures.

It is evident that for Z-Nam to successfully roll down the values, they will have to address the issue of communication. It was believed by leaders that performance management could be an effective tool in aiding communication if its shortcomings are met. It was seen as a means to clarify roles, expectations and consequences. The Beehive survey shows that employees are unhappy with the situation where 71% of the time, pay and incentives are used as sole means of motivating them. They desire acknowledgment and praise for hard work and regular constructive feedback from their managers. Disunity, fear and mistrust, the lack of constructive feedback and closed system bureaucratic structures are believed to inhibit participation on all levels. It is believed by the researcher that by overcoming the barriers to communication, Z-Nam will be able to alleviate the obstacles to change, resulting in constructive participation and the achievement of business outcomes. Under the sub-theme of ‘stuck in the past’, ineffective communication is also raised as a reason why Z-Nam is struggling to bring about change.

It was said by leaders that the first step in overcoming the barriers to the successful integration of the values is for the leadership team to start communicating effectively with each other. At present, meetings constitute business units doing 45-minute presentations without engaging in real discussion afterwards; where synergies are leveraged and strategy on an organization wide level is considered. The leadership team has never participated in teambuilding exercises, where they learn to communicate effectively based on knowledge of each other’s strengths and weaknesses.

3.5.8 Lack of leadership consensus

In considering the themes that emerged from the interview data, the general lack of consensus between leaders becomes evident. The Beehive survey supports this finding in that it is reported that senior management congruence is perceived to occur only 43% of the time. All the leadership team members agreed that values play an important role and impact on business outcomes, yet the degree of importance attached to values relative to

bottom line issues was disputed. Varying degrees of ownership of the values roll down process were also expressed. There appears to be a general lack of consensus amongst the leadership team as to how research conducted in Z-Nam should be followed up. This is evident in the poor track record of follow through on change initiatives. Disagreement as to how the desired values should be defined and the extent to which they are lived is also evident in the theme of 'the desired values'. If the leadership team does not agree on these accounts, it is seen by the researcher that there will be no unified change effort.

The lack of leadership consensus is believed by the researcher to be a major reason why there is such a great level of reported inconsistencies. If leaders agree on the message they want to convey verbally and behaviourally and if policies and procedures are known and agreed upon, inconsistencies will be greatly reduced and so will the negative consequences that flow out of this barrier to change. Inconsistency is seen by the researcher to inhibit the outward expression of the values. The definition of integrity is linked with consistency; so if inconsistency is limited, integrity will be present. The value of respect will only permeate Z-Nam if it is consistently lived by all members. The lack of consensus as to how performance should be managed is leading to its inconsistent application thus hindering it from being used as a tool for encouraging accountability. Since pushing beyond boundaries is only seen to be possible if the values of integrity, respect and accountability are lived, it is imperative that inconsistency is eradicated.

Leaders could not even agree whether the competition that is present between units is pushing performance, causing rivalry or is merely "stepping on each other's toes". It is believed by the researcher that different leaders will therefore either continue to encourage the competition or attempt to reduce it. Whatever the individual stance taken by each leader is, the result will be that different behaviour will be encouraged in the organization leading to further inconsistencies. Disunity, the lack of consensus and inconsistency is reportedly also causing fear and mistrust, which in turn inhibits participation and effective communication. The fact that it was reported that Z-Nam is struggling to break free from its past into open system practices is reflective of the lack of true consensus among leaders in terms of the best means of management. This inhibits them from experiencing true change.

CHAPTER 4: DISCUSSION

The aim of this research study is to assist Z-Nam in building its cultural capital, that has been affected by its weak culture, by aiding leadership in becoming values-driven. According to Peat (2003) values-driven leadership is the deliberate incorporation of core values into everyday functioning. In attaining this goal, literature on culture and change was collected to establish whether the leadership team in Z-Nam was ready for and capable of promoting the adoption and implementation of the set of core values and what changes needed to be made in order to successfully become a values-driven organization. The analysis of the perceptions of the leadership team, raised in the interviews regarding this change endeavour included in the strategy plan for 2006, together with secondary data obtained from past research conducted within the company, can now be compared with this literature so as to be able to aid Z-Nam's leadership in becoming more values-driven. By placing the results within a theoretical framework necessary for interpreting results and by highlighting key findings, a degree of repetition will occur.

According to Cummings and Worley (2005) and Deetz et al. (2000), a company's capacity for change will be measured according to their ability to move from their current cultural state towards a desired state, these will therefore be considered first.

4.1 CURRENT STATE

In comparing the results in the analysis with literature it becomes evident that Z-Nam's culture is not fully utilised as an asset. This is discussed below.

4.1.1 Performance

According to Cummings and Worley (2005) a strong culture would result in better strategy formulation and implementation and therefore enhanced performance. The Beehive survey, however, indicates that strategy execution is a problem area, pointing to a weak culture. The sub-themes of 'fear and mistrust' and 'disunity' also indicate the occurrence of performance inhibiting behaviour such as manipulation, power seeking and information hoarding, which, according to Clothier (2005), results from the absence of positive values. It is only recently that Z-Nam started considering values and culture as a means of enhancing performance, but the lack of ownership and inconsistencies between

what is communicated and how leaders behave substantiates Peat's (2003) belief that despite the proven link between culture and performance, many organizations still underestimate and therefore under-invest in their culture.

4.1.2 Competitive Advantage

Research has indicated a divided and weak culture. This is evident in the reported inter-departmental disunity and strong silo-mentality. Employees are de-motivated and the presence of negative values and behaviour such as fear, mistrust and rivalry are also seen to be pointing to a lack of identification with the company. According to Deetz et al., (2000), a lack of a strong company spirit and powerful corporate identity inhibits organizations from building a competitive advantage in the market. The public comes into contact with the negative elements of Z-Nam's culture and could suffer the resulting effects on service delivery as performance is influenced. This will affect their general perception of Z-Nam and, according to views held by Deetz et al. (2000), will influence their position in the market.

Results presented in the previous chapter indicated that there is a predominant focus on bottom line agendas often at the expense of OD initiatives, including the internalisation of the core values. This is evident in theme 2, 'the degree of importance of values'. According to Deetz et al., (2000) in order to be a market leader, organizations must invest in more than just their bottom line issues. Morgan (1997) states that if only technical issues are considered and the human factor is regarded as subverting the reengineering process, it will lead to major failure.

4.1.3 Talent Retention

Z-Nam's ability to establish a Person-Environment fit, as described by Kossek and Lobel (1996), is made difficult by the reported inconsistent application of appointment procedures. The negative signs of organizations not uniformly ascribing to positive values, as indicated by Schermerhorn et al., (1994), Jackson (1996) and Distefano and Maznevski (2000), are all present in Z-Nam. The negative signs are conflict, strained interpersonal relationships, frustration, miscommunication, a lack of cooperation, de-motivation, disunity, distrust, information hoarding and self-serving behaviour. These

behaviours not only have a negative affect on performance, but create an unpleasant working environment that could lead to the loss of valuable staff (Deetz et al., 2000).

4.1.4 Coordination and control

An asset that accrues to organizations as a result of every part operating according to the same set of core values is enhanced coordination. With coordination comes greater identification with the organization, trust, communication and adaptability (Morgan, 1997 and Deetz et al., 2000). The unity necessary for greater coordination is lacking in Z-Nam. This is evident in their reported lack of corporate identity, distrust, miscommunication and inability to break away from their bureaucratic past. Closed system practices incorporated in this bureaucratic structure rely strictly on rules and regulations to guide behaviour. Inconsistency in the application of policies and procedures due to a lack of knowledge or general disregard thereof is rendering this form of control ineffective. Behaviour is therefore neither effectively guided by values nor policies and procedures, but instead by the dominant leader or group within a particular department. It is no wonder that disunity, inconsistency, fear and mistrust are the reported consequences.

4.1.5 Decision-making capabilities

The presence of fear and mistrust is allegedly causing an under-reporting of mistakes and communication barriers are also inhibiting the flow of information. This affects the speed and quality of decision-making and performance, as information is incomplete (Deetz et al., 2000). Deetz et al., (2000) state that if decisions are guided according to a set of unified values, it will ensure that all decisions are guided towards desired business outcomes. In Z-Nam however each unit is reportedly functioning according its own set of values. There are numerous inconsistencies in behaviour and application of policies and procedures and disunity between departments often result in the overall business objectives of Z-Nam taking a secondary role to departmental objectives.

4.1.6 Adaptability

Morgan (1997) holds that disunity and a lack of leadership consensus results in a lack of coordinated collective action. This is seen to inhibit Z-Nam's ability to bring about successful change throughout the organization. This is also evident in the sub-theme of

‘stuck in the past’ and ‘lack of follow through’. Heathfield (2005) states that if there are no strongly held values in an organization, as is the case in Z-Nam, there is a lack of stability and therefore security during change. It is vital in today’s business environment that organizations have adaptive cultures enabling them to cope with rapid changes. Z-Nam is planning major change in its future and therefore needs to be adaptable.

Z-Nam is planning major change in the form of its Role Design Programme for 2006, which will affect every level of work in the organization. Performance management will also be affected by this programme and is included in the strategy plan for 2006. Each level and position in Z-Nam will be affected if performance management is changed, therefore requiring a major shift in daily functioning. Keeping OD on the agenda by integrating change initiatives into business strategies and aligning and standardising HR processes and practices throughout Z-Nam will also require an entire mind-shift by leadership, affecting their leadership style and daily means of operation. This is also a major form of change since at present OD and HR are seen to function separately from other business units in the organization. Therefore any plan devised by them and based on research completed is seen as either solely or mostly their responsibility to execute. This is believed to negatively affect leadership taking ownership in a change initiative, which is detrimental to its ultimate success (Routledge, 2000 and Senior, 1997). There is also a history of inconsistent application of policies and procedures, so bringing these in alignment will also require a change from the status quo.

Senior (1997, p. 133) states that: “Culture is capable of blunting or significantly altering the intended impact of even the most well-thought-out changes in an organization”. This research study and past research conducted have indicated that Z-Nam’s culture is weak and divided, riddled with reported limitations such as disunity, fear and mistrust, demotivation, lack of participation, lack of leadership consensus and miscommunication. These factors all inhibit organizations’ ability to adapt to changes in their environment (Morgan, 1997 and Heathfield, 2005). It is therefore vital that Z-Nam firstly considers driving the corporate values internalisation process throughout the company and in so doing building a culture that will support future changes.

Z-Nam's culture is found to be a liability due to its lack of strength and adaptability. In such cases Deetz et al., (2000) indicate that transformational change is required. But since the culture is divided, it points to the fact that a dominant negative culture has not yet been established, therefore allowing a greater chance for success. Cummings and Worley (2005) stress the importance of leadership investing time, commitment and effort in the change processes to prevent failure. According to Senior (1997), leaders stand at the centre of cultural change, therefore the leadership development plan for 2006 should start with encouraging the leadership team to drive the internalisation of the four core values into their business units. This research study aims to assist in this matter and therefore also touch on the leadership development plan highlighted in the strategy plan for 2006.

4.1.7 Current state of values

It is evident that Z-Nam's current culture is standing in the way of the company taking advantage of business opportunities that require change. According to views held by Goodman et al., (2001), the researcher believes that it is critical that Z-Nam builds its capacity for change by firstly encouraging the development of a strong adaptable culture which will in turn aid leadership in driving the four core values in their respective business units (Goodman et al., 2001). Many of the weaknesses resulting from Z-Nam's current culture will prove to be barriers in this change process. The overlap between the current state and capability for change will therefore become evident later in the discussion. Firstly, however, the researcher will discuss how the current culture is affecting the outward expression of the four core values.

Integrity and respect are considered to be the pillars upon which the values of accountability and pushing beyond boundaries are built. It is strongly felt that without them, the business will not move forward. Leadership and employee perspectives, as expressed in the interviews and past research respectively, are however not in complete congruence regarding the extent to which these two core values find expression in day-to-day routines. However, the fact that leadership and employees are in agreement as to the lack of accountability and pushing beyond boundaries in routine operations is indicative that these two value pillars are not strong, but are perceived as being necessary for optimum performance.

Leaders feel that there is integrity since products are legally sound and there is a focus on service. Employees, however, believe that due to ineffective inter-departmental communication, superior customer service is greatly inhibited. Disunity is also complicating cooperation and causing counterproductive rival behaviour such as turf fighting, client poaching and withholding information. This is not only hindering client service, but indicates that integrity is not upheld between departments. Leadership and employees are in agreement that an inconsistency between what is communicated, lived and applied in terms of policies and procedures is inhibiting integrity. Inconsistency and the lack of leadership consensus are also found to be closely linked, as leaders can only communicate, behave and lead uniformly towards desired outcomes if they are in agreement. Disunity and inconsistency are highlighted as the main contributors to fear and mistrust in the organization. Employees report a lack of honesty, openness and transparency in operations, which can be attributed to self-preservation, mistrust and fear of making mistakes. Ineffective communication as a result of disunity, lack of leadership consensus and fear and mistrust is clearly a barrier to integrity.

The leadership team is also divided on their opinion whether the value of respect is lived within Z-Nam. A lack of consensus will lead to the value not being continuously driven into respective business units with the same amount of effort and commitment. A lack of effort and commitment, according to Routledge (2000), inhibits the success of change. Until further research is undertaken to define the values more uniformly, respect is seen by leaders to comprise support, acknowledgement, praise, recognition, respecting diversity and being treated of equal worth regardless of position or level. Past research has indicated that employees are not divided in their view that respect is not lived within Z-Nam according to these parameters. The following barriers are seen to exist.

In terms of disunity, it is reported that some departments are not seen to have equal worth. There is a perception that inequality is expressed through favouritism and that rivalry inhibits support. There is a reported lack of praise and acknowledgement for hard work, pointing to ineffective feedback and therefore inefficient communication skills and/or the ineffective use of performance management as a tool in offering constructive feedback. According to Sathe and Davidson (2000), intrinsic reward is a powerful tool in

bringing about permanent change. Z-Nam therefore has to pay attention to this barrier in encouraging the value of respect. By embracing diversity of thought and open discussion, groupthink and stifling uniformity are counteracted (Schermerhorn et al., 1994). Employees, however, feel that their viewpoints are not respected. Leaders and employees indicate that this can be attributed to flaws in leaders' communication skills. The unquestioning bureaucratic structure and mistrust and fear resulting from disunity and inconsistencies also reportedly inhibit participation, and therefore the presence of diversity of thought in decision-making processes.

Accountability is defined as the taking of responsibility and ownership of tasks and owning up to mistakes. In the sub-themes of 'disunity' and 'fear and mistrust' it is evident that accountability is lacking since behaviour such as blame shifting and secrecy are reported. All the leaders feel that accountability can be mandated if responsibilities and tasks are clearly defined and performance measured and rewarded accordingly. Effective performance management is however lacking within Z-Nam due to a lack of consensus as to how it should be done and inconsistencies in its application. According to Morgan (1997), culture is however not something that can be mandated, but is a proactive process of reality construction. Z-Nam should therefore not consider performance management as the only tool of inculcating accountability into operations, but instead should consider the daily social interactions that are inhibiting members from taking accountability for their actions. They should also consider the barriers in the pillar values of integrity and respect as these are seen to influence accountability. Ownership needs to be modelled by leaders as "leaders must be the change they want to see" (Barrett, 2005d, p. 1), therefore their reported lack of taking equal ownership of the values roll down initiative is a barrier.

Pushing beyond boundaries is seen to involve putting in the extra effort, being creative and innovative, and able to change. The negative behaviour expressed as a result of disunity, fear and mistrust is seen to inhibit not only performance, but also to diminish Z-Nam's ability to push beyond boundaries. If employees are insecure in their positions and afraid to make mistakes they will not have the freedom to take chances or show initiative. Employees feel highly de-motivated to put in extra effort. Leaders believe this to be as a

result of a lack of respect and integrity in the business. Barriers to participation are also very negative, since greater involvement through participation is seen to result in coordinated activity, commitment to decisions and better implementation of change initiatives (Rothwell et al., 1995). Z-Nam is experiencing major barriers to change, with the most significant being a lack of effective communication and performance management, and a lack of participation and congruence between management.

The researcher believes that despite the fact that a degree of innovation and change is vital in order to meet the demands in the environment, financial institutions need to keep a reputation of stability, sound investments, rational fundamentals and clear, responsible thinking. Z-Nam should therefore not encourage the value of pushing beyond boundaries at the expense of this reputation. They should, however, keep up with market trends and find initiatives that would enhance their public image in terms of their stability, service excellence and product quality. There is always a risk involved in innovation and change; therefore employees should not only be encouraged verbally, but also through incentives, to find new ways of increasing productivity and make the necessary adjustments to bring about positive change in performance.

It is evident that the current presence of the desired values is not widespread enough to build a strong unified culture and that barriers to internalising these core values exist.

4.2 DESIRED STATE

Z-Nam desires to build a strong yet adaptable culture around four core values that are aligned with the needs of the current business environment. The core values deemed necessary for business success have been identified by Head Office as integrity, respect, accountability and pushing beyond boundaries. The desired results of having a set of core values uniformly permeating organization functioning and consistently guiding all operations are that Z-Nam would build its cultural capital and be able to successfully meet the demands set in the strategy plan of 2006, since they will be able to be more adaptive to the changes that will be required. The above agrees with the views of Barrett (2005a), Peat (2003) and Stackman et al., (2000) discussed in Chapter 1.

4.3 CAPACITY FOR CHANGE

In order for Z-Nam to attain the described desired state, they will have to overcome the barriers present in their current culture and eliminate the obstacles in the way of internalising the set of core values. Theory on OD, corporate culture and leading change as discussed in the literature review indicates certain fundamental requirements for successful change in culture. Z-Nam's capacity to successfully build a strong adaptable culture will be considered accordingly and recommendations made throughout the discussion.

4.3.1 Principles for success according to OD theory

Low morale, closed communication, isolation, distrust, resistance to change, little or no ownership of OD programmes and strategy execution problems are signs mentioned by French et al., (1994) and Hanson and Lubin (1995) that would necessitate change. These are all present in Z-Nam. An OD plan following AR steps is seen as a means of effectively diagnosing the core problems in an organization and devising and executing an action plan that would overcome these problems (Cady & Caster, 2000 and Rothwell et al., 1995). Z-Nam's strategy plan for 2006 also suggests that they are looking to embark on several change initiatives during the year to come. According to French et al., (1994), OD is an effective means of managing change and increasing an organization's capacity for change. A number of principles were highlighted as to how performance and adaptability can be increased through an OD intervention, thus eliminating these perceived areas of liability in Z-Nam's current culture.

French et al., (1994) state that bringing about change in culture is complicated if not impossible, therefore for change to occur five principles need to be followed.

The intervention needs to be regarded as a long-term process

This requirement is met because all the leaders see culture change as a long-term process.

The intervention needs to be well planned

Z-Nam is still in the early stages of this change process. Although preliminary plans suggest that the OD consultant offers workshops to all the departments regarding the values and what they mean, no other decisive plans have been put forward or

implemented to date. The researcher hopes that the results of this research study will be considered in drafting a plan to bring about change in their culture as it indicates certain barriers that need to be addressed.

The OD plan needs to be linked to business strategy

Z-Nam does not have a good track record of linking their OD initiatives to their business plans as OD is perceived to be a separate function that should be driven solely or mostly by the OD consultant. Due to this perceived separation of function and responsibility, it is evident to the researcher that, according to views held by Mankins and Steele (2006) that Z-Nam's strategy planning is done by unit and not per issue. A major mind shift by the leadership team is required; as they will have to learn to participate in and take ownership of OD plans in their business units. Leaders have to liaise with the internal OD consultant to ensure that values are appropriately operationally defined and aligned according to the business strategy, in keeping with views held by Wade and Recardo (2001). According to French et al., (1994), this needs to be done to ensure that the values will support strategy and translate into everyday operations aimed at achieving the strategy.

Top management must support and be committed to the change initiative

Routledge (2000) states that for any change to be successful it is vital that it receives complete support from top management as they are the main change agents, are powerful role models for behaviour change and control the resources and systems within the organization. For the leadership team to model the desired values they need to agree on how they are defined. At present leaders are not in agreement on this matter and have a track record of inconsistent behaviour modelling due to a lack of consensus. The first step will be for the team to be aware of the barriers in the current culture, agree on how they are to engage resources in overcoming these barriers, communally define the values and decide how they are going to uniformly integrate them into their respective business units. Again, the leadership team is to liaise with the OD consultant, where they combine resources to contribute to viable solutions to Z-Nam's problems. Ultimately, however, the onus is on the leadership team to drive values in their units (French et al., 1994). At present, they are not uniformly recognising the extent of their ownership in this change process, therefore their degree of commitment is seen to be divided.

OD is a collaborative process, not only with management, but also with employees

Hanson and Lubin (1995) and Routledge (2000) agree that employees need to be involved in every stage of AR, since this will increase their support and ownership of the change initiative, resulting in less resistance and greater success. When Z-Nam embarked on an initiative to identify and define a set of core values 2 years ago, they involved the entire organization and, according to leaders and employees, received high levels of commitment to the roll down of those values. Last year, however, Head Office disregarded these values and instructed that new ones should be internalised. It is felt that this negatively affected the levels of trust between management and employees, hindering future collaboration and support for change initiatives. Since employees are not included in identifying their own set of values, it becomes vital that they are fully included in all the other phases of AR. In line with views held by Rothwell et al. (1995), leaders have to break through the barriers to participation that resulted from their lack of follow through on past research done in order for them to meet this requirement to successful change.

4.3.2 Principles for success according to literature on culture

Basic assumptions, values, norms, artifacts and mental schemas shared by the organization's members shape the corporate culture (Cummings & Worley, 2005 and Michela & Burke, 2000). If a change is desired, all five elements need to be considered. Culture is the outward demonstration of the values currently existing in the workplace (Heathfield, 2005) and according to Deetz et al. (2000), it is easier for leaders to start with changing the overt behaviour and communication patterns before any change in the deep-rooted value system is possible. The changing of schemas and artifacts will therefore be considered before norms, values and basic assumptions.

Schemas

Stackman et al., (2000) state that for values to be commonly lived within companies, some members need to undergo a measure of behaviour change. They say that this is possible in so far as information is given to individuals that allow them to question their current values and rationally decide to adjust their behaviour. Michela and Burke (2000) state that resistance to change stems from management providing inadequate information to motivate employees to make that decision to change. All the leaders are united in their

opinion that values impact on business outcomes. But their expressed disagreements regarding the extent to which values are seen to impact on business outcomes indicate that it is not always seen as an important framework within which outcomes and objectives are to be achieved. This may negatively affect the urgency with which leaders motivate employees to re-consider their behaviour and make changes, or even adjust their own behaviour as leaders. The fact that leaders have already received information from previous research undertakings which indicate that their culture is a potential threat, but nevertheless report the same problems, communicate no sense of urgency to change nor indicate that conscious effort has been made to address the problems. This indicates that the leaders themselves have not undergone enough change in their own schemas. It is therefore a major barrier to changing their culture. It will also be easier for employees to change their schemas if they are allowed to participate more in the development of strategies, processes and policies.

Artifacts

The Systems Approach emphasises the importance of aligning the formal and informal systems in an organization in order to efficiently meet objectives as set according to environmental demands (Certo, 1994). According to findings in this study, there is a lack of congruence between the two systems, since there are perceived to be considerable inconsistencies between what is communicated, lived and applied in terms of policies and procedures. For example, open system practices are verbally encouraged, but daily practices, systems and structures still reflect old economy values. Performance management has the potential to promote positive values being lived, but leadership is not in consensus as to how this should be done. The result is a great lack of consistency in its application. Past research and results within this study indicate problems such as demotivation, fear and mistrust and miscommunication within the informal system. This supports the view that there is a mismatch between the two systems. It is vital that Z-Nam's leadership team re-considers the current formal system comprising the structure, systems, procedures and rules and physical layout in order to see if it matches the desired values that they want to inculcate. According to literature of Certo (1994) and Cummings and Worley (2005), required changes must be agreed upon, communicated, motivated and modelled in the informal system so as to ensure that the two systems line up.

Norms

Norms are defined as: “the way we do things around here”, therefore it involves changing the behaviour on a broad scale so as to fit the core values (Michela & Burke, 2000).

According to views held by Stackman et al., (2000), this will require Z-Nam to firstly conceptually define the values and then to break down the definition into an observable and measurable behavioural definition as per position. Z-Nam has to date not embarked on an organization wide endeavour to conceptually define the values, nor have they broken down the values per position. This renders it impossible to be linked to performance management. It has been suggested by leaders that the operational definition should be linked with the strategy of each business unit and the organization as a whole and measured and rewarded accordingly This opinion accords with the principle of OD that values should be linked with strategy (French et al., 1994) and with the opinions of Wade and Recardo (2001) that performance measurement should be linked with strategy execution so as to increase accountability for and therefore continued support of strategy execution. It is perceived that this approach will ensure that the values permeate through every operational function and support the unified attainment of objectives.

The researcher therefore recommends that Z-Nam embark on a corporate wide endeavour to conceptually define the four core values. Each department should then take ownership of operationally defining the values according to their own strategy. Performance targets should then be set both per individual position and departmentally within these rigidly defined value parameters. If targets are not met within these set parameters, a demerit system should be put in place. A demerit system would be more logical for values such as integrity and accountability as these are not values that can be lived to varying degrees. A reward structure should also be created, communicated and uniformly implemented where employees are rewarded for pushing beyond boundaries and being respectful. However, it should be stressed that values cannot be bought, only encouraged, therefore there should not be a sole reliance on a reward and punishment system as a means of changing culture.

Values

Norms and values are seen to be intertwined according to Michela and Burke (2000). However the permanence of change is measured according to whether change reaches beyond overt behaviour (Stackman et al., 2000). It is virtually impossible to buy or force values into the organization through artifacts such as, for example, performance management policies and reward structures. Culture will only change when both the attitudes and behaviour of members are guided by the same values. Blanchard and Stoner (2004) state that for this to happen, the core values need to be commonly identified, ranked and defined.

Unfortunately, the members of Z-Nam were not able to identify their own values as these were imposed by Head Office, but past research does indicate that all members feel that these are good core values to have. However, more is required for the successful integration of values into the organization than the mere recognition that the values are good. Discussion with the leadership team indicates that they rank the values in the same order, with respect and integrity being the pillars upon which accountability and ultimately pushing beyond boundaries are built. Work still needs to be done to discover whether employees are of the same opinion and to reach consensus, not only between leaders but also with employees, as to the definitions of these values. Based on research conducted by Blanchard and Stoner (2004), and since these steps have not been followed as yet it is believed by the researcher that overall employee behaviour will not be sufficiently impacted. This is a company wide endeavour and requires leadership to firstly accept the importance and ownership of this initiative to breed the necessary commitment to drive the change process. They have to address the barriers to participation as it is vital to the success of the change initiative and addresses ethical concerns as highlighted by Deetz et al., (2000).

Basic Assumptions

This is the deepest level of conscious awareness and is considered to be non-confrontable and nearly impossible to change (Cummings & Worley, 2005 and Senior, 1997).

Therefore this research study focuses on influencing schemas, artifacts, norms and values

to encourage a strong adaptable culture and assumes that the basic assumptions will in time change accordingly.

4.3.3 Principles for success according to literature on change

4.3.3.1 Leadership adaptability

Leaders are at the centre of cultural change (Senior, 1997). Glover et al., (2002) state that if an adaptable strong culture is desired, leaders have to firstly exhibit adaptive capabilities before they can encourage the necessary changes within the organization. Adaptive leaders are recognised by their ability to gather information from the environment, diagnose it and from the assimilation processes make informed decisions regarding actions that need to be taken to accommodate the changes (Glover et al., 2002).

According to the theory of adaptability held by Glover et al., (2002) and based on the results of this study the researcher believes that the leadership team's ultimate response to change is that of natural selection. A lot of research has been done in Z-Nam during the past year that has pointed to areas in need of change, but little to no real change has taken place, as the same problems are still being reported and no decisive company wide change initiative is in place to address these issues. This is evident in the sub-theme of 'lack of follow through' and in the problem areas highlighted under theme 5, 'the foundation'. The fact that leadership does not uniformly accept ownership of the value roll down function indicates that they have not fully assimilated the urgency for change as indicated by the research. In general they also see OD and HR to be separate from business units and therefore do not take enough responsibility for championing change in their own departments. This indicates that the necessary accommodations will be inhibited, as there is a lack of pro-active commitment to drive change. Z-Nam is clearly not exhibiting a balance between assimilation and accommodation. Without this balance Z-Nam will not be able to meet their plans for change in 2006. Leadership has to consider the research results without disregarding information that does not fit current structures or beliefs. They have to face reality head on, find consensus as to how problems can be pro-actively addressed and champion change in their departments.

A spin off benefit of the leadership team learning to accept information that may contradict current structures and beliefs would be that diverse opinions raised by employees and other leaders will be more readily considered, thus opening the lines of communication necessary for active participation (Schermerhorn et al., 1994). It has been seen that participation is vital for successful change (Routledge, 2000) and for pushing beyond boundaries.

4.3.3.2 Change leadership

Kotter and Heskett (1992, p. 84) state that: “The single most visible factor that distinguishes major cultural changes that succeed from those that fail is competent leadership at the top”. Competently leading change is believed to occur with the following of 8 steps. Whether Z-Nam has adequately laid the foundation of leading change according to these steps will be considered below.

Step 1: Establishing a sense of urgency

Kotter (1998) stresses the importance of this step as it is regarded as the main reason why change initiatives fail. Without a sense of urgency to change, there will be a lack of commitment and motivation to change, therefore mobilising all members in the company to adapt will become impossible (Kotter, 1998). As a strong culture can only occur when the majority of its members agree with and live the same set of core values, creating a sense of urgency becomes very important. It is vital that the sense of urgency is firstly embedded with the leadership team because they are the main change agents and are in powerful position to drive the change initiative downward throughout the entire organization (Stackman et al., 2000).

According to research conducted by Kotter (1998), for this step to be successful, at least 75% of the leadership team needs to be in agreement that there is an urgency to change and they must be committed to and take responsibility for the change process. Glover et al., (2002) state that this will only occur once top management has adequately assimilated the necessary information and cognitively recognised the need for change. Only then can they motivate others to change and consistently communicate and behave in a manner that reflects the desired change, because ultimately “they must be the change they want to

see” (Barrett, 2005d, p. 1 and Michela & Burke, 2000). Research in this study has indicated that due to a lack of follow through on past research, Z-Nam has not recognised the urgency for cultural change. Head Office has mandated all branches to roll down these four core values; so this plan is not born out of an internal sense of urgency to change their culture. There is also a lack of ownership that leadership is willing to accept with regard to the roll down process, as most believe that it is an endeavour that should be championed by HR. This also points to the absence of a sense of urgency to take up responsibility to successfully drive the values into their own business units.

The sub-theme of ‘lack of leadership consensus’ also indicates that leadership is at present not meeting this requirement for successful change. Despite the fact that the leaders are united in their opinion that values impact business outcomes, they were in disagreement as to the extent to which this occurs. This indicates that values and culture are not seen as primary tools for achieving business objectives and therefore, according to the findings of research conducted by Kotter (1998), this may negatively impact on the support that the internalisation process will receive. The results of this study indicate OD and HR functions tend to revert to secondary priorities behind bottom line issues. According to views held by Peat (2003), the researcher believes that the leadership team needs to stop under-estimating the value of building their cultural capital otherwise the necessary sense of urgency will not be created.

Kotter (1998) also states that culture is not something that can be mandated by rules and regulations, as it is a living phenomenon that is created and re-created through social interaction. All the leaders stress performance management as a means of ensuring that the values are lived. Although extrinsic reward is a good starting point to changing behaviour, it will not result in a lasting change in culture as change has to be linked to values, attitudes and beliefs (Sathe & Davidson, 2000). Leadership therefore has to also consider the problem areas in social interaction within the organization such as the reported disunity, fear and mistrust, de-motivation, communication barriers and inconsistencies and how they are affecting Z-Nam in creating the strong adaptable culture that they desire.

Step 2: Creating a powerful guiding coalition

Kotter (1998) states that it is vital that a powerful coalition is established consisting of members with formal titles, information and expertise, good reputations, influence and control over resources. The leadership team in Z-Nam possesses these qualities and therefore has the potential to effectively drive the four core values into the business. Kotter (1998) states that if companies undervalue how essential it is for them to form a united and committed guiding coalition and instead place all the responsibility on one executive or the HR department, the change effort will fail. The interviews conducted with the leadership team indicates that Z-Nam's leadership team lacks consensus that will allow them to be a united force driving the four values. It also shows that ownership is not uniformly taken, reducing the effectiveness of the team to guide the change process.

Step 3: Vision and strategy

Z-Nam is standing at the beginning of the process to change their culture. Cummings and Worley (2005) state that if the leadership team itself does not have a common understanding of the issues at hand and what is required to change corporate culture, it will be impossible to inspire change throughout the organization. Some strategies in changing corporate culture were presented in the literature and discussed in this chapter. Leaders have to be aware of the theory involved behind the change they desire and to come to a consensus as to how they are going to formulate their strategy to fit their current environment and overcome barriers as indicated in this research study. The leadership team has to first learn to effectively assimilate all the information and take ownership of the change process before they are able to discuss a strategy that will overcome any barriers and lead to the effective roll down of the values.

The interviews revealed that the leadership team has not given much thought to the roll down strategy that they will follow. Some suggestions were made, but it is evident that no clear plan exists, or at least not one that is known or owned by all the leaders. There has also been no mention of a vision, which according to Kotter (1996) is necessary to direct, align and inspire action of a large number of people. The fact that the OD research results and plans are always presented in meetings, superficially discussed and seen as a separate function that requires little or no ownership to be taken by the respective

business units, is also arguably a reason why no clear strategy or vision has been formulated to date to change the corporate culture. The researcher also believes that this is the reason why there is a reported lack of follow through of OD plans. These beliefs are in accordance with theory presented by Mankins and Steele (2006). It is suggested by the researcher that Z-Nam considers the case of Textron as reviewed by Mankins and Steele (2006) when it comes to future formulation and execution of strategy.

Step 4: Communicating the change vision

Kotter (1996) states that it is impossible to change the behaviour, hearts and minds of most of the employees in the organization without effective and unified communication from the guiding coalition. Open, regular, constructive and quality communication is not seen to always occur in Z-Nam. Disunity, distrust and fear are inhibiting the flow of information. There are inconsistencies between what is verbally communicated and what is actually done within the organization, especially by leadership. These are barriers to effectively communicating a unified, clear and inspiring change vision. Communicating a change vision is not just a top down matter but requires input from all levels to ensure that it is understood and agreed to. This will build commitment and unified behaviour (Hanson & Lubin 1995 and Kotter, 1996). Barriers to participation are found to exist, and these also need to be addressed before this step can be attained. Without consistency, the trust and support necessary to bring about change diminishes. Since inconsistency and distrust have been reported as barriers in Z-Nam, these barriers need to be addressed.

Step 5: Removing Obstacles

Deetz et al., (2000) state that before cultural change can be attempted, there has to be an assessment of the current culture so as to highlight and find ways to remove any barriers to the change process. These barriers have already been highlighted in the results section and discussed within this chapter. Leaders now have to assimilate this information and come to consensus as to how the barriers should be addressed. They have to learn how to communicate effectively as a team and encourage constructive discussion in order for consensus to be made possible. Flowing out of strategy and vision consensus, the leadership team will be more able to communicate and behave in a consistent manner, thus allowing the values to be uniformly driven into the business. It will also build trust,

reduce fear and help Z-Nam to regain a sense of unity since inconsistency was seen to be linked to all three of these barriers. With these barriers reduced and the lines of communication between employees and management opened, participation will naturally increase, enhancing Z-Nam's future adaptability and performance.

Before all of this is possible, the leadership team has to recognise the importance of culture and how the continuous living and encouraging of these four core values in daily functioning will ultimately benefit the business. This realisation goes hand in hand with each member of this team taking up ownership and responsibility for the change process and becoming committed to finding a way to overcome barriers and pro-actively drive these values into their units. The lack of follow through shows that this has not been adequately achieved in the past, resulting in employees feeling that their opinions are not valued, trust decreasing and the response rate to research initiatives dropping. This reduces Z-Nam's adaptability and places even greater importance on the leadership team to visibly take up ownership and show employees that this time things are different.

The final steps

Head Office instructed Z-Nam to roll down the four core values at the beginning of 2005, but little has been achieved. It is recognised that transformation in culture is a process that will take time, but Z-Nam has to remember the following before any change will be consolidated in their culture. Firstly, a feasible, concrete, measurable, simple to understand and logically sequenced plan should be devised and agreed upon by the leadership team. The action planning needs to be highly participative in order to attain employee commitment and find the most appropriate solutions to identified barriers (Rothwell et al., 1995). The action plan has to have short-term goals that can be measured and celebrated, therefore Z-Nam has to firstly overcome the barriers in their current performance management system. Leaders must realise that due to the dynamic nature of culture, their continued committed to re-shaping it is vital.

CHAPTER 5: CONCLUSION

Past research conducted in Z-Nam indicates that there is a lack of a strong adaptable culture unified around a set of positive core values. This is perceived to result in several weaknesses in their functioning since corporate behaviour is not unilaterally directed by one set of desirable open system values. Strategy planning for 2006 therefore includes building a strong yet adaptable culture around values that will enable Z-Nam to remain competitive within its environment. Head Office in London identified four core values that should be incorporated within every company internationally so as to create a unified global corporate identity. The chosen values are integrity, respect, accountability and pushing beyond boundaries.

According to Peat (2003), building a strong adaptable culture requires values-driven leadership, which will actively pursue the deliberate incorporation of values into everyday functioning. According to Barrett (2005a), becoming more values-driven will enable Z-Nam to build its cultural capital and in so doing to reap the benefits of higher performance, competitive advantage, talent retention, coordination, control, decision-making and adaptability. They will therefore be on the path to overcoming the indicated weaknesses in their present functioning and to accommodating future change initiatives (Goodman et al., 2001). The aim of this research is to assist Z-Nam in re-building their cultural capital, that was compromised in part by their weak culture, by aiding them in becoming values-driven. In attaining this aim, a focus on leadership was deemed essential.

Literature places leaders at the centre of a successful cultural change process (Glover et al., 2002 and Kotter, 1998). Leaders encourage a strong adaptable culture when they are committed to internalising the set of core values into the organization's functioning and pro-actively allocate their time and resources to mobilise members to personally adopt the core values in their daily operations (Cummings & Worley, 2005). When leaders model the change they want to see, they inspire others to change (Barrett, 2005d). This is vital since a strong culture is only seen to exist when the majority of the members in the organization ascribe to the same set of values, norms and beliefs (Stackman et al., 2000). The leadership's adaptability according to Glover et al., (2002), and their capacity to lead

change as described by Kotter (1998) were therefore examined in this study, as these are seen to distinguish major cultural changes that succeed from those that do not (Kotter & Heskett, 1992). The field of OD also offers guidelines to increasing the capacity for change (French et al., 1994 and Routledge, 2000). These were also considered.

Within the AR framework, the researcher gathered data on the current culture as perceived by leaders and indicated by past research. Leadership perception regarding the importance of introducing a set of core values into the organization, their role in the change process and how they intend to bring about change and overcome barriers were also elicited. The themes that emerged from the data were interpreted according to the literature gathered on OD, culture and leading change. Based on the analysis and discussion of results, the researcher was able to provide recommendations to the leadership team as to how they can increase their capacity to bring about cultural change. The most important areas in need of change will be highlighted below. The weaknesses, strengths and possibility for future research will then be considered.

5.1 ANSWERING THE RESEARCH QUESTION

The current cultural foundation present in Z-Nam has the potential to either hinder or support the change process. It was found that Z-Nam is not realising the potential of their culture as an asset. This is due to the fact that the culture is fraught with inter-departmental disunity and a general lack of leadership consensus. This is reportedly leading to even greater levels of inconsistencies between what is communicated, lived and applied in terms of policies and procedures. Fear and mistrust are reportedly the fruit thereof, leading to a breakdown in communication and a general lack of participation. The researcher believes that the only way to overcome these barriers to change and remove the hindrances preventing Z-Nam from taking advantage of their culture is for the leadership team to come to consensus on the key issues facing the organization.

The leadership team does not uniformly recognise culture as a primary tool for affecting business outcomes in that it sets a framework within which targets are to be achieved. It is for this reason that the researcher believes the leadership is under-investing in its development. This is seen to be the case since past research indicates areas of weakness

in the current culture, but responses made by leaders show that these issues are still present and there is no decisive action plan in place to address them. They also believe it to be the responsibility of HR to address the issues pertaining to culture. These beliefs are causing a lack of consensus as to their role in the values roll down process, thus negatively affecting their ownership and commitment. It has been seen that without leadership commitment, change will certainly fail. According to OD theory, change is impossible if it is not top management sponsored (French et al., 1994). Theory on culture indicates that if values are to permeate the organization, they have to be first adopted and then lived by the key actors in the organization, namely its leadership (Stackman et al., 2000). The main reason quoted by Kotter (1998) for change failing is that there is a lack of agreement among the leaders as to the urgency for change. Without it they lack the commitment and ability to consistently guide, communicate and inspire corporate change.

In order to reach this level of consensus, leadership must firstly undergo a cognitive shift, according to views held by Michela and Burke (2000). The information gathered in past research and in this study needs to be adequately assimilated, the leadership team should recognise the importance of culture and realise that they play a central role in bringing about cultural change. Only then will they be able to agree on the necessary accommodations that need to be made to inculcate the values into daily functioning and overcome barriers to the change process. Until Z-Nam's leadership team realises their interconnectedness and overcomes communication barriers preventing open discussion and the assimilation of information gathered from the environment, cultural change will be impossible. Out of a state of leadership consensus, the researcher believes that other problem areas in their culture will be addressed. For example, if there is strategy consensus and leadership commitment there will be a unified message that is communicated and lived throughout Z-Nam. Inconsistency will then be reduced and with it fear and mistrust. In line with the opinions of Rothwell et al., (1995), the researcher believes that barriers to participation are broken down as trust increases and open communication is lived by leaders. This will aid future adaptability, as participation is vital to the success of change.

In answering the research question by comparing results with theory it can be concluded that Z-Nam is not ready and capable to successfully build their cultural capital through values-driven leadership. This is believed to be the case as the leadership consensus and commitment essential to successful change are seen to be lacking. The researcher therefore recommends that the following needs to be done before an attempt at cultural change can be made:

1. The leadership team must undergo a team building exercise to aid them with their interpersonal relationships by recognising each other's strengths and weaknesses and appreciating their interconnectedness. The VISA results can be used to aid this process. This will allow for better communication and constructive future discussions amongst leaders.
2. A training course needs to be offered to the leadership team regarding the role of OD, cultural capital and their personal responsibility in leading change.
3. Discussion surrounding the previous research findings and those of this study needs to be facilitated in order to find the root cause of the lack of follow through on previously suggested OD initiatives and to plan a way forward.
4. Z-Nam has to reconsider the means by which they do their strategy planning. All the unit heads must be involved in the planning and decision-making process on issues that affect the entire organization, such as culture change, so as to encourage unified action and ownership.

5.2 STRENGTHS OF THE STUDY

Due to the increase in the rate of change that has been occurring across industries over the past two decades, much research has been conducted into effectively leading change (Morgan, 1997). OD is a dynamic yet recognised field that deals with the effective management of change (French et al., 1994). Research into culture, values and the evidence of cultural capital has also increased in recent years, leading to a growing body of knowledge (Barrett 2005a, Bolsmann et al., 2003 and Stackman et al., 2000). The researcher was able to draw on this research to allow for a more reliable interpretation of results.

The initial emic approach to the research allowed the researcher to obtain an in-depth understanding of the phenomenon under study within its context without imposing a theoretical framework on the participants. Through comparing the themes that emerged from the data with the literature collected, the researcher was then able to move from understanding the current culture, perceptions and environment towards explaining how this will affect Z-Nam's ability to undergo cultural change. This belief is in accordance with literature by Terre Blanche and Durrheim (1999). Findings and recommendations were further substantiated through secondary data collected from past research conducted within the organization, business plans, internal communications and management meetings. According to Babbie and Mouton (2001), the prolonged engagement of a researcher within the field, as was the case in this research study, allows for a greater understanding of the data collected and allowed the interpretation of results to be more credible. Much detail and quotes from the interviews were given within the analysis section so as to allow the reader to judge the trustworthiness of the researcher's thought processes and consequential findings.

The timing of the research project is a great strength. Prior to the instruction early in 2005 by Head Office to roll down the four core values, much research was done in Z-Nam indicating that a change in their corporate culture was needed. This study was conducted in October 2005 and at this point it was found that leaders were still not committed or ready to embark on changing their culture by driving the four core values into their everyday functioning. Every time the opinions of employees are elicited or change is started but not followed through, resistance to change increases and with it adaptability decreases (Rothwell et al., 1995). The areas of weakness hindering Z-Nam from becoming values-driven and building their cultural capital were highlighted in this study. Therefore, if the recommendations are considered and commitment to change is fostered, Z-Nam will be able to successfully start the process of changing their culture.

5.3 WEAKNESSES OF THE STUDY

An OD approach was adopted in the study and consequently AR was used as a framework to guide the research process. However, some of the steps could not be completely followed, leading to certain weaknesses in the study.

The researcher gained entry to Z-Nam through the HR executive and identified the need for researching Z-Nam's readiness and capacity to change through the HR and overall strategy plan for 2006. The leadership team of Z-Nam did not seek out a consultant to aid them in their endeavour to change their corporate culture. This is perceived to be a weakness as the initial commitment and contract of cooperation and collaboration was not established. This is deemed vital according to Rothwell et al., (1995). The researcher attempted to gain commitment by presenting the aims and benefits of the research project in an executive meeting. The CEO also communicated his support in an attempt to elicit cooperation. Cooperation was received as all top executives agreed to be interviewed. However, the lack of commitment and sense of importance were evident in the fact that it took over a month to schedule and re-schedule the interviews.

The HR executive and the internal OD consultant have since resigned. Due to this, the researcher will be unable to assess whether the findings were trustworthy and useful through member checks with the entire leadership team. Results were however individually discussed with the OD consultant before she left and were viewed as credible. An exit interview would have been very enlightening to determine the reasons for their leaving and if it was at all related to the finding that OD and HR are seen as functions that cannot be integrated with other business units, seemingly affecting the commitment and cooperation they received for initiatives put forward.

OD is essentially a collaborative approach (Rothwell et al., 1995). The input of managers and employees is vital to attain more perspectives, to decide on a more viable course of action and to create a sense of ownership. Employees were given a voice solely through the research that had been done in the past. Results were also not divided according to demographics, rendering it impossible for the researcher to comment on differences in opinions between departments or groups of people. The researcher attempted to gather the opinions of employees through a questionnaire. But despite an incentive being attached to encourage participation, only 16% of employees responded. Considering the results from this study, the reasons for the low response rate could be apathy due to lack of follow through on past research and/or management not communicating or stressing the necessity to participate.

The adaptability and capacity of leadership to successfully bring about change was considered within the context of an OD change initiative. It was found that they are not ready to change due to a lack of ownership, commitment, consensus on key issues and general disregard of OD change initiatives. Future research indicating why there is this disregard for OD research and whether the lack of leadership adaptability stretches to other areas of the business needs to be conducted.

5.4 FUTURE RESEARCH

If Z-Nam is indeed serious about changing their culture and overcoming the weaknesses indicated in past research, they will have to gather more information before they can formulate a feasible action plan. Firstly, a comparative study could be done with other companies in the finance industry to see whether they are facing similar problems, how they are addressing these problems and how Z-Nam is performing comparatively. This will not only guide the planning process, but could act as an incentive to leadership to be more committed to the change process once they see how they are performing against companies in the same industry. Employees will have to be engaged in defining the values and co-formulating an action plan for effectively rolling down and measuring these values for the change to be successful. This will also require that further research be conducted. Evaluating whether values are successfully being integrated into daily operations will also require more research to be done at regular intervals in the future. Finding and agreeing on an effective means of measuring the extent to which values are lived in an organization therefore needs to be done.

A statement made by Schaar (2006, p. 1) encapsulates the most important lesson that the researcher will take from her experience in Z-Nam.

“The future is not a result of choices among alternative paths
offered by the present, but a place that is created – created first in
the mind and will, created next in activity”

Plans can be drafted and policies and procedures created in order to mandate change, but without a cognitive shift, there will be no desire or commitment to encourage and successfully bring about change.

APPENDIX

INTERVIEW SCHEDULE

1. If any, what do you think the role of values is in an organisation?
2. What values do you feel are currently being lived in Z-Nam?
3. How are these values influencing behaviour and performance?
4. Do you feel it is important to define a set of core values that Z-Nam should operate by?
5. How do you feel about the values being encouraged by Head Office?
Explore: Do you think they are relevant and comprehensive enough?
 What should be added /taken away?
6. How do you think the four core values should be defined?
7. What is currently inhibiting the realisation of the four core values in Z-Nam?
8. What should be done to ensure that positive values are lived in Z-Nam?

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