

Evaluation of the implementation of change management in business
restructuring at ArcelorMittal South Africa Limited

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By

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Declaration

I Alpheus Motampe Ngapo declare that the work in this investigation is my own work and that sources I have used have been indicated, acknowledged and referenced.

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Executive summary

ArcelorMittal South Africa Limited (organization/company)'s main business is the production and sales of carbon steel products in the domestic and export markets. The company is large and employs around 10 000 (ten thousand) employees.

AMSA's business environment is affected by forces for change external and internal to the organization. These factors are arguably key drivers of change resulting into the misalignment between the organization and its environment.

AMSA's actions to adapt to changes in the environment are likely to stimulate reaction from industry role players. An analysis of the competitive environment was employed to understand the likely reaction towards AMSA's response to change.

The research assumes that there are factors in the current business approach of AMSA hindering the organization from adapting to changes in its business environment. The study is focused on investigating possible barriers to the effective implementation of AMSA's restructuring programme to achieve its strategic objectives. The research objectives are:

- To identify key drivers of change.
- To investigate possible barriers to the effective implementation of change.
- To investigate the organization's change readiness.

The qualitative research approach was followed in the investigation. The method is suitable for the study of limited cases in greater depth and enabled the description of AMSA employees' personal experience of the phenomenon.

Raw data was collected from employees using a questionnaire developed using a 5 point Likert scale and contained closed-ended questions. The official company

documents were also reviewed for existing information relevant to the investigation.

Basic exploratory statistics was used to interpret the results which indicated the existence of significant patterns of variables being studied in the sample. The conclusion from the study of the sample has been generalized to the population and in combination with relevant information from company records as well as a reflective analysis, a view was taken to support that the data and results are sufficient to substantiate the position taken.

The results of the study indicate that change in AMSA is driven by factors outside the control of the organization and that internal forces for change reflect some of the dictates of these external forces. The investigation also showed that employees of AMSA as individuals and as a group appear to resist change and the organization undertook the restructuring initiatives under conditions when some of the requirements for change readiness were not fulfilled.

The outcome of the investigation cannot provide conclusive answers to the management problem and it is accepted that the study took place in a dynamic environment and solutions are not prescribed. The recommendations made to mitigate individual and or group resistance are summarized as follows:

- Monitoring of forces for change and identify the correct change target
- Improve communication and optimize the use of informal channels
- Develop strategy and create a climate for workforce diversity
- Empower members of the organization and create a climate for learning
- Create a vision-supportive organizational culture

The implementation of the recommended actions is likely to improve the effectiveness of the restructuring process. A detailed account of the investigation follows in the ensuing Chapters.

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10. List of Acronyms

AMSA	ArcelorMittal South Africa Limited
BBBEE	Broad-based Black Economic Empowerment
CEO	Chief Executive Officer
EE	Employment Equity
EXCO	Executive Committee of ArcelorMittal South Africa Limited
SA	South Africa
OCI	Organizational Culture Inventory
OIOP	Organizing for Improvement in Operational Performance

Chapter 1: Introduction and Problem in Context

1.1 Introduction and background

The origin of AMSA can be traced back to the Iron and Steel Industry Act of 1928 as a state owned entity. The company's main objectives at that time, was to create jobs and reduce the country's dependency on imports (Rathey, 2007).

The main business of the organization is the production and sales of high carbon steel products in the domestic and export markets. The company employs around 10 000 (ten thousand) employees and its operating sites are situated in Newcastle, Saldanha, Vanderbijlpark and Vereeniging.

The firm was commercialized in 1989 and the organization has since endeavored not only to transform itself from being a state owned entity but also to achieve its strategic objective of being the preferred supplier of steel and being among the lowest cost producers globally (ArcelorMittal South Africa Limited, 2009: 2). The business is capital intensive and industry returns on investments are generally low.

Following the transition from a state owned organization the entity encountered a dynamic environment brought by SA's democracy in 1994 and the lifting of sanctions following the country's re-acceptance by the international community. A variety of factors also led to the need for organizational change.

1.2 Problem in context

The pace of change in the external environment gave rise to conditions of instability in the steel industry and an understanding of these changes is important for the organization to determine the appropriate change interventions.

The steel business is cyclical in nature and cycles are difficult to predict. AMSA is important to the economy of the country however the domestic market is not large enough to consume the total output. The organization export products that are in excess of domestic requirements. It might be argued that globalization, fluctuations in the domestic economy and the economic policies of the government affect the local and international competitiveness of the company (Bakhru, 2006).

The operating environment is characterized by social challenges resulting from SA's past history of willful neglect of entire communities (ArcelorMittal South Africa Limited, 2007) denying the organization an educated and skilled workforce. These sociological challenges limit the organization's ability to respond to the dictates of a globalised market and the ever changing environment.

The steelmaking process consumes a significant amount of natural resources such as energy, water and coal. Waste and by-products generated from the process have many potential harmful effects on humans and the environment (ArcelorMittal South Africa Limited, 2007). The Vaal area where major operations are located has been declared a priority area by the authorities to minimize pollution.

Some of AMSA's waste disposal sites were designed 62 years ago without the benefit of modern environmental guidelines resulting into a substantial challenge for rehabilitation (ArcelorMittal South Africa Limited, 2007). Employees are more interested in the environmental performance of their employer, non-governmental pressure groups have emerged and environmental legislation has become strict obligating the organization not only to improve its environmental performance but also to close-down non-compliant facilities.

AMSA's culture is arguably a deep rooted culture and inflexible in embracing change. Sturges (2006) is of the opinion that culture change initiatives are driven

by senior management and it might be argued that the organization lacked the personality that influenced behavior due to instability in the leadership. The company was led by four different CEOs in a period of five years to 2008. The argument is also that the high turnover of senior managers made the organization's vision weak and not energizing for the workforce (Mabey, 2006).

AMSA changed its strategic direction of 2007, at that time it was aspiring "to be one of the highest operating margin steel producers globally and a key player in the steel market in sub-Saharan Africa" (ArcelorMittal South Africa Limited, 2007a: 1) and the vision changed in December 2009. The company now aspires to be "the preferred supplier of steel solutions for the development of sub-Saharan Africa and to be among the lowest cost producers of steel globally" (ArcelorMittal South Africa Limited, 2009:2). Kotter (1996) is of the opinion that the change in strategic direction requires change to a supportive structure, systems and culture.

The large employee base of AMSA means that the company is faced with the challenges of deploying an array of actions including upward and downward communication. The view of Sturges (2006) is that organizations are made up of groups of people with different attitudes and motivations and that the effective deployment of these groups of people poses a challenge for organizational change.

AMSA is structured into divisions and has a hierarchical structure which it might be argued is suitable for control of such a large organization. That however creates doubt about the participation and involvement of its employees in change initiatives. The views of Storey (2006) are that without the participation of members of the organization working as a team might make it difficult for the organization to achieve the intended results.

AMSA embarked on major restructuring efforts to improve productivity and performance. The major change efforts commenced in 2000 and notable

interventions were also experienced in 2003, 2006, 2008 and 2009 respectively. Periods in-between were underpinned by emphasis on continuous improvement.

As stated earlier, the steel industry has returns not commensurate with the risk involved in the business, arguably, investors might only be interested in organizational change interventions that seek to improve return on investments. The authorities might want to direct the organization's sociological and environmental practices whilst non-governmental organizations might put pressure on the company to allocate scarce resources to improve environmental performance.

The media plays a role in influencing public perception about the image of the organization. There is also a danger that employees and managers might prioritize personal interests over those of the organization. Any imbalance in these conflicting stakeholder interests is likely to induce reactions that might be contradictory to the interest of AMSA (Stapleton, 2007).

The above outline indicates that forces for change impacting AMSA operate at national, regional and or global level. The changes in these forces normally lead to the misalignment between the operating environment and the organizations' strategy, structure, systems and culture (Sturges, 2006).

1.3 Problem review

The problem in context laid the foundation and provided information in respect of events that occurred around a management problem. The aggregation of the data from the problem in context resulted into the emergence of a number of themes and the most important are: Change, Leadership, Capability, Stakeholders, Culture, Diversity, Communication and Empowerment. These themes are briefly expanded below.

1.3.1 Change

Smit and Cronje (2002) are of the opinion that organizations world-wide are changing because the environment within which they operate changed drastically overtime and the pace of change continue to accelerate. AMSA is not exempted from the impact of change. The organization in determining an appropriate response to change, need to understand the forces driving the change and direct interventions to the right targets. It might be argued that organizational change efforts normally run into resistance and it is important to understand why.

1.3.2 Leadership

Leadership translates strategy into the vision that set the organizational direction. The vision needs to be supported by changes to the relevant components of the organization (Louw and Venter, 2006), arguably AMSA was deprived the ability to evolve with its operating environment due to the high turnover of senior managers (refer Problem in Context).

1.3.3 Capability

The stringent environmental laws led to some of AMSA's plant and equipment becoming obsolete and some of the steelmaking practices are no longer acceptable. It might be argued that technology advancement and legislation eroded the organization's previous competitive advantage and adversely impacted it capability.

1.3.4 Stakeholders

When action is introduced in response to the change in the operating environment, equilibrium in the conflicting stakeholder interests might not

longer be achieved. The imbalance in the conflicting interests necessitates the understanding of stakeholder interests to provide a framework for the change in the organizational direction (Stapleton, 2007). Stakeholders are unlikely to embrace organizational actions that threaten their interests.

1.3.5 Culture

It might be argued that AMSA has a deep rooted culture and any response to forces for change may bring a need to change the beliefs, values, attitudes and behaviors of members (Wilson and Rosenfeld, 1990). The possibilities exist that an inflexible culture might threaten the repositioning of the organization.

1.3.6 Workforce diversity

South Africa's past history of legislated race separation contributed to the absence of a diverse workforce representative of the demographics of the population in the country (Smit and Cronje, 2002). Pressure on the organization from legislation aimed at correcting these imbalances led to an adversarial environment in the workplace. AMSA continues to find it difficult to meet the requirements of the law on EE and BBBEE.

1.3.7 Communication

AMSA is a large organization and actions undertaken are likely to be carried out on a large scale. The roles and relationships of a large number of people involved might not be easily determined and the possibility exists of the prevalence of communication barriers that might prevent the provision of information on organizational goals, strategies, policies and procedures, feedback to upper levels on what is happening at lower levels (Sturges, 2006).

1.3.8 Empowerment

The quality of the relationship that exists among members of the organization and their participation is important for the achievement of AMSA's intended competitive advantage. The hierarchical and divisional structures of AMSA although suitable for control, might be disempowering to employees with the possibility of limiting their contributions and support for the vision (Kotter, 1996).

The above themes as well as the Mind Map (refer Annexure 1) provide a framework for the research problem.

1.4 Problem statement

The purpose of this investigation is based on the assumption that there are factors hindering the effective implementation of change management in business restructuring at AMSA. The study is focused on investigating possible barriers impacting the implementation of an effective change management process in restructuring AMSA's business to enable the organization to achieve its objectives.

1.5 Research objectives

- To identify key drivers of change.
- To investigate possible barriers affecting the implementation of change.
- To investigate the organization's change readiness.

1.6 Importance of the investigation

The conditions under which change takes place are unique and never static and the research might provide information for future change management studies in the organization. It is assumed that AMSA operates in a dynamic environment

and the organization faces challenges associated with a non agile work culture and solutions which are long-term in nature against an ever changing environment.

The investigation aims to highlight the likely drivers of change, sources of resistance to change, requirements for change readiness and areas of improvements to overcome obstacles that are likely to hinder the effectiveness of the restructuring programmes.

1.7 Delimitations and Limitations

The investigation is carried out at AMSA and it is important to note that the entire company has undergone various change initiatives irrespective of geographical location of operating units. The scope of the study covers the perception of employees of AMSA however the research exercise has been limited to a defined sample from the population of interest at Vereeniging Works. The result of the study cannot be generalized to environments outside of AMSA and beyond the current investigation.

1.8 Outline of the study

Chapter 1 provided the organization's background, the possible problem of mismatch between the organization and the operating environment, the objectives of the research likely to provide some of the answers to the mismatch in the organization-environment relationship and the importance of the investigation.

Chapter 2 develops insight into the underlying factors to the research problem and advance further explanations of the management problem through the use of management theories and representations for extended understanding using business models.

Chapter 3 highlights insightful evaluation of what is already known and convey expert knowledge and ideas on the research problem. The Chapter attempts to identify the gap in what is already known about the research problem.

Chapter 4 documents the research methodology applied in the investigation and explains the suitability and limitations of the selected approach.

Chapter 5 presents the research data, analyses the data and discusses the outcome of the analysis.

Chapter 6 records major findings and conclusions from the research results and documents possible answers to the management problem subject to the investigation.

Chapter 7 acknowledges lessons learned from the research project and personal attributes enhanced by the investigation which are likely to be beneficial in the future.

1.9 Summary

The origin of AMSA, its main business and the markets it serves were introduced. The challenges faced by the organization and the steel industry as a whole were also highlighted. The management problem subject to the research project and the research objectives were recorded to establish a framework for the investigation.

Chapter 2: Problem Analysis

2.1 Introduction

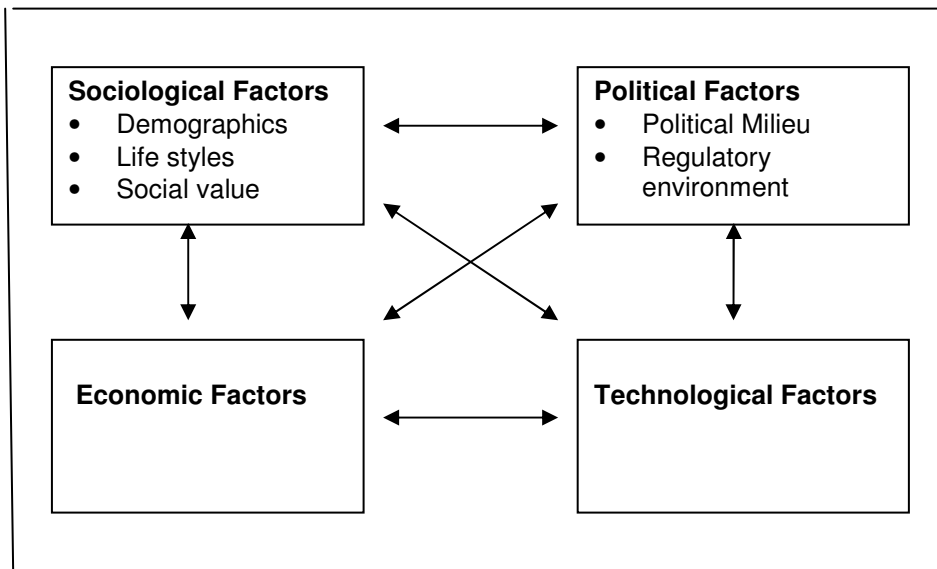
In this chapter, theories and management models are used to highlight forces for change that drives the need for change, possible obstacles for change and challenges of change readiness faced by the organization.

2.2 External and Internal forces for change

2.2.1 External environment

Fahey and Narayanan (1986) are of the view that factors external to the organization are the key drivers of change. The four major factors are sociological, technological, economic and political factors. Their model below depicts these forces:

A model of the macro-environment



Fahey and Narayanan (1986)

Sturges (2006) argues that the external forces for change impact the organization either directly or indirectly, reinforce one another or might be in conflict with each other.

South Africa's past history of racial discrimination brought social challenges of large scale unemployment, poor standards of education and poverty to the majority of the population (ArcelorMittal South Africa Limited, 2007). It might be argued that these sociological factors have an impact on AMSA as an interested party in the economic health of the country.

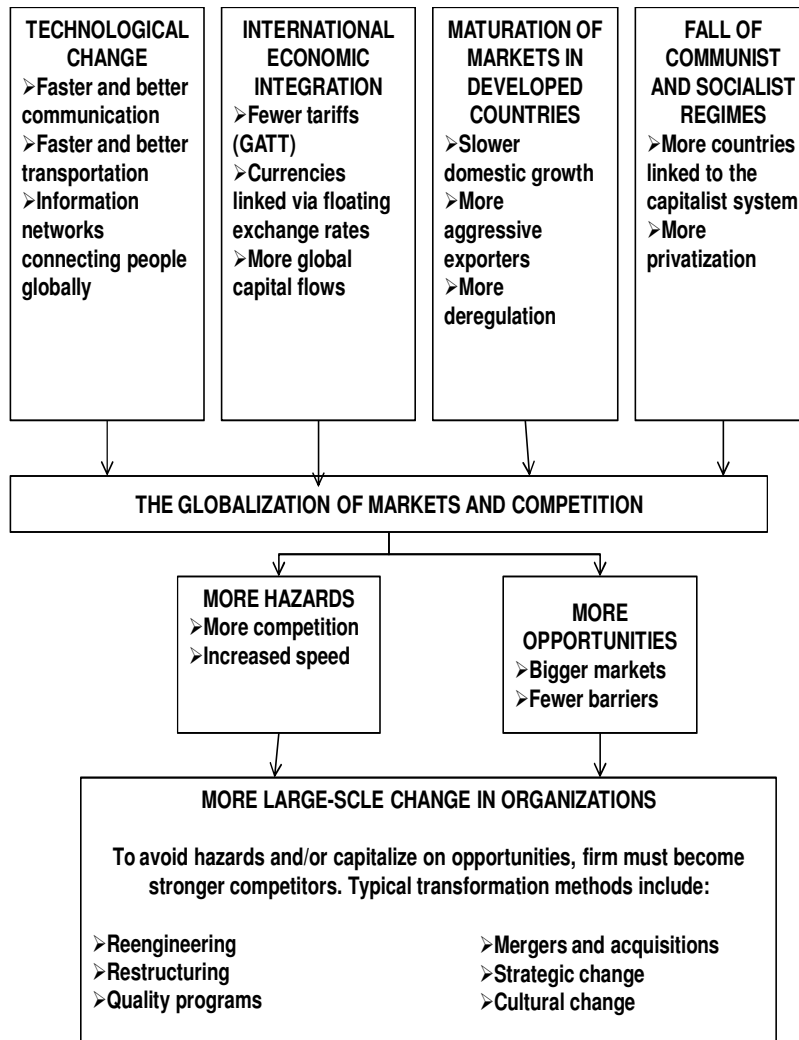
It was stated in Chapter 1 that the steel industry is important to the economy of a country and fluctuations in the country's economy impacts on AMSA's business. The policies of the ruling party in government affect the long-term expectations regarding South Africa's economic growth, inflation and confidence in the national currency. These macro-economic factors are likely to impact on the company's competitiveness. (Bakhru, 2006)

AMSA needs to be increasingly aware of the impact of its activities on the environment. The environmental legislation has become more complex with the promulgation of Act No. 14, 2009 focusing on pollution control and waste disposal. Green investors and Non-government environmentalist groups have emerged and are putting organizations under pressure to improve their environmental performance.

The prospect of changing to cleaner steelmaking technology resulting from pressure for AMSA to improve its environmental performance provides opportunities for the company. New technology might lead to fundamental changes in the way AMSA supplies its products and services thereby providing the company with possibilities of attracting green investors in the future.

Kotter (1996) is of the opinion that globalization is among the factors driving change and his model of forces for change is as follows:

Economic and Social Forces Driving the need for Major Change in Organization



(Kotter, 1996: 19)

Kotter (1996) believes that a globalized economy creates both hazards and opportunities for organizations to make improvements not only to compete and prosper but also to survive and that globalization is driven by forces associated

with technological change, international economic integration and domestic market saturation.

The effects of globalization on AMSA as a driving force for change may be explained from the basis of SA's peaceful political transition of 1994 which resulted into increased levels of domestic economic activities. The domestic market was opened to international steel producers and AMSA started to export its products internationally. The operating environment was as a result characterized by more competition, improved lead time, fewer barriers and increased markets.

The external forces for change led to the origin of internal forces for change that culminated into AMSA making a specific strategic choice understood using Porter's generic strategies model adapted from Boojihawon (2005) and noted as follows:

Porter's generic strategies

		Source of Competitive Advantage	
		Lower cost	Differentiation
Competitive Scope	Broad target	<ul style="list-style-type: none"> • Cost leadership 	<ul style="list-style-type: none"> • Broad differentiation
	Narrow target	<ul style="list-style-type: none"> • Cost focus 	<ul style="list-style-type: none"> • Differentiation focus

Porter's generic strategies (Hitt *et al.*, 2003)

Boojihawon (2005) explains cost-leadership strategy as involving the organization aspiring to be the lowest cost producer across the broad sector, cost-focus strategy aims for cost advantage within a specific segment, broad-differentiated

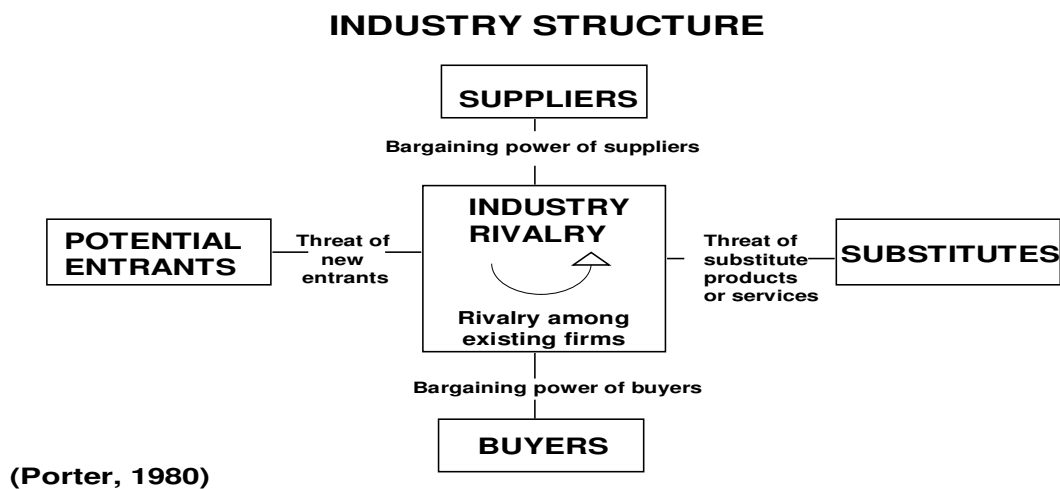
strategy involves serving a differentiated product across the industry whilst a differentiation-focus strategy aim for differentiation within a specific segment.

AMSA made a strategic choice to follow cost a leadership strategy with its stated vision of aspiring to be among the lowest cost producer in the world (ArcelorMittal South Africa Limited, 2009:2). It might be argued AMSA's choice of strategy led to change initiatives aimed at avoiding hazards and capitalizing on the opportunities brought by forces for change.

2.2.2 Competitive environment

AMSA's actions to adapt to changes in the external environment are likely to be met with reactions from other industry players. The likely reactions might be better understood using Porter's five forces model depicted below adapted from Boojihawon (2005):

Porter's five forces model



2.2.2.1 Industry rivalry

The structure of the local steel industry is noted below adopted from Grant (2002) to enable understanding of the likely behavior of industry participants.

Competitive environment

Concentration	—————→	A few firms
Entry and exit barriers	—————→	Significant
Product differentiation	—————→	Potential for product differentiation

Adopted from Grant (2002)

The local steel industry is made up of few suppliers. AMSA is the dominant player and accounts for 78% of the total industry capacity (ArcelorMittal South Africa Limited, 2008).

2.2.2.2 Bargaining power of buyers

The industry is made up of many customers with no bargaining power however customers and end users in SA are protected against the abuse of power by the Competition Act.

2.2.2.3 Threats of substitute products or services

There are no substitute for steel products in key areas of infrastructure and construction and demand for AMSA's products is linked to economic growth.

2.2.2.4 Bargaining power of suppliers

There are no substitutes for raw materials used in steelmaking such as Iron Ore, Alloys, Coal and Scrap metals. The high concentration of local suppliers, the non-substitutability of their products and their participation in the export markets

resulted into a significant increase in their bargaining power. Increased global demand led increased purchase prices of these commodities impacting on AMSA's competitiveness.

2.2.2.5 Threats of new entrants

AMSA was started with public funds and new entrants will require large amounts of financial resources to start a similar sized venture. The domestic market is small and any new entrant the size of AMSA is likely to lead to industry self-destruction.

The organization benefited from cost advantages associated with early entry. It has a contract arrangement with Kumba Resources which stipulate that the company will purchase Iron Ore at production cost plus 3% (Kumba Iron Ore Limited, 2008). The cost advantage might not be available to new entrants.

2.2.3 Summary

The key drivers of change are in the main external to the organization and might be directly reflected in forces for change internal the organization. The analysis of the competitive environment indicates that the local steel industry is an oligopoly dominated by AMSA. Local competitors are in the main price followers, customers have no bargaining power and the strength of key suppliers increased significantly and is likely to have an impact on the organization's achievement of its strategic objectives.

2.3 Resistance to change

The restructuring initiatives should be merged against the legitimate claims of stakeholders with regards to resources. The stakeholder strategy model adopted from Viney (2007) developed by Abzug and Webb (1999) is used to understand

the likelihood of stakeholders resisting change due to the resultant threats to their interest. The model is noted as follows:

Model of stakeholder strategy

Stakeholder potential for threat to organisation

	High	Low
High Co-operation	Mixed blessing	Supportive
Low	Non-supportive	Marginal

Stakeholder strategies (Savage et al. quoted in Abzug and Webb, 1999)

The focus should be on the non-supportive stakeholders whose co-operation is low, with high threats to the organization.

In the case of AMSA non-supportive stakeholder could be the local communities who engaged in actions to prevent planned applications to reconfigure operations, the authorities who declared the area where the organization operates a high priority area with regards to pollution.

These pressure groups have little power in the detailed organizational decisions (Viney, 2007) but have significant indirect power to drive resistance and change from the outside.

It was recorded in the previous chapter that AMSA is capital intensive and profitability is low such that the need to re-direct the limited resources to applications not enhancing stakeholder value might be resisted by the affected

stakeholders. The aspects of the stakeholder power matrix (Winstanley *et al.*, 1995) adopted from Viney (2007) is used to understand the power of stakeholders who are a possible threat to change. The model is depicted below as follows:

STAKEHOLDER POWER MATRIX

		Operational power	
		High	Low
Criteria power	High	A Arm's length power	B Comprehensive power
	Low	D Disempowered	C Operational power

The Stakeholder power matrix (Winstanley *et al.*, 1995)

AMSA has a single dominant shareholder, arguably with comprehensive power. The dominant shareholder has power to drive the organization internally and might resist the restructuring programme if it does not improve shareholder value.

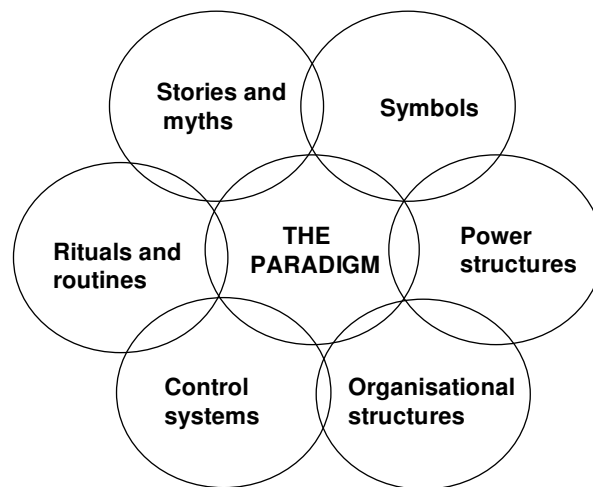
Organizational culture

Wilson and Rosenfeld (1990: 229) defines organizational culture as the basic values, ideologies and assumptions which guide and fashion individual and business behavior. Culture is based on assumptions, unquestioned and deep rooted values which may take long time to surface (Cameron, 2006).

Forces for change normally lead to the misalignment between the organizational culture and the organization's operating environment. Problems experienced with culture flows to all support structures of the organization as they work as a system.

The cultural web model adapted from Boojihawon (2005) developed by Johnson (1988) depicted below elaborates the complexity associated with organizational culture.

The cultural web



(Johnson, 1988)

It might be argued that AMSA is a mature organization and its informal work rules and practices overtime has promoted particular values very strongly. The believe is that a strong established culture has a tendency to resist any attempt at change as it acts to preserve values, beliefs, relationships and patterns of behavior that have been the very reason for its successes (Boojihawon, 2005).

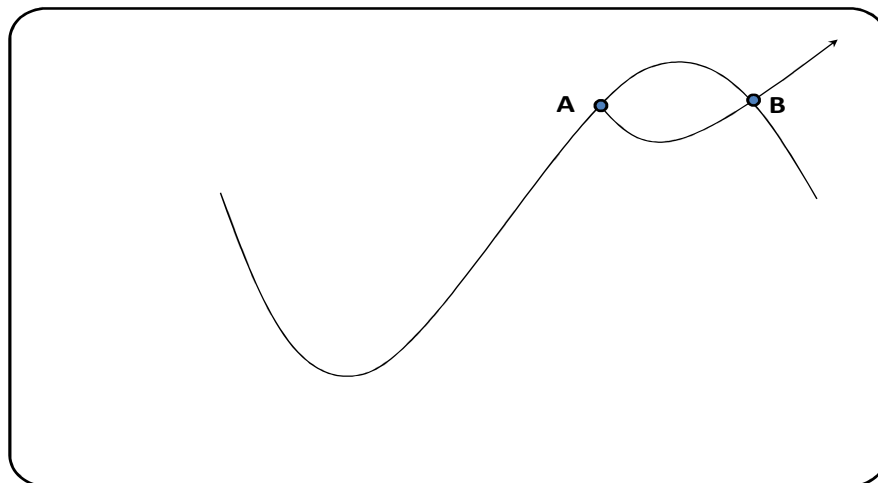
Boojihawon (2005) argues that the single influence on culture is leadership and that employees set behavior by the leader at the top and blames cultural disorientation over the years partly on unprecedented turnover of bosses. AMSA experienced a high turnover of managers at senior management levels (refer

Chapter 1) creating a major challenges for the organization to adapt to the change in the environment.

2.4 Change Readiness

Cameron, Carlisle, Fenton-O’Creevy & Stapleton (2006: 62) are of the view that the energy for change should come when there is no crisis. To have better understanding of the views and the stage of organizational change readiness, the sigmoid curve (Handy, 1994) adopted from Cameron *et al.*, (2006) depicted below is used

THE SIGMOID CURVE



Handy (1994)

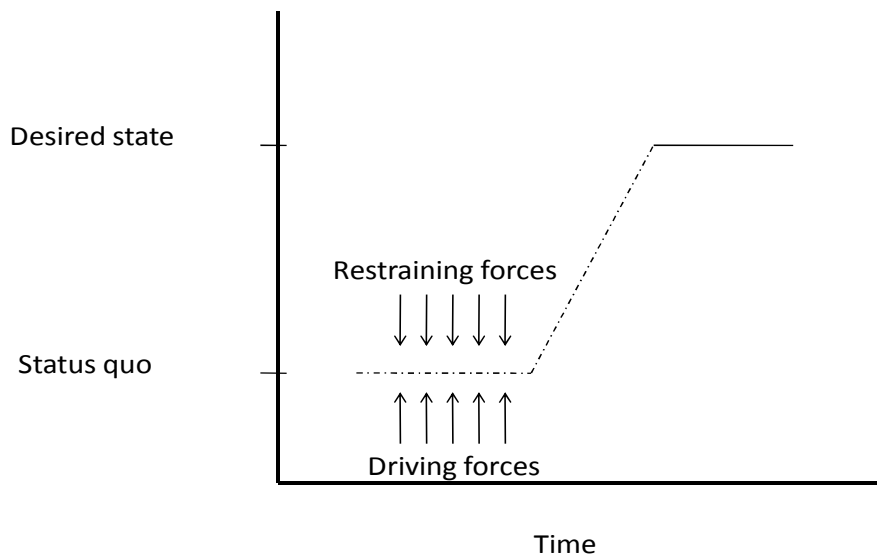
Cameron *et al.*, (2006) explain that the peaks and the troughs indicate increases and decreases in performance. They are of the view that organizations are ready for change at point A when performance is on the increase. Normally, organizations do not embark on change when their current recipes of systems are working well. The real energy for change only comes when organizations are

looking disaster in the face. This stage is depicted by point B when the performance of the organization is on the decline.

AMSA faced realities of disaster with the continued decline in environmental performance, the recent down turn in the local economy, the global economic crisis, increased competition and challenges of workforce diversity which have become a business imperative. If Cameron *et al.*, (2006)'s views are followed AMSA was ready to take action and reposition itself at point A to building a new future whilst maintaining the present, arguably the opportunity might have been missed.

Robbins, Judge, Odendaal & Roodt (2009: 489) are of the opinion that a change matter is held in equilibrium by the interaction of opposing forces, namely, forces promoting change and forces seeking to maintain the status quo considered as an equilibrium state. To understand the state of imbalance a force field model (Robbins *et al.*, 2009: 489) is used in the understanding of readiness for change.

Force Field Diagram



Robbins *et al.*, (2009: 489)

The model describe the phenomena in the Force Field Diagram as comprising of forces such as people, habits, customs and attitudes as elements driving and restraining change.

Robbins *et al.*, (2009) are of the opinion that for organizations to be ready for change forces driving the change must outweigh the restraining forces and shift the equilibrium. AMSA's challenges of diversity and organizational culture among others should be weighed against similar forces for change to determine the organization's change readiness.

2.5 Summary

The key drivers of change are complex, inter-related and affect the organization directly or indirectly. The need for change is not driven by one specific factor but by a complex combination of forces outside and inside the organization (Sturges, 2006: 37).

The models and theories assisted in the understanding of factors driving change which among others include legislation, economic factors, environmental factors, globalization, sociological factors and technological factors.

The problems created by changes in the business environment associated with the attitudes and behaviors of people as well as corporate culture were also highlighted.

CHAPTER 3: Literature Review

3.1 Introduction

This chapter reviews the opinions of experts with regards to the drivers of change, possible barriers hindering the effective implementation of change and the organization's readiness to change. In chapter 2, business theories and management models were used to assist in unraveling the management problem subject to the investigation.

3.2 Organizational change and restructuring

Swanepoel, Erasmus, van Wyk & Schenk (2008) argue that organizational change as a concept is open to a wide variety of interpretations and as a phenomenon and concept can be analyzed from many different perspectives. They identified four different scale of change namely, corporate transformation, modular transformation, incremental adjustment and fine tuning.

The scale of change subject to the study is incremental adjustment which Swanepoel *et al.*, (2008) explains as involving distinct changes to strategies, structures, or business processes in response to changes in the external environment.

Schermerhorn, *Hunt & Osborn* (2005: 360-361) agrees with Swanepoel *et al.*, (2008) and refers to the scale of change described as transformational change entailing the organization undergoing significant shifts in its overall purpose, underlying values, beliefs, supporting strategies and structures.

Zilka (2010: 4) concurs with the views of both Schermerhorn *et al.*, (2005) and Swanepoel *et al.*, (2008) defining business restructuring as a turnaround tactic used by companies in an attempt to correct a declining performance situation.

AMSA embarked on various turnaround tactics (refer Chapter 1) arguably in the form of incremental adjustments or transformational change as explained to build competitive advantage and adapt to changes in the environment.

The literature clarified the relevant scale of change covered by the investigative study. The next section highlights expert opinions on possible forces for change that drives the scale of change subject to the study.

3.3 Forces of change

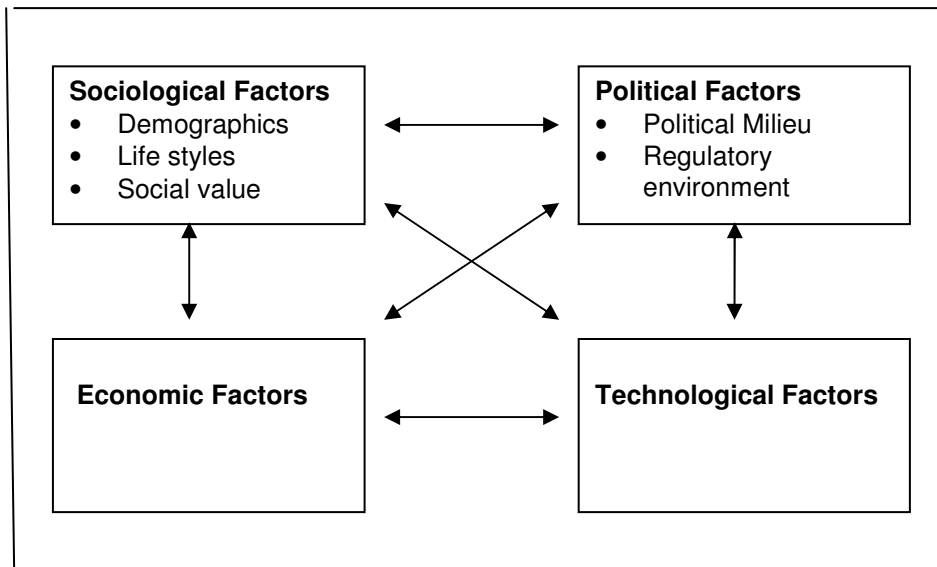
The view of Kreitner and Kinicki (1995: 563) is that signals for the need to change are found by monitoring forces for change and argue that these forces originate from external sources outside the organization and also from internal sources.

Kreitner and Kinicki (1995) noted four external forces for change, namely, demographic characteristics which refer to the need for organizations to manage diversity effectively, technological advancement which might be viewed as a means to improve productivity and competitiveness, changes in the market due to the emergence of a global economy, social and political pressures.

These views are aligned to those of Fahey and Narayanan (1986) recorded in Chapter 2 except for the specifics not mentioned of economic factors by Kreitner and Kinicki (1995) and globalization not mentioned by Fahey and Narayanan (1986). These differences were acknowledged by Swanepoel *et al.*, (2008: 728) with the suggestion that organizational change situations can vary considerably and situations may have many underlying change drivers with different implications.

The model of Fahey and Narayanan (1986) discussed in Chapter 2 is repeated below to emphasize the view that external factors driving change are interrelated, reinforce one another and might also be in conflict with each other.

A model of the macro-environment



Fahey and Narayanan (1986)

Kreitner and Kinicki (1995) are also of the opinion that forces for change originates inside the organizations from human resource problems and managerial decisions. The problems associated with human resource stem from the mismatch between individual and organizational desires whilst managerial decisions stimulate the need for change as a result of inadequate organizational direction.

Reflecting on the matter, Kreitner and Kinicki (1995) might refer to situations where employees put their interest first and not those of the organization as well as to the organizational mission that is misaligned to the operating environment.

Kotter (1996: 3) believes that external macroeconomic forces are the drivers of change pushing organizations to continue their efforts to reduce costs, improve

quality of products and services, locate new opportunities for growth and increase productivity. Kotter (1996) is also in agreement with the opinion of Kreitner and Kinicki (1995) with regard to globalization as being among the factors pushing organizations to make improvements.

Swanepoel *et al.*, (2008) are also of the opinion that internal forces for change derive from the external forces such as political, economic, social, technological factors and they agree with Kotter (1996) that the issues of globalization is another factor driving change.

The opinion of Smit and Cronje (2002) bear similarities with those highlighted by Kreitner and Kinicki (1995), Kotter (1996) and Swanepoel *et al.*, (2008) in the believe that forces for change are made up of external variables that represent six uncontrollable environmental factors, namely, technological, economic, social, political, ecological and international variables.

Smit and Cronje (2002) like Kreitner and Kinicki (1995) also believe that forces for change internal the organization originate from these external factors and create the need for change likely to result from the revision of the organization's mission or its strategies.

There is consensus among the experts that forces external to the organization are the key drivers for change and that pressure for change might also result from internal forces. Swanepoel *et al.*, (2008) argue that despite the pressure for change from both external and internal factors, the best and most well intended change might be resisted. The next session seeks to review the opinions of experts with regard to the elements that might be responsible for resistance to change.

3.4 Resistance to change

Schermerhorn, *et al.*, (2005: 367) defines resistance to change as any attitude or behavior that indicates unwillingness to make or support a desired change. Brewster, Carey, Grobler, Holland & Warnich, (2008: 263) are of the opinion that individuals and organizations are not inherently resistant to change, they put barriers if they perceive change to be threatening and react to threats and not to change.

Brewster *et al.*, (2008) also argue that barriers to change are rooted in three main areas, namely, organizational systems, leadership & management and human dimensions. Organizational systems refers to situations where there are differing organizational values, dysfunctional culture and internal conflict over resources.

Leadership and management barriers is explained as referring to lack of management commitment to change, lack of trust between management and employees as well as inability of the leadership to deal with resistance to change. The human dimension involves faulty assumptions regarding change, lack of skill and ability to implement change.

Robbins *et al.*, (2009) categorized sources of resistance to change into two classes, namely, individual sources and organizational sources. Individual sources of resistance is explained as residing in the basic human characteristics such as perceptions, personalities and needs whilst organizational resistance emanates from organizational cultures desirous of wanting to continue doing what they have been doing for years.

Arguably the organizational sources of resistance highlighted by Robbins *et al.*, (2009) bear similarities to the organizational systems of resistance described by Brewster *et al.*, (2008).

Nel, Werner, Haasbroek, Poisat, Sono & Schultz, (2008: 531) concurs with the human dimension aspects described by Brewster, *et al.*, (2008) and the individual

sources of resistance to change propagated by Robbins *et al.*, (2009) in that they believe that people generally fear and resist change because they perceive change as a threat to their self interest.

Nel, *et al.*, (2008: 532) summarized the reasons for resistance to change as fear of the unknown as a result of not understanding what is happening or why, disrupted habits which might make individuals feel upset when old ways of doing things cannot be followed, loss of confidence that might result in people feeling incapable of performing well under the new way of doing things, loss of control and lack of purpose with affected members not seeing the reason for the change.

Kotter (1996) concur with the opinions in respect of organizational culture being among the reasons for resistance to change and explained that resistance to change exists normally when complacency levels are high exacerbated by the accompanying difficulty to drive people out of their comfort zones. The major issues behind complacency are too much past success, lack of visible crises, low performance standards as well as insufficient feedback from external constituencies.

Kotter and Cohen (2002) expand on the insufficient feedback from external constituencies stating that the greatest source of resistance to organizational change result from the disturbance of the settled balance of power. Stakeholders whose interests are threatened by change are likely to resist change.

The conclusion is that there are similarities in expert opinions that resistance to change is rooted in the individual or groups of people and that resistance might manifest itself in many forms. AMSA's business environment has been characterized by cycles of change which inherently contains both threats and opportunities. It is possible that the resistance effort by AMSA's members whose self interests are perceived to be threatened might not be easily recognizable (Robbins *et al.*, 2009).

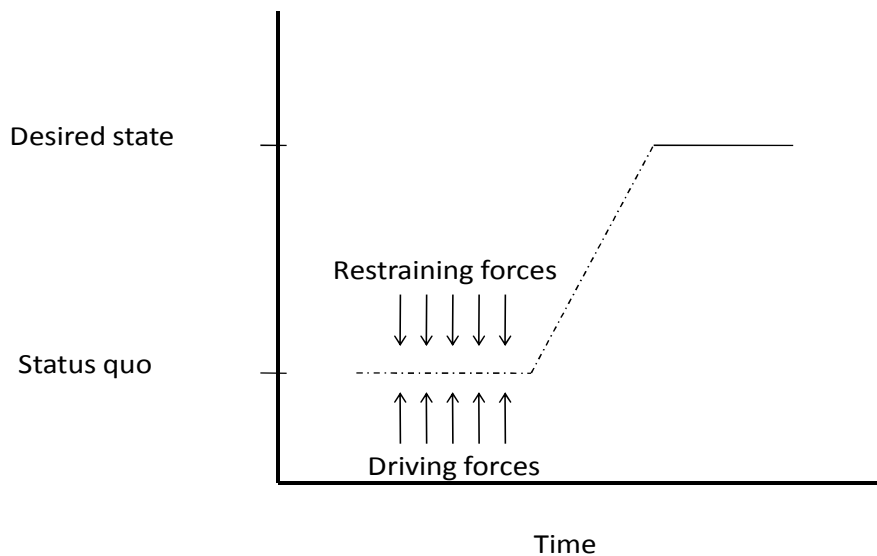
The next section seeks to highlight expert opinion on the elements of organizational change readiness.

3.5 The organizations' readiness to change

Launching a change initiative is not likely to succeed if an organization is not ready for change. Change readiness means that people and the structures of the organization are prepared for and are capable of change (Luecke, 2003: 17).

Hersey and Blanchard (1982) are of the opinion that to make the individual or organization ready for change old ways of doing things must be broken down and that readiness for change occurs when either the driving forces for change are increased or the restraining forces that resist the change are reduced. These views open Robbins *et al.*, (2009: 489)'s Force Field Model from Chapter 2 repeated as follows to emphasize the point.

Force Field Diagram



Robbins *et al.*, (2009: 489)

Robbins *et al.*, (2009) concurs with the views of Hersey and Blanchard (1982) with the opinion that for organizations to be ready for change forces driving the change must outweigh the restraining forces and shift the equilibrium.

Hersey and Blanchard (1982) also argue that to motivate and make an individual or group ready for change, the following requirements should be met with the believe that once the individuals have become motivated to change they are ready to be provided with new patterns of behavior.

- Physical removal of the individuals being changed from their accustomed routines as well as their sources of information and social relationships;
- Individuals subject to the change should be subjected to a demeaning and humiliating experience to help them see their old attitudes or behavior as unworthy
- Reward should consistently be linked to willingness to change and punishment should be linked with unwillingness to change.

Kotter (1996) is of the opinion that hierarchies in organizations also impact organizational readiness to change arguing that rigid hierarchies are likely to hinder collaborative work. The other factors that Kotter (1996) believes impact on change readiness are the continued managerial behavior which has the effect of discouraging the implementation of change, inadequate personnel and information systems that makes it difficult for people to act in the new ways and lack of skills that undermine the desired action for implementing change.

Robbins, Millett, Cacioppe & Water-Marsh (1998) are of the view that organizational readiness requires change to be sponsored from levels with power to deal with possible resistance. The presence of a strong sense of urgency from management about the need for change shared by the rest of the organization

and a clear vision of how the future will look different from the present is among the prerequisite elements of organizational change readiness.

In agreement with Hersey and Blanchard (1982) on reward for embracing change to stimulate change readiness Robbins *et al.*, (1998) state that a reward system should explicitly be designed to reinforce the change effort and members of the organization should be motivated and be willing to sacrifice personal interest for the good of the organization as a whole.

Robbins *et al.*, (1998) also concurs with the views of Kotter (1996) in respect of the constraints imposed by the organization's hierarchy on the company's change readiness arguing that the hierarchy should be relatively flat with a flexible structure to enable quick decision making whilst taking into account a wide variety of suggestions.

Readiness for change requires a high degree of trust and cooperation in the organization, employees should be in a position to prioritize on the desired change, the organization should be in possession of resources and skills necessary to implement the change and leaders must put into practice values and behaviors that reflect the vision (Robbins *et al.*, 1998).

Luecke (2003) combines and support the views of Kotter (1996) and those of Robbins *et al.*, (1998) with his opinion that an organization is ready for change if three conditions are present, namely, leaders are respected and are effective citing the argument that people who are neither respected nor effective are a deterrent to organizational performance, people feel personally motivated to change, that is, employees display dissatisfaction with the status quo and the organization is nonhierarchical with its members accustomed to collaborative work. Hierarchies do not facilitate collaborative work, they protect bureaucracies.

From the opinions of experts, it might be argued that among other pre-requisites for change readiness the following elements might have an influence on AMSA's change readiness namely organizational culture, organizational structures and reward systems designed to reinforce change.

3.6 Summary

Forces driving organizations for change are found in the organization-environment relationship and originate from sources external to the organization. These external pressures lead to the occurrence of internal forces for change such as the change in the direction of the organization which might in turn lead to the need to realign the organizational structures, systems and culture to the operating environment.

Change might not necessarily be accepted by members of the organization and resistance to change was classified into individual factors and organizational factors. The opinions of the experts are that if employees as individuals or group do not support change nothing will be accomplished.

There is consensus among experts that elements such as a supportive organizational culture, supportive and committed leadership, motivated and empowered employees, flatter organizational hierarchies, reward systems designed to reinforce change are among the factors likely to influence organizational change readiness.

Chapter 4: Research methodology

4.1 Introduction

The chapter discusses the research design used in the investigation. The focus of the study is to measure perceptions of staff members towards what they believe are the drivers of change, likely causes of resistance to change and the organization's readiness for the restructuring of their organization.

4.2 Research Approach

There are two main research approaches, namely, the quantitative research approach and the qualitative research approach. The two approaches refer to how data is collected, analyzed and the type of generalization that might be derived from the data (McMillan and Schumacher, 1993).

4.2.1 Contrast between the quantitative and qualitative approach

The quantitative approach is used for the testing of hypotheses and the qualitative approach measures perceptions and attempts to develop context bound generalization (McMillan and Schumacher, 1993). In the qualitative approach, the researcher is deeply involved in the situation being studied (Coldwell and Herbst, 2004).

4.2.2 Research method used in the investigation

The qualitative research methodology was followed in this investigation due to its emphasis of the perspectives of the individuals being studied and its usefulness for studying a limited number of cases in greater depth (Johnson and Onwuegbuzie, 2004). The approach is therefore suitable for drawing out

perceptions from employees of AMSA about the management problem being studied. The approach might also enable an in-depth understanding of the motivations and feelings of these employees as participants to the study (McDaniel and Gates, 2001).

Johnson and Onwuegbuzie (2004: 19-20) are of the opinion that the advantage of the qualitative approach is that the data are usually collected in a naturalistic setup and the method is responsive to local situations and changes that occur during the conduct of the study. The disadvantage of the approach is that knowledge produced may not be generalized to other people or settings and the results of the study are more easily influenced by the researcher personal biases.

4.3 Types of data

There are two types of data, namely, primary data and secondary data. Cooper and Schindler (2003) explained primary data as original raw data collected for the first time without filtering or interpretation by a second party and secondary data as data that already exist.

Primary data used in the investigation was collected from employees of AMSA. The data collected from employees is deemed to be reliable, closer to the truth and more relevant to the objectives of the study. Secondary data was gathered from official company documents however, the danger of using existing data is that the data was collected for reasons that are different from those of the current investigation (Cooper and Schindler, 2003).

4.4 Data collection

As stated in the previous section, raw data for the study was not readily available and was collected from employees of AMSA. The data was collected using a questionnaire defined by McDaniel and Gates (2001: 289) as a set of questions

designed to generate the data necessary for accomplishing the objectives of the research project.

Wilkinson and McNeil (1996:114) are of the opinion that the advantages of a questionnaire is that data recording is objective, anonymity is easy to accomplish and the method is adaptable to most research situations. The limitation of the questionnaire is that there is no opportunity to communicate beyond listed alternatives.

The questionnaire was developed using a 5 point Likert type scale and contained closed-ended questions. Closed-ended questions are simple to complete and play a role in avoiding differences in interpretation (Bailey, 1987: 118-119). Participants are required to select one of the listed alternative responses but the possible limitation is that it is easy for a respondent who has no opinion to try and guess the appropriate answer.

The questionnaire developed for the study is made up of thirty multiple choice questions (refer Appendix 2) and positive and negative questions are asked. The questions require the participants to strongly agree, agree, be neutral, disagree and strongly disagree. The neutrality option allows effective answering of the questionnaire although Coldwell and Herbst (2004) are of the opinion that the inclusion of neutrality may encourage non-committal responses.

The official company records of past events, written or printed were also used in the investigation as stated in the previous section. The advantage of using records of past events is the low cost involved since the data already exist although there are risks of missing data (Wilkinson and McNeil, 1996).

4.5 Sampling

The population of interest for the study has been defined as employees of AMSA.

McDaniel and Gates (2001:328) described the population of interest as the total group of people from whom information is needed.

The selected population to determine the characteristics of the whole population are the employees of AMSA at Vereeniging Works. Employees from other centres of AMSA were excluded due to time and resource constraints. The interest population chosen has knowledge and experience of prior restructuring initiatives. All blue collar workers were not part of the study due to literacy considerations and it is important to note that restructuring initiatives when introduced are applied throughout AMSA.

The sample defined by (Coldwell and Herbst, 2004: 74) as a set of respondents selected from a group of individual people who are the subject of the study is made up of 45 (forty five) respondents out of an interest population of 85 (eighty five) people. The total complement of Vereeniging Works is 682 (six hundred and eighty two) people.

Sample size is important because if the sample is too small, it will not relate reliably to its population. Charlesworth, Lawton, Lewis, Martin & Taylor (2001) are of the view that the larger the sample the greater the likelihood of the sample being representative of the population being studied. Bailey (1987: 80) argues that probability theory provides an assurance that a relatively small sample may be adequate because an estimate of the differences between the sample and the population might be determined.

McDaniel and Gates (2001) are of the opinion that small samples are normally accepted for the qualitative research approach. The sample size of 45 (forty five) employees out of a total population of 85 (eighty five) people was considered acceptable after taking into account the suggestions of Coldwell and Herbst

(2004) that the population sample should possess the essential features being studied. The population being studied are employees of the organization and the participants to the study are employees who arguably are knowledgeable about the topic being investigated.

It should be noted that determining the adequacy of the sample size was difficult since there were no definite rules followed. The process followed depended on the purpose of the investigation, information required and the time constraints.

A simple random sampling method was used to select the respondents from qualifying participants. The process involved writing company number of each employee in the target population on a small paper, folded the papers, mixed them in a bowl and drawn each of the 45 (forty five) participants from the bowl. The method followed as explained by Coldwell and Herbst (2004: 80) provided every employee company number in the sampling frame an equal chance of being selected.

4.5.1 Sampling error

Dane (1990: 290) defined sampling error as the extent to which a sample might incorrectly estimate population parameters. According to Coldwell and Herbst (2004: 77) there are two causes of sampling error, namely, chance and sampling bias. Chance refers to the existence of unusual units in the population with the possibility of an abnormally large number of them being chosen and sampling bias is explained as the tendency to favour the selection of units that have particular characteristics.

The possibility of sampling error related to sample size is acknowledged. The sample size in the investigation although acceptable is contrary to the notion that the greater the sample the smaller the sampling error because a larger sample

size will normally be closer to the actual population and is more likely to be fully representative of the population (Coldwell and Herbst, 2004). There is no protection against chance in the study because the sample size is not large.

The threat of sampling bias is also a factor. There is a risk of the existence of a larger employee base in the population being studied who might either be positive or negative about the restructuring initiative with the possibility that an abnormally large number of these employees might have been chosen when the sample was drawn resulting into the sample outcome being exaggerated. Despite the credibility of the sampling method applied in mitigation (Coldwell and Herbst, 2004), 36 (thirty six) respondents might not be representative of the population even though a good account of the composition of the population has been taken into consideration.

4.6 Data analysis

There are two approaches to data analysis, namely, descriptive statistics and inferential statistics. Descriptive or exploratory statistics generate meaning from raw data collected for research and inferential statistics allow testing of hypotheses (Charlesworth, *et al.*, 2001).

The descriptive or exploratory approach was used in the study to organize the data, describe and give an account of the characteristics of the population as represented by the sample from the data collected through the questionnaire.

Descriptive statistics includes the use of numbers, measures of central tendencies and measures of variation (Coldwell and Herbst, 2004: 92). Numbers refers to tallies, frequencies and percentages whilst measure of central tendencies is explained as a single point at which the scores tend to cluster and measures of variability show the degree of spread of scores.

The data has been displayed using One-Way Frequency Table (Appendix 3). McDaniel and Gates (2001) explain the frequency table as a table showing the number of responses to each answer of a survey question and indicate the percentage of those responding to a question that gave each possible response.

The survey questions were linked to the respective objectives (refer Appendix 4), tallies, frequencies, percentages as well as the mode as a measure of central tendency were used to describe the data collected from the sample. Bar Charts pictures complemented the tables to present the research results.

The visual representation and graphical techniques used to present the data is suitable for the differential statistical analysis used in the investigation (Cooper and Schindler, 2003).

4.7 Bias

Cooper and Schindler (2003: 372) explain bias as the distortion of responses towards a certain direction and describe it as the absence of a balanced presentation of information.

The investigation might be at risk of response bias because the respondents were informed through a covering letter to the questionnaire (refer Appendix 1) that the questionnaire was for the partial fulfillment of an MBA qualification. This knowledge might have created incorrect responses.

The researcher in this investigation is a member of EXCO and the General Manager of Vereeniging Works whose employees are the target population and participants to the study. The questionnaire was administered from the office of the General Manager. The covering letter to the questionnaire bears the signature of the investigator in his capacity as General Manager. This might influence the behavior and responses of the respondents.

Coldwell and Herbst (2004) are of the view that to guard against such bias is to camouflage the goal of the study, however, the study was not disguised because of ethical concerns if the investigation does not state openly and honestly its true purpose.

Control over question order designed to eliminate response bias might have been compromised by the participants being able to read the entire question before answering, skipping some question or not answering the questions in the order in which they are presented (Bailey, 1987: 150). Bias might also have occurred when the participant failed to answer fully and accurately assuming that giving any answer might be helpful and also impress the General Manager (Cooper and Schindler, 2003).

Relevant information for the study has been sourced from company documents over and above the data gathered through the questionnaire to enhance validity and accuracy in mitigation of bias.

4.8 Ethics

Coopers and Schindler (2003: 120) are of the opinion that the goal of ethics in research is to ensure that no one suffers adverse consequences from activities of the research and explain ethics as norms that guide moral choices about our behavior and our relationship with others.

Ethical research requires personal integrity from the researcher and avoidance of unethical activities which among others might include violating nondisclosure agreements, breaking respondent confidentiality, misrepresenting results and deceiving people.

The research project undertaken involved employees of Vereeniging Works and brought challenges of anonymity, privacy and confidentiality in the investigation. These challenges were however mitigated by providing guarantee through the questionnaire format of tick boxes and closed-ended questions. The true purpose of the study was also revealed in the covering letter to the questionnaire.

Permission was received from AMSA for the investigation to be conducted and the necessary confidentiality agreements were signed. The researcher endeavored not disclose finding of the research project that are not consistent with or are not justified by the available data. The conduct of the researcher was ethical and the participants were treated ethically.

4.9 Validity

According to Page and Meyer (2006:86) validity refers to the extent to which differences found with a measuring unit reflects the true difference accurately. The two types of validity are internal validity and external validity.

4.9.1 Internal validity

Internal validity is only relevant to the specific subject being studied and provide evidence that what was done in the study caused what has been observed (Coldwell and Herbst (2004).

The questions in the questionnaire are the measurement instrument purporting to be related to the topic. To achieve improved validity it is arguable that the statements in the questionnaire adequately cover the subject being investigated (Dane, 1990).

The view of Cooper and Schindler (2003: 232) is that if the instrument contains a representative sample of the population, then content validity is good. The sample

of participants selected in the study represent employees of AMSA who might have an understanding of the problem being investigated.

It might be argued that employees of Vereeniging Works participating in the study might have been affected by conditions prevailing during the study. The questionnaire was distributed to respondents at the time when the organization was driving the OIOP program which started in 2009 and rolled over into 2010 and the initiative might result into retrenchments.

4.9.2 External validity

External validity refers to being able to generalize beyond the findings of the study to other situations (Coldwell and Herbst (2004). It is understood that the investigation being carried out is undertaken specifically to determine the perceptions of AMSA employees about forces driving change in the organization, barriers impacting change and AMSA's change readiness. There is no intention to generalize the findings of the research project to situations beyond the investigation.

4.10 Reliability

Reliability is defined as the degree of consistency of the results over repeated testing (Wilkinson and McNeil, 1996: 423). It might be difficult to test and retest the questionnaire due to the impossible challenge of developing conditions similar to those prevailing when the initial study was conducted.

Testing for reliability in the study remained a challenge however attempts were made at improving reliability through the structure of the questionnaire. The questionnaire considered the topic, the research objectives as well as the type of respondents.

The first question (Question 1) in the questionnaire requires confirmation of the period of service, although irrelevant to the objectives of the study it provides assurance that the respondents were affected by prior change initiatives and have the requisite experience.

Question 28 (twenty eight) is also not relevant to the objectives of the study but attempts to eliminate the impact of the unpopular measures that affected employees such as when the organization was mitigating against adversities brought by the economic downturn.

4.11 Generalisability

According to Page and Meyer (2006:13) generalisability means that the findings of the investigation that was carried out can be said to apply outside of the particular research situation that produced the findings.

The results of the study may be generalized to the subject population of AMSA given the existence of particular patterns of characteristics but the result of the study cannot be generalized to individuals and settings outside of the study conditions at AMSA.

4.12 Summary

The chapter provided the research design approach followed in the investigation and highlighted the importance of principles of ethics, validity and reliability and generalisability of the results of the study.

Chapter 5: Research results and discussion

5.1 Introduction

This chapter focuses on the results of the survey data collected using a questionnaire. The questions contained in the questionnaire were structured to meet the research objectives. The chapter also documents the results from information obtained from the official company records.

5.2 The rate of response to the survey

The sample size was determined as 45 people and only 36 participants responded resulting into a response rate of 80%.

5.3 Presentation of results

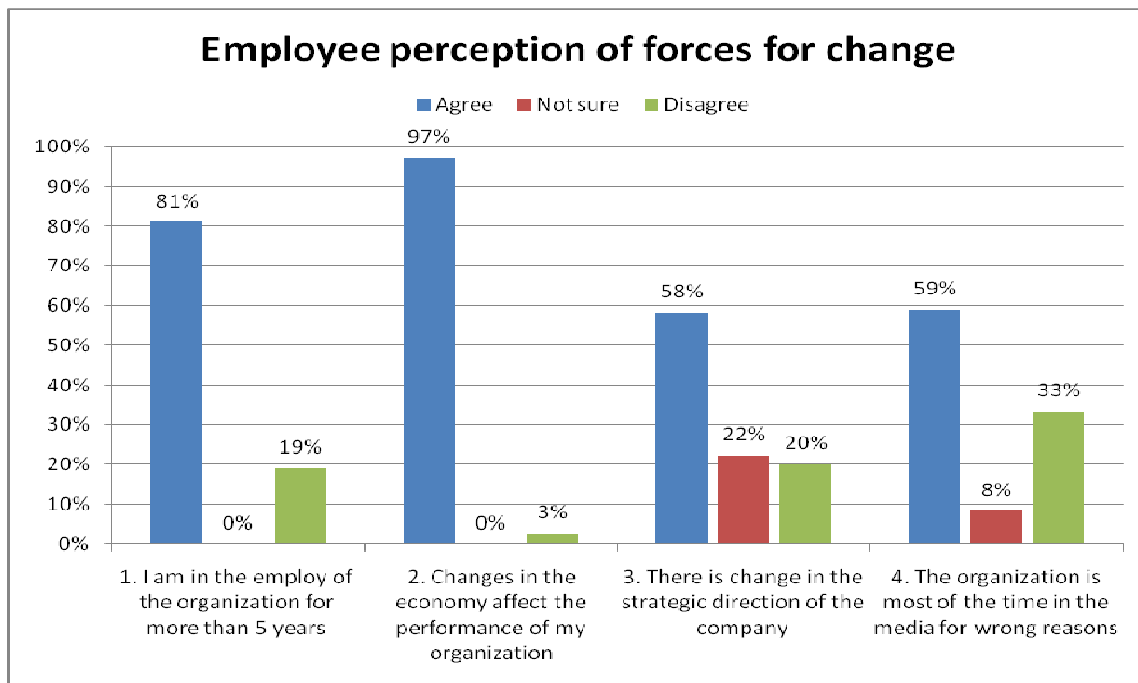
The questionnaire was distributed to 45 (forty five) respondents and only 36 (thirty six) participants completed and returned the survey. Therefore 36 (thirty six) answers were expected for each statement in the questionnaire. The results of the questionnaire are presented pictorially using Bar Charts and in table form on the One-Way Frequency Tables (refer Appendix 3) to facilitate interpretation of data.

The measure of intensity has been eliminated from the presentation of the results with the effect that the “**I strongly agree**” option has been combined with the “**I agree**” option and reflected in the presentation of the data as “**Agree**”. The “**I strongly disagree**” option has been combined with the “**I disagree**” option and reflected in the presentation of the data as “**Disagree**”. The “**no opinion**” option is reflected in the presentation of the data as “**Not sure**”. All the options had an equal chance for a potential score of 36 (thirty six). The interpretation of the data was performed according to these groupings.

The Bar Charts presentation of responses to the statements in the questionnaire grouped according to the respective objectives they aim serve (refer Appendix 4) are noted as follows:

5.3.1 Objective 1: Employee perception of forces driving change

Bar Chart 1



Statement 1

The responses to question 1 are not relevant to any of the study objectives. The majority of the participants are in the employ of the organization for longer than 5 years. The question validates the assumption that the interest population had experience of prior restructuring initiatives in the organization (refer section 4.1 in Chapter 4).

Statement 2

The response to question 2 is decisive with 97% of the respondents in agreement that changes in the economy affect the performance of the organisation.

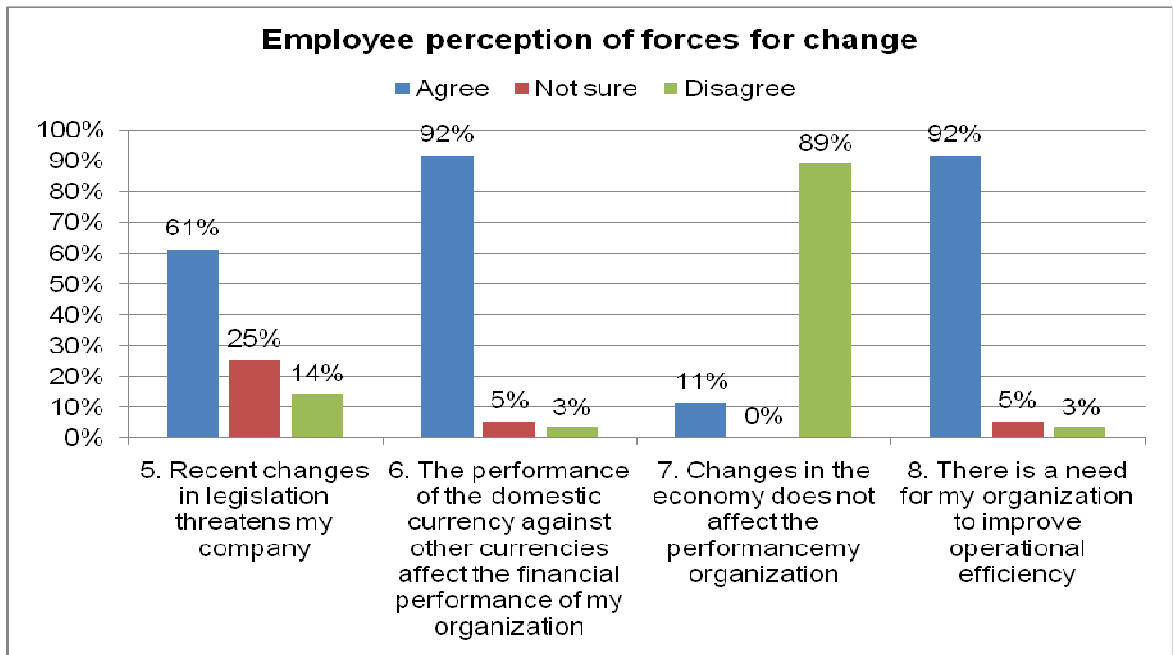
Statement 3

58% of the respondents are in agreement with statement 3 that there is change in the strategic direction of the company. 22% Of the respondents are neutral and it might be argued that the majority of these respondents might not have witnessed the change in strategic direction. These respondents might be new employee in the company (refer Statement 1 with 19% of employees who are less than 5 years in the company).

Statement 4

58% of the respondents to statement 4 believe that the organisation is in the media for wrong reasons. It might be concluded that public pressure resulting from media influence is also a force for change pushing the organization to improve its public image.

Bar Chart 2



Statement 5

The majority of the respondents to the question supports the statement that legislation play a role in driving the change. Arguably, the change in the political landscape in the country had an impact on the majority of South African organizations

Statement 6

The results from Question 6 at 92% indicates a high level of belief that fluctuations of the local currency and globalization affects the competitiveness of the company locally and internationally.

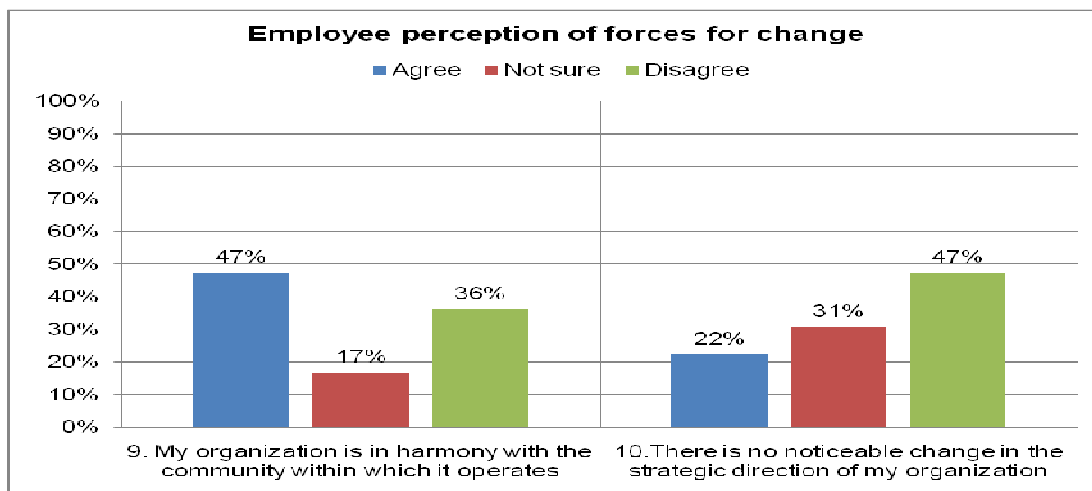
Statement 7

The statement is the opposite of statement 2 and the scores to these statements were expected to be of similar. The scores are different and it might be argued that the difference in the scores indicates that control over question order in the questionnaire to mitigate bias has been achieved.

Statement 8

Smit and Cronje (2002) argue that forces internal the organisation may create the need for change. Their argument is reflected in AMSA by the 92% results of respondents who belief that there is a need to improve operational performance.

Bar Chart 3



Statement 9

The results indicates lack of confidence that the organisation is aligned to the aspirations of the community within which it operates and opens statement 4 with regards to the organization's negative publicity.

Statement 10

The statement is the opposite of statement 3. The scores to these questions although opposites were expected to be similar. If respondents with no opinion in both questions are ignored then conclusions may be made that employees are aware of the change in the strategic direction of the organization.

5.3.2 Objective 1: Review of company documents for key drivers of change.

AMSA's sustainability report for 2007 was reviewed to identify key drivers of change. The purpose of the sustainability report was to provide an account of AMSA's performance on socio-economic, ethical and environmental issues most material to the organization for the period ending 31 December 2007 (ArcelorMittal South Africa Limited, 2007: 1).

It is recorded in the report that AMSA endeavor to align its social development goals with those of government (ArcelorMittal South Africa Limited, 2007: 42). It might therefore be argued that any changes in the social policies of government are likely to affect AMSA.

AMSA acknowledges that it used to receive very few complaints from the public on its poor environmental performance because it was not well publicized. Public awareness about these issues has increased significantly and efforts to rehabilitate the contaminated areas follow a complex legal process (ArcelorMittal South Africa Limited, 2007: 40).

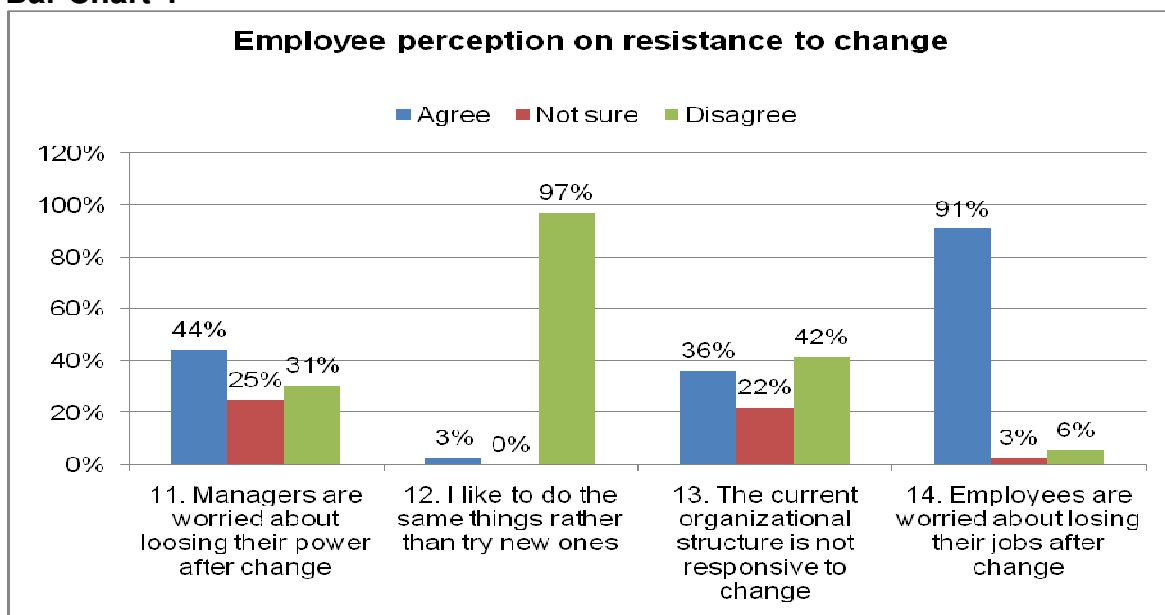
The organization indicates in the report that it did not achieve its EE targets as well as the scores prescribed by the codes of BBBEE (ArcelorMittal South Africa Limited, 2007: 24). The lack of performance with regard to these parameters has a potentially adverse effect on AMSA’s workforce diversity with the likelihood of weakening the organization’s position in business dealings.

The report also highlighted the domestic steel industry’s vulnerable position brought by government decision to exempt steel imports into the country from imports duty (ArcelorMittal South Africa Limited, 2007: 15) such that globalization impacts the organization’s local and international competitiveness.

In summary, aspects of external forces driving organizational change surfaced from the existing data offering the possibility to validate employee perceptions.

5.3.3 Objective 2: Employee perceptions of barriers for change

Bar Chart 4



Statement 11

The results are not decisive and the conclusion from the results is that change efforts at AMSA are likely to be met with resistance from managers due to the resultant disturbance of the settled personal interests.

Statement 12

The respondents do not feel strong about routines and the majority appears to break routines occasionally. It might be argued that these respondents envisaged only a small change.

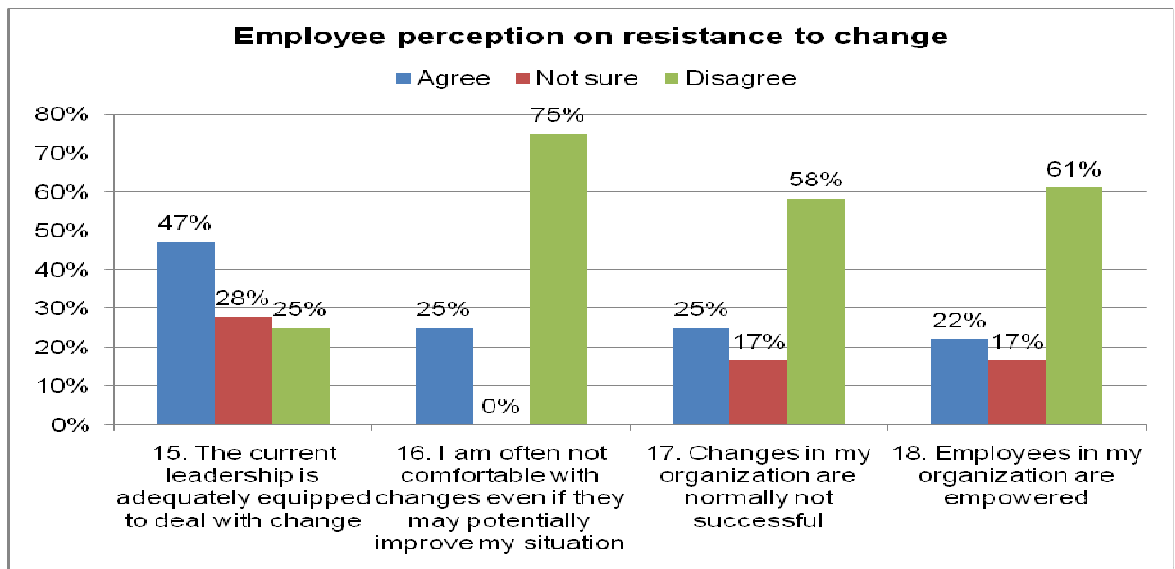
Statement 13

The participants shows lack of confidence in the flexibility of the structure to support AMSA’s vision. A rigid structure has an adverse effect on employee involvement.

Statement 14

The results are decisive indicating a threat to employees’ vested interest. The fear is likely to bring resistance due to the threatened job security.

Bar Chart 5



Statement 15

The response is not decisive and one may conclude from the results that there exist a management barrier at AMSA resulting from lack of skills to implement change (Brewster, et al: 2008).

Statement 16

The response indicates that an overwhelming majority of AMSA employees embrace change if it is to their advantage and resistance to change might be encountered if their interests are threatened.

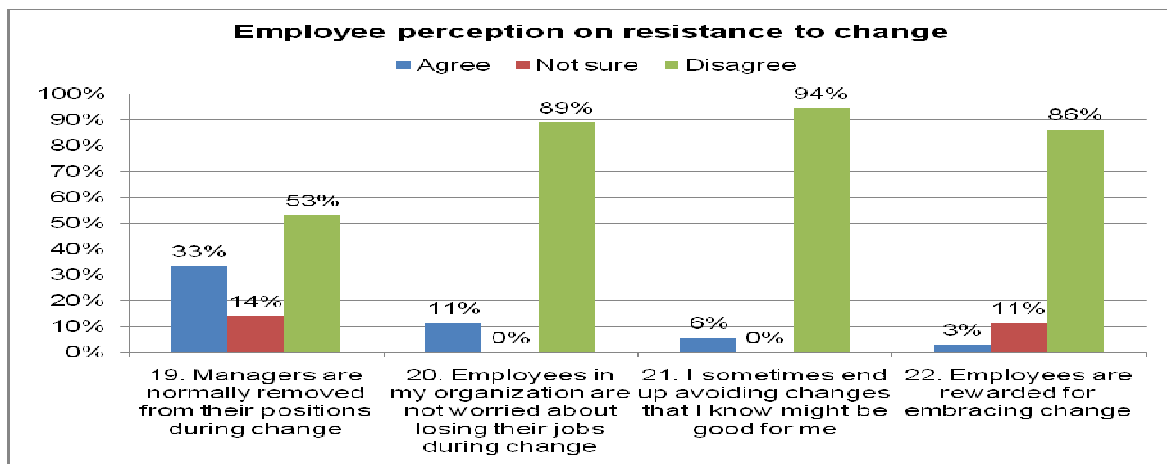
Statement 17

The results indicates favourable perceptions about the success of prior change efforts with the possibility of positive attitudes towards change emanating from successes of the past. The result also indicates possible resistance from complacency.

Statement 18

The majority of participants are of the view that employees at AMSA are not granted the required authority and responsibility for the change process. Employees are not held accountable for failure.

Bar Chart 6



Statement 19

The response might reflect ambiguity in the sense that the respondents who disagree with the statement might associate the perceptions with managers who are retained on the basis of embracing change.

The respondents who agree with the statement might refer to managers who are removed to become full time change agents. Interpreting the results of statement in combination with the results of statement 15, one may conclude that the leadership is unable to deal with resistance to change.

Statement 20

The statement is the opposite of statement 14 and as expected there is some similarity in the magnitude of the response. Threat to job security is likely to be a barrier to change (Schermerhorn, *et al.*, 2005).

Statement 21

The results with 94% of the respondents disagreeing with the statement enables conclusion to be made that individual employees are likely to resist change if they do not understand its benefits (Nel, *et al.*; 2008).

Statement 22

An overwhelming majority of the respondents are of the view that employees are not rewarded for embracing change and one may conclude that AMSA does not deploy the required instruments to promote organizational change.

5.3.4 Objective 2: Review of company documents for barriers for change

The review of company documents revealed that in 2008 AMSA embarked on an Employee Engagement Capacity Building process. The purpose of the initiative was to identify barriers to employee engagement (ArcelorMittal South Africa Limited, 2008: 5).

The project was started by establishing an OCI with the purpose of diagnosing what the culture at AMSA was in order to ascertain the gaps relative to what was desirable for an Employee Engagement programme.

According to the report (ArcelorMittal South Africa Limited, 2008: 32) employees believed that their day to day behavior in the organization is characterized by:

- Play “politics” to gain influence
- Follow orders even if they are wrong
- View work as more important than anything else
- Switch priorities to please others
- Set unrealistically high goals
- Personally run everything
- Accept goals without questioning them.

It might be argued that the results reflect an organizational culture that is likely to resist change.

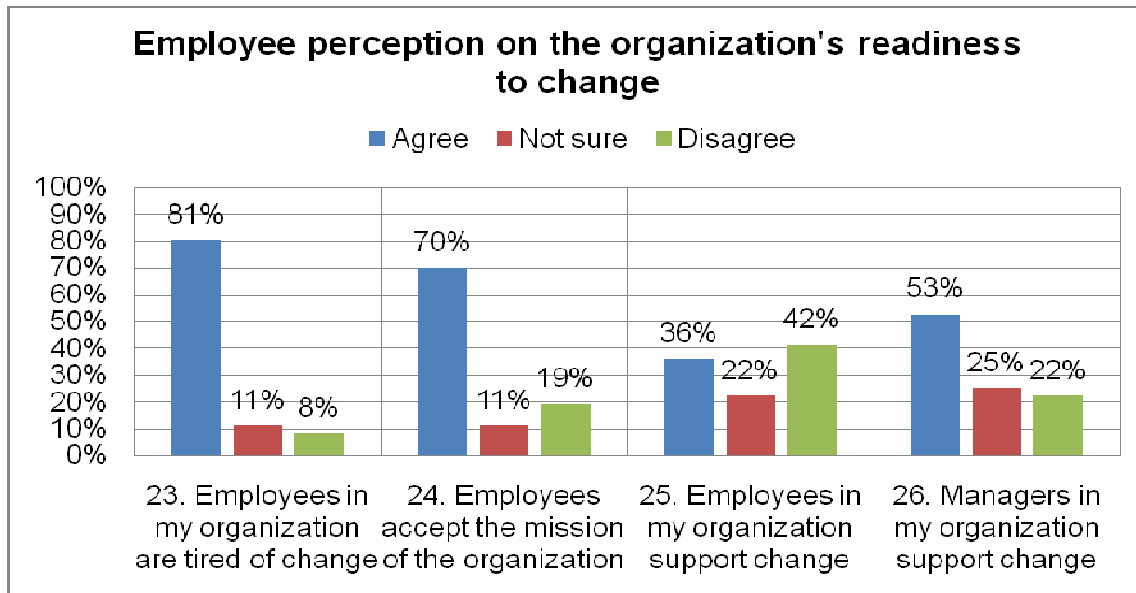
The report also documented what employees perceived as the desired behaviors (ArcelorMittal South Africa Limited, 2008: 34) noted as follows:

- the need to treat people as more important than things,
- be allowed to think in a unique and independent way,
- that managers should take time with people,
- encourage others
- show concern for the needs of others

The outcome of the OIC on culture was deemed appropriate for the study in the investigation of possible barriers for change. It is acknowledged that the purpose for which the OIC was carried out was different to that of the research project.

5.3.5 Objective 3: Employee perceptions on the organization's change readiness

Bar Chart 7



Statement 23

The majority of the respondents are of the view that employees are tired of change and might not be aware of crises situations. The organization might also have introduced many change initiatives within a short period.

Statement 24

AMSA is perceived by participants as more efficient from the perspectives of reacting its purpose and the unified effort towards change might be achieved.

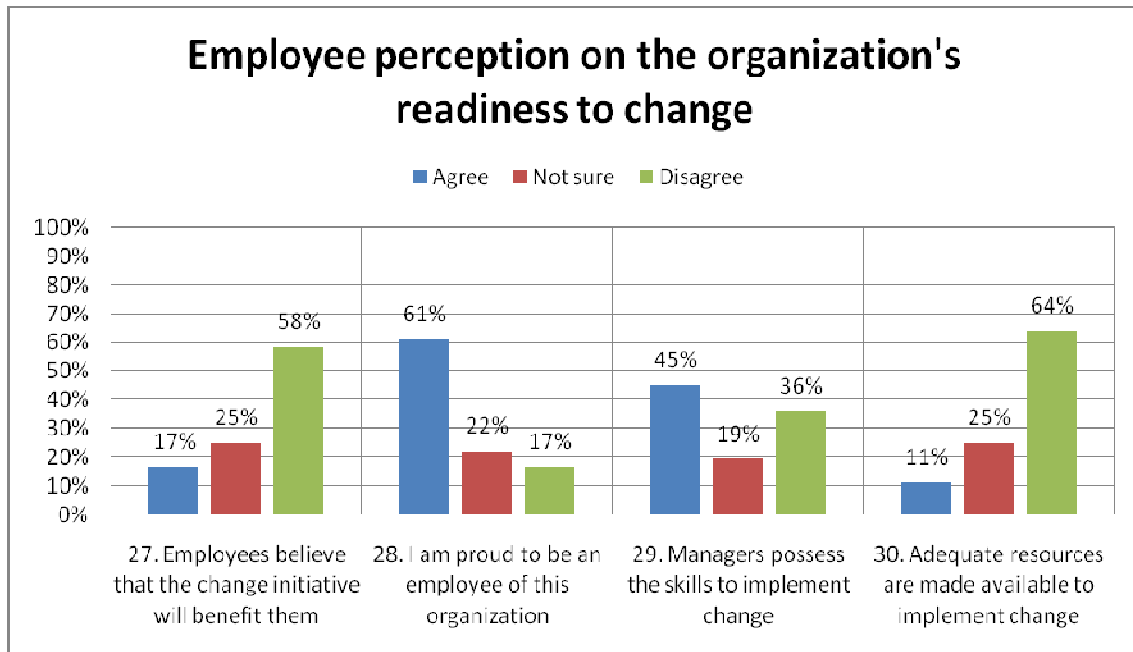
Statement 25

The perception of the respondents indicates that employees are not supportive of putting into practice the change plan proposed by management.

Statement 26

Positive results have been shown from the outcome of responses. Management concerns for change are different from those of employees and it is concluded that leaders from a “change support” perspective demonstrate change readiness.

Bar Chart 8



Statement 27

The outcome indicates that employees do not believe that the restructuring initiative improves their conditions. The lack of stimulus for the employees to perform the activities with the requisite quality under the new conditions might be an obstacle for change readiness.

Statement 28

The statement has no relevance to any of the objectives of the study. The question seeks to highlight possible response bias that might have resulted from employees who might have been affected by conditions that existed before or during the survey (refer section 4.10 in Chapter 4).

Statement 29

The opinion of participants is not supportive and show lack of confidence that the leadership possess the skills to implement change. The perceived lack of personal capacity to engage in the change process creates a strong potential for frustration and conditions that are not suitable for change.

Statement 30

The organization is perceived not to be making the required resources available to implement change and also not creating working conditions necessary for an efficient change programme.

5.3.6 Objective 3: Review of company documents for the organization's change readiness

The report on employee engagement revealed that the work environment does not encourage employees to embark on the desired behavior for change (ArcelorMittal South Africa Limited, 2008: 34).

On the basis of the OIC report it might be argued that the organizational culture and the management does not meet the requirements for change readiness suggested by Hersey and Blanchard (1982) for old ways of doing things to be broken down in preparation for change.

5.4 Discussion of results

The investigation assumed business restructuring to be a transformational change management process aimed at building a competitive advantage for AMSA. The restructuring process took place in a volatile operating environment taking into account AMSA's imperative to deliver value at the lowest cost.

5.4.1 Discussion of the results of Objective 1: Employee perceptions and results from company records in respect of key drivers of change

The statements in the questionnaire that are relevant to objective 1 - forces driving change are statements 2, 3, 4, 5, 6, 7, 8, 9 and 10 (refer to the groupings in appendix 4).

The results of the questionnaire with reference to statements 2,5,6 and 7 indicates that employees believe that factors external to the organization are key drivers for change, notably;

- Economic factors - Statement 2 and 7
- Legislation/Political factors - Statement 5
- Globalization - Statement 6

Other external factors driving change surfaced from the analysis of the official company records such as;

- Sociological factors resulting from challenges associated with workforce diversity which arguably resulted into poor performance regarding EE and BBBEE.
- Environmental factors which resulted from the strict environmental laws and the legacy of the organization's poor environmental practices.

Employees also believe that there are forces internal to the organization that drives change noticeably, the change in the company's strategic direction reflected by the response to statement 3 and statement 10. The company's official records also documented the change in AMSA's strategic direction (refer section 1.2 in Chapter 1).

The majority of employees recognize that the company needs to improve operational efficiency as indicated by statement 8 and it might be argued that the perception reflects the impact of the external forces such as the economic factors and the effects of globalization.

The media spreads negative publicity about the organization and this has an adverse influence on the public (statement 4 and 9) about the image of the organization bringing added pressure on the company to improve its public standing as a corporate citizen.

There might be some ambiguity with regards to the interpretation of statement 5 relating to “recent legislation” because recent legislation passed by the authorities might from the participant’s point of view not have been relevant to AMSA’s business. The majority of the respondents to the statement are however of the view that the change in legislation play a role in driving change.

5.4.2 Discussion of the results of Objective 2: Employee perceptions and results from the company records with regards to possible barriers for change

Change to adapt to changes in the operating environment necessitated by the external and internal forces for change normally encounter resistance from stakeholders. The resistance normally results when the affected stakeholders believe that their interests are being threatened by the change.

The results of the survey as well as the analysis of the existing records of the company provides research outcome on factors believed to be the underlying root causes of barriers to change. The statements in the questionnaire that are relevant to objective 2 – possible barriers to change are statements 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 and 22 (refer to the groupings in appendix 4).

The perception of AMSA employees according to the response to statement 14 and statement 20 is that change threatens their job security and that they are prepared to accept change if it is to their benefit (refer statement 16 and statement 21). The majority of the employees also believe that the company does not recognize employees (statement 22) for performing well under the new conditions. The above outcome aligns to the views of Nel *et al.*, (2008) with the suggestion that people generally resist change if it threatens self interest and when the benefits are not understood.

Managers initiate and drive change. Employees might hold the view that the interests of managers are not threatened by change. There is no decisive support from the results of statement 11 and statement 19 for the view that managers' interests are threatened by change. The employee perceptions from the statements might signals lack of trust between management and employees as well as the inability of the leadership to deal with change (Brewster *et al.*, 2008).

The opinion with regards to organizational culture is negative due to complacency reflected in the respondents believing that previous successes were achieved with among others the current cultural set-up (statement 17). Considering the views of Robbins *et al.*, (2009) it might be argued that the organizational culture is likely to resist change because it is desirous of wanting to continue with the status quo.

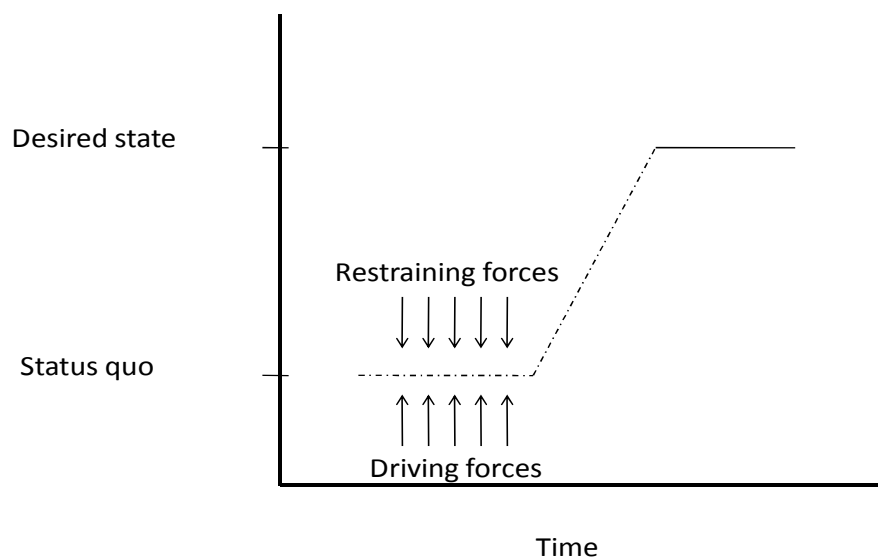
The analysis of the company documents also indicates the existence of a defensive culture that is likely to resist change. The expressed desire by employees to try new things (statement 12) might indicate misunderstanding of the scale of change involved.

Employees in the organization are not empowered (statement 18) and people are likely to stage resistance if they are being excluded from the change that affects every aspect of the organization including their work. The reflection on statement

13 regarding the perception that the structure is not flexible enough to respond to changes in the environment might point to the hierarchical structure as disempowering to employees.

Kotter (1996) argues that if one aspect of behavior is changed other interrelated elements of behavior tend to put pressure and swing habits that changed to fall back into the old ways. The Force Field Diagram (Robbins *et al.*, 2009: 489) discussed in Chapter 2 is repeated below to emphasize the aspect.

Force Field Diagram



Robbins *et al.*, (2009: 489)

The willingness expressed by employees to embrace change if their situation is improved under the new conditions (statement 16), their preparedness to support change if they know it might be good for them (statement 21) and their desire to try new things (statement 12) might be outweighed by pressure from the threat of job security (statement 14 and statement 20), resistance from the perceived threats of eroding managerial power (statement 11) and the absence of employee empowerment (statement 18).

5.4.3 Discussion of the results of Objective 3: Employee perceptions and results from company records relating to the organization's readiness for change

The statements in the questionnaire that are relevant to objective 2 – possible barriers to change are statements 23, 24, 25, 26, 27, 29 and 30 (refer to the groupings in appendix 4).

AMSA's members suffer "change fatigue", (statement 23) and impliedly blame management for what they perceive as a needless change which arguably is supported by management (statement 26) the benefits of which are not widely and clearly understood (statement 27). The leadership is also perceived by the respondents as not providing the necessary resources to implement change (statement 30).

The concern that managers support change that is not necessary and the perception that employees do not support change (statement 25) could be a reflection of the gap that exists in the understanding of readiness-for-change between management and non-managerial employees especially under crisis situations.

The perceived lack of confidence that managers possess the skills to implement change (statement 29) and conditions described above impair organizational change readiness exacerbated by the perceived non punishment for resistance to change and non recognition for performing well under the new conditions.

The outlier from the survey results is that employees accept the organization's mission (statement 24) opening the possibility that the mission became prominent when the focus was to communicate what change entailed in as little time as possible and there was no time to create suitable conditions for change. The existing company records on culture indicated that managers were perceived not

to take time for people and do not endeavor to secure buy-in from employees to support change initiatives.

5.5 Summary

The quantitative data (Appendix 4) indicates that there are visible patterns in the sample and that some of the patterns exist in the population of interest. The conclusions from the study of the sample may therefore be generalized to the population being studied.

Existing relevant information from the company's official documents as well as a reflective analysis supports the view that the data is sufficient to substantiate the position regarding the problem statement, conclusions and recommendations that are reflected in the next chapter.

Chapter 6: Conclusion and Recommendation

6.1 Introduction

The problem statement is the focus of the investigation. The conclusions and recommendations from the research attempt to provide a response to the management problem recorded in the problem statement.

The problem statement stated in Chapter 1 is recorded as follows; investigating possible barriers impacting the implementation of an effective change management process in restructuring ArcelorMittal South Africa Limited's business.

6.2 Conclusion

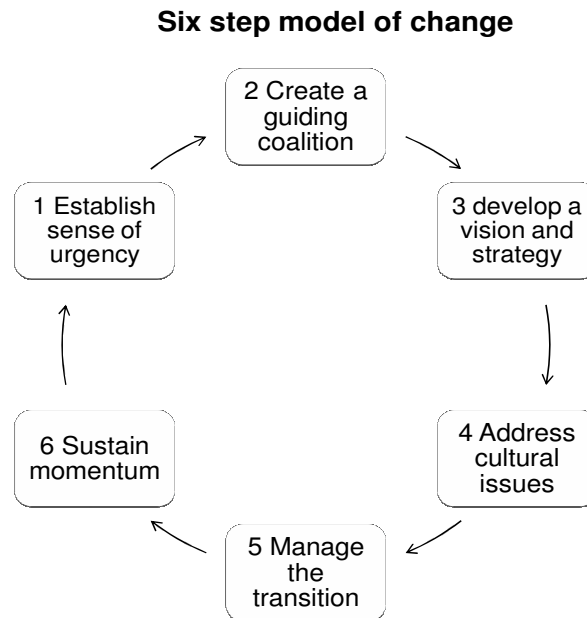
Change is continuous, solutions are not prescribed and circumstances that make change successful are unique (Schermerhorn *et al.*, 2005).

The outcome of the investigation cannot provide conclusive answers to the management problem expressed in the research question. A larger set of data was needed to confirm the results.

It is accepted that the study took place in a dynamic environment and conclusions reached might have been overtaken by new developments. The results of the survey, existing information from official company records as well as reflective analysis are the basis for motivating conclusions reached from the research project.

The success of the research is measured with reference to the six-step model of change (Mabey, 2006) that draws together a key number of ingredients of

successful change management. The six-step model adapted from Mabey (2006) is depicted as follows:



Mabey 2006: 93

The steps are briefly explained below

Step1 – Establishing a sense of urgency

Establishing a sense of urgency is crucial to gain the needed cooperation. If people do not feel a sense of urgency they might withhold cooperation from the process they think is unnecessary (Kotter, 1996).

Step 2 – Creating a guiding coalition

Building a coalition is an essential part of the effort to the restructure in order to anchor new approaches deep into the organizational culture. The coalition must be rightly composed, possess high levels of trust and shared responsibility (Kotter, 1996)

Step 3 – Develop a vision and strategy

Developing a vision and strategy refers to the creation of a picture of the future with implicit or explicit commentary of why people should strive to create that future (Kotter, 1996: 68). The vision clarifies the general direction for change, motivates people to take action in the right direction and helps coordinate the actions of different people in an efficient manner.

Step 4 – Address cultural issues

Sufficient attention must be given to the prevailing attitudes and values. The less visible values are harder to shift and require investment in education, communication and training over a sustained period of time (Mabey, 2006)

Step 5 – Manage the transition

There is normally confusion about the roles, responsibilities and decision making channels during change as the steady-state of management is disrupted. There might be knowledge and skills gap among members of the organization and these challenges require planning (Mabey, 2006).

Step 6 – Sustain the momentum

Major change takes a long time and many forces may stall the process. It is important to keep the change momentum until the changed practices have been driven into the culture in order to achieve sustainability (Kotter, 1996).

The conclusion is that there are elements in the investigation that indicates conformance with some of the constituents of the six-step model. Indications are that some of the visible elements supportive of change are not used or are used very little by AMSA to leverage acceptance and limit the risk of resistance to change.

6.2.1 Major findings

The forces external and internal to AMSA are the key drivers for change. These factors impact the organization directly or indirectly and to an extent in combination with one another. The factors includes among others globalization, environmental factors, economic factors, sociological factors, political factors, technological factors, change in the strategic direction of the company and stakeholder influence and that of other industry players.

Schemerhorn *et al.*, (2005) are of the view that drivers of change are dynamic and ever present in work settings forcing organizations to continually redefine their positions to maintain a balanced organization-environment relationship. Internal targets to which forces for change are directed are also complex and intertwined.

The finding from the study is that AMSA might not be picking up the signals for change by monitoring the factors driving change. The lack of monitoring deprives the organization an opportunity to develop a sound business case for change and the required sense of urgency shared by all its members. Kotter (1996) is of the view that if people experience low sense of urgency they might withhold cooperation.

Members of the organization are aware of the need to improve and have accepted the organization's vision which was changed (refer Chapter 1) and thought to reflect the dictates of the external forces. The anomaly is that employees do not support change. The conclusion is that there is lack of a shared desirable future as a result of communication problems which encouraged employees to withhold cooperation (Kotter, 1996).

Employees believe that change threatens their interests and not those of the leadership indicating the existence of a climate of mistrust in the workplace. The mistrust might be on the back of the workforce diversity challenge facing AMSA which arguably created the imbalances between different race and ethnic groups in the workplace. This problem resulted into managerial and economic imbalances

(Smit and Cronje, 2002) in the organization. The attempt by authorities to forced organizations to address these challenges through legislation led to resistance and resentment in the work place.

The conditions in the workplace at AMSA are disempowering with the likelihood of a top-down approach to change being adopted complemented by a rigid hierarchical structure (refer the survey results of statement 13 in Chapter 5). The restructuring initiative might not be effective unless employees provide the required assistance. The results indicate that the company is not taking action to remove barriers associated with rigid organizational hierarchies and the lack of employee empowerment.

The organizational culture is well entrenched as the majority of employees indicates a period of service in excess of 5 (years) in the organization (refer to the survey results of statement 1 in Chapter 5) . It might be argued that managers have learned a command and control style which developed into deeply engrained habits which might be difficult to change. The style might also be reinforced by the rigid hierarchical structure and disempowered employees. It is also believed that entrenched work routines seemed to have worked in the past (refer to the survey results of statement 17 in Chapter 5).The conclusion is that the organizational culture in AMSA is a force for resistance and if left misaligned to the operating environment might become a major barrier for change.

The supportive elements for change are not optimized by AMSA such as the acceptance of the organization's mission by employees, employees being prepared to embracing beneficial change and the exploitation of the perceived successes of previous change initiatives in order to leverage acceptance of change by members of the organization.

In the light of the above and the existence of some of the elements mitigating the adversity of resistance to change in AMSA, issues considered important and

some of the gaps identified in the study such as the shortfall in understanding and preempting the likely direction of key drivers of change, communication, managing diversity, empowerment and culture are addressed in the following section of proposed recommendations.

6.3 Recommendation

The research project highlighted some of the critical issues requiring management attention and action in order to improve the change management process. The recommendations are as follows:

6.3.1 Inadequate case for change

To limit the exposure of organization-environment misalignment, it is recommended that a focused resource be made available internally (preferably the creation of a separate function) accountable to the CEO with the purpose of:

- Monitoring the behavior of forces for change to enhance understanding.
- Provide input for the formulation of the organization's strategy to ensure a balanced organization-environment relationship.
- Articulate "case for change" with a view to proactively secure company-wide support for change.
- Identify internal targets that are likely to be impacted by forces for change

The above are likely to enable the development of a sound business case for change saleable to members of the organization with the possibility of an accelerated unified effort towards change.

6.3.2 Improved communication

Cameron (2006: 31) is of the opinion that culture and management styles have a major impact on the communication climate and distinguishes between two climates, namely open and closed communication climate.

The open communication climate is explained as that which promotes corporative working relationships and is conducive to effective information gathering and transfer. A closed climate has the opposite effect.

AMSA with its defensive cultural style (Chapter 5) is candidate for a closed communication climate which has the effect of reducing the scope of organizational learning. It is recommended that AMSA improve communication by:

- Encourage interactive communication and feedback
- Optimal use of its informal communication channels (grapevines) by avoiding the transmission of incorrect messages.
- Ensuring that key persons in the grapevine receive the right information from the start
- Improve and promote face to face communication with a view to offer members an opportunity to ask questions
- Aim to develop a shared understanding of what is being communicated
- Optimize the use of technology

It is believed that implementing the recommendations is likely to improve employee understanding of the need for change, reduce conflict and improve cooperation.

6.3.3 Managing diversity in the workplace

Employees at AMSA might have difficulty in coping with diversity and this difficulty include resistance to change, racism and lack of knowledge about other ethnic groups. Embracing diversity has become a business imperative and requires

understanding of the essence and value of differences in order to overcome internalized barriers in the work place (Smit and Cronje, 2002). It is recommended that the organization mitigate the adverse effects relating to problems of diversity by;

- Developing strategies to promote diversity
- Develop a workforce diversity policy
- Creating an organizational climate that supports diversity
- Forster learning and an effective organization by rolling-out company-wide diversity training.

Addressing challenges of workforce diversity might normalize workplace relationships, prevent resistance and ensure that the organization achieve the legislative requirements in respect of equity in the workplace.

6.3.4 Empowerment

Kotter (1996:102) is of the opinion that employees generally withhold help if they feel relatively powerless and argues that empowering people remove barriers emanating from structures, skills, systems and supervisors, to address some of these barriers at AMSA it is recommended that

- The organization provides training to equip employees and improve their capabilities for new challenges.
- AMSA should review its structures with a view to lessen bureaucracy with increased delegation of authority.
- The organization should provide courageous leadership to change systems, mainly the alteration of practices to support empowerment.

The improvement in communication highlighted earlier is likely to improve employee involvement and the recommended interventions for empowerment are likely to promote trust, learning and employee development.

6.3.5 Culture

The divisional structure of AMSA which is constituted by flat steel products produced in Saldanha and Vanderbijlpark and long steel products produced in Newcastle and Vereeniging with each operation headed by a General Manager is a signal of the possible existence of diverse sub-cultures.

It might be argued that AMSA's members do not share a common culture and restructuring is likely to result into the disruption of the existing social system. To address the risk of resistance associated with culture, it is recommended that:

- AMSA review and change its policies and procedures to facilitate the creation of a new culture conducive to the change in the strategic direction of the organization. A new culture might require workforce education in order to reinforce it.
- AMSA change its values, arguably in line with the dictates of the changed circumstances and it is recommended that the organization embark on a shared value workshop to ensure that all employees subscribe to a common set of values.
- It is acknowledged that changing the values is not sufficient to change organizational culture and that it is necessary to change behaviors. Employees highlighted desirable set of behaviors (refer Chapter 5) and it is recommended that training be provided that will enable key individuals to understand and experiment with the new behaviors and appreciate the depth of the change required.
- AMSA must optimize the manipulation of its cultural symbols. The organization changed its name and logos several times and some of the

old logos and symbols are still visible. All old symbols should be removed to erode the effects of the old ways of doing things.

The review and change of policies and procedures is likely to direct employee towards the desired behavior, shared values are likely to result into a unified effort under the new conditions and total eradication of the old cultural symbols are likely to enhance the new ways of doing things.

6.4 Summary

The study is exploratory and a people approach has been employed in the investigation. The chapter highlighted the importance of a shared sense of direction and a common language for employees who are affected by the change (Surges, 2006).

Some of the measures deemed central to overcome people centered barriers to change were introduced. The measures identified include the requirement for an effective means of cascading the initiative throughout the organization, an enhanced level of employee commitment through their involvement, the realization of value embedded in diversity and the manipulation of organizational culture to align employee attitudes and behavior with the priorities of AMSA.

The recommended actions if implemented are likely to alleviate resistance and promote acceptance of change by members of the organization.

Chapter 7: Reflection and Learnings from the research project

The investigation enhanced my methodical thinking, improved my questioning and probing abilities. The programme helped me appreciate the value of going beyond the obvious in a logical and systematic manner whilst considering other people's perspective throughout the process.

The study provided me with the means to engage in strategic issues of my organization and provided me with guidelines to lead an intelligent corporate life in the workplace.

The major take-home was to believe in the capability of humans to do their best in the workplace if capacitated, involved and empowered. It is all about channeling behaviors and attitude internal to the organization as well as influencing behavior and attitudes external to the organization towards the interests of the organization.

Change in whatever form is with us, happens all the time and will continue to be part of our lives. Action always triggers reactions and human beings are in most of the time involved. The engagement of people and their participation in change might make the process leading to the desired end state a resounding success or a failure.

It is proper to conclude with the view of Zilka (2010) by stating that anything is achievable no matter how difficult it may be for as long as we put our minds into it.

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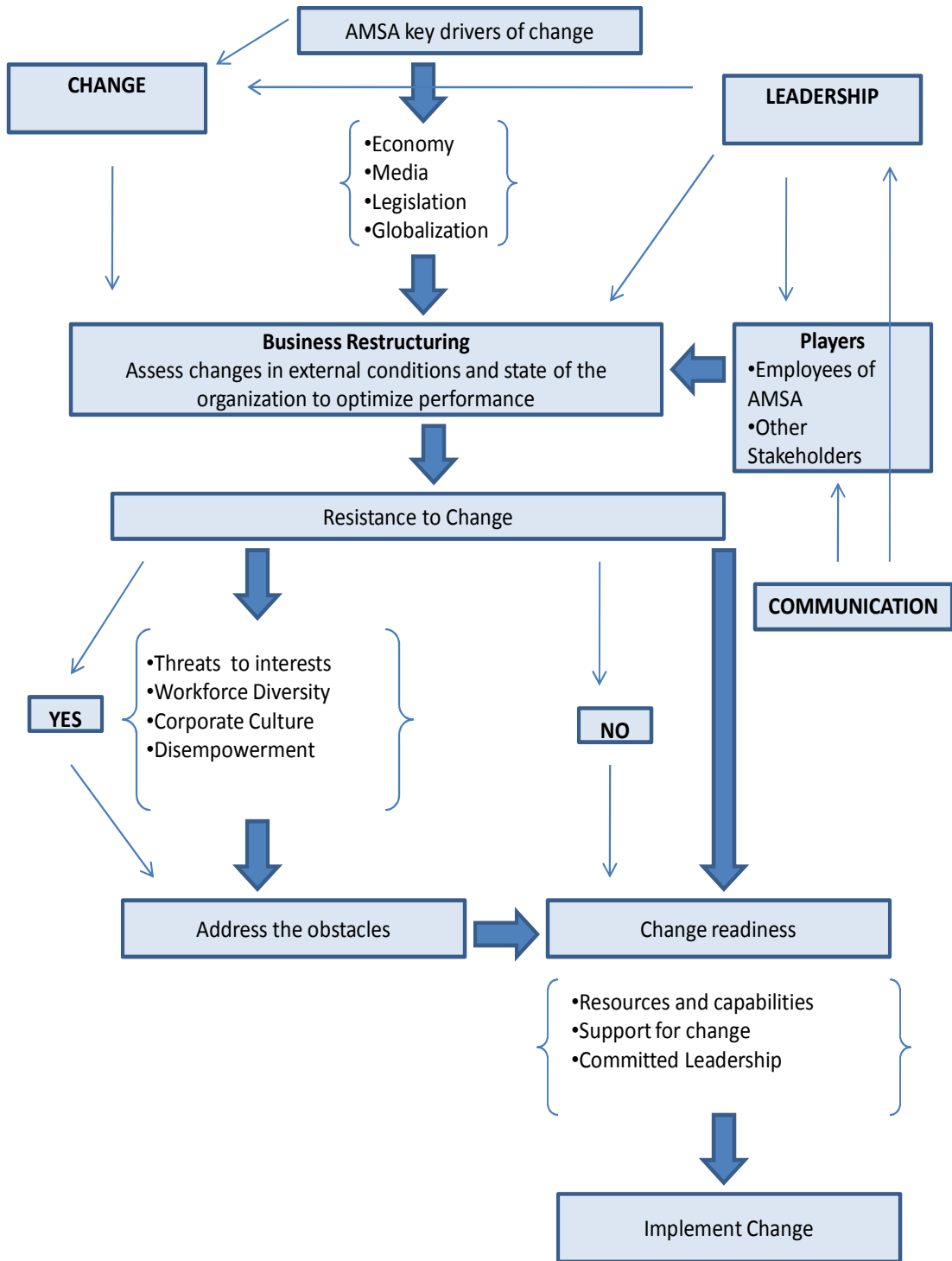
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Annexure 1: Mind Map

Business Restructuring Mind Map





ArcelorMittal

Appendix 1

Dear Colleague

Enclosed please find a survey questionnaire aimed at improving the implementation of change management based on your experience of the implementation of the restructuring initiative at ArcelorMittal South Africa Limited.

The purpose of the investigation and questionnaire is to assist me in the partial fulfillment of the MBA qualification. The title of the investigation is "Evaluation of the Implementation of Change Management in Business Restructuring at ArcelorMittal South Africa Limited"

ArcelorMittal has recently undertaken a business transformation initiative and your opinion in this matter is of key importance to the investigation.

I assure you that confidentiality and anonymity will be maintained and that your response will be aggregated with the results of other respondents. The results will be solely used for the investigation and not any other purpose.

Thanking you in advance.



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DK Chugh**
CPD Cornier**
EK Diack*
M MacDonald*
S Maheshwari**
LP Mond**
DCG Murray*

ND Orleyn*
AMHO Poupart-Lafarge**
HU Verster (Chief Financial Officer)

Company secretary:
Premier Corporate Services (Pty) Ltd

*Non-executive
*Citizen of France
**Citizen of India

APPENDIX 2 : QUESTIONNAIRE

EVALUATING THE IMPLEMENTATION OF BUSINESS RESTRUCTURING AT ARCELORMITTAL SOUTH AFRICA LIMITED

This questionnaire is about the desire to improve the implementation of change management at ArcelorMittal South Africa Limited. Some employees are satisfied with the changes that the organization embarked upon and other employees might not be satisfied with the change initiative and might feel that the changes implemented might not yield the desired results.

The following statements express what employees might feel are forces driving the change, factors that are a hindrance to the effective implementation of change and whether in their opinion the organization is ready for change. Please indicate whether you strongly agree, agree, disagree or strongly disagree with each statement by ticking one of the five options.

There is no right or wrong answers. Your response will be treated confidentially. Please give your honest opinion on each of the statements. It is your opinion that matters and you are requested not to discuss your answer with anyone.

Read each statement and state whether you strongly agree, agree, disagree or strongly disagree with it

1	I am in the employ of the organization for more than 5 years	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

2	Changes in the economy affect the performance of my organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
3	There is change in the strategic direction of the company	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
4	The organization is most of the time in the media for wrong reasons	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
5	Recent changes in legislation threatens my company	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
6	The performance of the domestic currency against other currencies affect the financial performance of my organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

7	Changes in the economy does not affect the performance of my organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
8	There is a need for my organization to improve operational efficiency	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
9	My organization is in harmony with the community within which it operates	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
10	There is no noticeable change in the strategic direction of my organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
11	Managers are worried about losing their power after change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

12	I like to do the same things rather than try new ones	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
13	The current organizational structure is not responsive to change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
14	Employees are worried about losing their jobs after change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
15	The current leadership is adequately equipped to deal with change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
16	I am often not comfortable with changes even if they may potentially improve my situation	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

17	Changes in the organization are normally not successful	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
18	Employees in my organization are empowered	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
19	Managers are normally removed from their position during change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
20	Employees in my organization are not worried about losing their jobs during change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
21	I sometimes end up avoiding changes that I know might be good for me	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

22	Employees are rewarded for embracing change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
23	Employees in my organization are tired of change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
24	Employees accept the mission of the organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
25	Employees in my organization support change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
26	Managers in my organization support change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

27	Employees believe that the change initiative will benefit them	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
28	I am proud to be an employee of this organization	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
29	Managers posses the skills to implement change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€
30	Adequate resources are made available to implement change	I strongly agree	€
		I agree	€
		I am not sure	€
		I disagree	€
		I strongly disagree	€

Thank you for completing the questionnaire to the evaluation of the implementation of change management in business restructuring at ArcelorMittal South Africa Limited.

APPENDIX 3 : One-Way Frequency Table

One-Way Frequency Table : Employee perceptions				
		Number and Percentage of responses per option		
Statement No. on Questionnaire	Number of Participants	Agree	Not sure	Disagree
1	36 100%	29 81%	0 0%	7 19%
2	36 100%	35 97%	0 0%	1 3%
3	36 100%	21 58%	8 22%	7 20%
4	36 101%	21 59%	3 8%	12 33%
5	36 100%	22 61%	9 25%	5 14%
6	36 100%	33 92%	2 5%	1 3%
7	36 100%	4 11%	0 0%	32 89%
8	36 100%	33 92%	2 5%	1 3%
9	36 100%	17 47%	6 17%	13 36%
10	36 100%	8 22%	11 31%	17 47%
11	36 100%	16 44%	9 25%	11 31%
12	36 100%	1 3%	0 0%	35 97%
13	36 100%	13 36%	8 22%	15 42%
14	36 100%	33 91%	1 3%	2 6%
15	36 100%	17 47%	10 28%	9 25%
16	36 100%	9 25%	0 0%	27 75%

APPENDIX 3: One-Way Frequency Table continued

One-Way Frequency Table : Employee perceptions				
		Number and Percentage of responses per option		
Statement No. on Questionnaire	Number of Participants	Agree	Not sure	Disagree
17	36 100%	9 25%	6 17%	21 58%
18	36 100%	8 22%	6 17%	22 61%
19	36 100%	12 33%	5 14%	19 53%
20	36 100%	4 11%	0 0%	32 89%
21	36 100%	2 6%	0 0%	34 94%
22	36 100%	1 3%	4 11%	31 86%
23	36 100%	29 81%	4 11%	3 8%
24	36 100%	25 70%	4 11%	7 19%
25	36 100%	13 36%	8 22%	15 42%
26	36 100%	19 53%	9 25%	8 22%
27	36 100%	6 17%	9 25%	21 58%
28	36 100%	22 61%	8 22%	6 17%
29	36 100%	16 45%	7 19%	13 36%
30	36 100%	4 11%	9 25%	23 64%

Appendix 4

Statistical Table

Objective	Statement No	Mode	Total Responses	Mode as %	Option chosen
Not relevant to study objectives	1	29	36	81%	Agree
	28	22	36	61%	Agree
Objective 1 : To identify the key drivers of change	2	35	36	97%	Agree
	3	21	36	58%	Agree
	4	21	36	59%	Agree
	5	22	36	61%	Agree
	6	33	36	92%	Agree
	7	32	36	89%	Disagree
	8	33	36	92%	Agree
	9	17	36	47%	Agree
Objective 2: To investigate possible barriers affecting the implementation of business restructuring	10	17	36	47%	Disagree
	11	16	36	44%	Agree
	12	35	36	97%	Disagree
	13	15	36	42%	Disagree
	14	33	36	91%	Agree
	15	17	36	47%	Agree
	16	27	36	75%	Disagree
	17	21	36	58%	Disagree
	18	22	36	61%	Disagree
	19	19	36	53%	Disagree
	20	32	36	89%	Disagree
Objective 3 : To investigate the organization's readiness to change	21	34	36	94%	Disagree
	22	31	36	86%	Disagree
	23	29	36	81%	Agree
	24	25	36	70%	Agree
	25	15	36	42%	Disagree
	26	19	36	53%	Agree
	27	21	36	58%	Disagree
29	16	36	45%	Agree	
30	23	36	64%	Disagree	