Managing Organisational Change Through the Application of Strategic Thinking

by

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DECLARATION

I hereby declare that this dissertation, unless specifically indicated to the contrary in the text, is the original work of the author.

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ABSTRACT

The frequency of organisational change is accelerating to a level where change is becoming a norm of organisational life today. This change comes in different forms, whether planned or emergent. Regardless of whether it comes as planned or as emergent, organisations must respond to change by adopting and applying dynamic and responsive management approaches in order to manage the transition successfully.

The overall aim of this study is to view organisational change through the application of strategic thinking. A framework of strategic thinking is therefore developed. In terms of this framework, successful management of organisational change is attributed to the following key elements:
- Vision-building
- Systems thinking
- Complex adaptive systems
- Organisational learning
- Scenario planning

Following the framework of strategic thinking developed, an assessment of two organisations that are currently undergoing a process of organisational change is undertaken. The two organisations are the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare. The key motivation for this study was to determine whether or not the two aforementioned organisations apply the key elements of strategic thinking in managing their change-related endeavours.

With regard to vision-building, the findings of the research reveal that in the case of the Lesotho Electricity Corporation, a comprehensive process of vision-building or vision development of the desired future of the Corporation was carried out. This process was designed to facilitate a better understanding of the Corporation's major strategic purpose with the key focus on defining and creating a desired future state of the restructuring programme. In contrast, the findings reveal that the Ministry of Health and Social Welfare does not have a vision for its restructuring programme.

In relation to systems thinking, the findings suggest that the Lesotho Electricity Corporation has partly applied the principles of systems thinking. However, in the case of the Ministry of Health and Social Welfare, systems thinking is not applied at all.

With regard to the concept of complex adaptive systems, the findings reveal that in managing its restructuring programme, the Lesotho Electricity Corporation is behaving like a complex adaptive system, since it applies adaptive strategic approaches, which are determined by the circumstances at hand. On the other hand, the findings suggest that the Ministry of Health and Social Welfare is not behaving like a complex adaptive system in managing its restructuring programme, as it relies only on predetermined strategic approaches, which inhibit the flexibility to adapt to changing circumstances.

In terms of organisational learning, it is evident from the findings that the learning culture is encouraged and facilitated in the case of the Lesotho Electricity Corporation. Conversely, the findings indicate that the restructuring programme of the health sector is restricted by inadequate organisational learning efforts undertaken by the management of the Ministry.

In relation to scenario planning, the findings reveal that the Lesotho Electricity Corporation does not apply scenario planning in its restructuring programme as a strategic tool that explores alternative futures in uncertain environments. On the other hand, the findings indicate that although the Ministry of Health and Social Welfare suggests that it applies scenario planning as a strategic approach, it is evident that its application is done at a very superficial level.

The above findings indicate the diverse strategic approaches applied by the two organisations. Following the framework of strategic thinking, the Lesotho Electricity Corporation is in a better position than the Ministry of Health and Social Welfare in many respects. However, even though the Corporation is in a better position in this case, there still remain other areas of strategic thinking that are not applicable or not fully explored by management when addressing the problem situation of the Corporation. In particular, systems thinking is one key element of strategic thinking that has been found partly evident in addressing the problem situation of the Corporation, while scenario planning was found to be not applicable at all. It is in this respect that the study concludes that, in order to achieve successful and sustainable organisational change, the two organisations that are currently undergoing organisational change have to apply the integrated elements of strategic thinking.

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List of Acronyms and Abbreviations

ADB	African Development Bank
CHAL	Christian Health Association of Lesotho
CHWs	Community Health Workers
DMI	District Management Improvement
GOL	Government of Lesotho
HR	Human Resources
IDA	International Development Association
IMTF	Interim Management Task Force
IT	Information Technology
LAPCA	Lesotho Aids Programme Coordinating Authority
LEC	Lesotho Electricity Corporation
LPPA	Lesotho Planned Parenthood Association
LURP	Lesotho Utilities Reform Project
MOHSW	Ministry of Health and Social Welfare
NGOs	Non-Governmental Organisations
NHTC	National Health Training Centre
NURAW	National Union of Retail and Allied Workers
PHC	Primary Health Care
PU	Privatisation Unit
SMMEs	Small, Micro and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats

Chapter 1

Introduction

1.1   Practitioner's Identity Statement

As a Business Advisor, the researcher has been engaged and working with small, medium and micro enterprises (SMMEs) in the country of Lesotho. Some of her job requirements and responsibilities include the provision of:

- Business projects appraisals;
- Business management training;
- Business counselling; and
- Advisory services.

At present, the researcher is studying towards her Master of Commerce degree in Strategy and Organisational Dynamics. A requirement of this degree is that students undertake a practical research project in their final year of study. As part of the degree requirements, the researcher has undertaken a research study, which focuses on how different organisations manage change in their different business environments.

The rationale for choosing a topic that is related to strategic change has been based on two premises. Firstly, as indicated by Burns (2004:1) the magnitude, speed, unpredictability and impact of change, seems to be greater than ever before. New products, processes and services are introduced at an ever-increasing rate; local markets have become global markets; competition is intensified; and public sector services are either being transferred to the private sector or are themselves adopting much more market-oriented practices. In response to strategic challenges, problems and issues, strategy has become dynamic in its variety of approaches to managing in difficult and complex environments. New strategic approaches seek to address and resolve different challenges brought by the rapid and continuous changes taking place in the business world. Strategic thinking in particular, is becoming central to effective strategic management in addressing the currently prevailing challenges facing organisations. The researcher was therefore determined to explore the relevance, significance and applicability of strategic thinking as a strategic management approach in change-related efforts.

Secondly, the experience acquired in studying towards the Master of Commerce degree in Strategy and Organisational Dynamics at the University of KwaZulu-Natal, has broadened the scope of the researcher's knowledge. During the course of study, the researcher was exposed to different methodologies, worldviews, perspectives, complexity issues, strategic approaches and techniques that challenged her line of thinking. Prior to her studies, when working on problem-solving situations, the researcher thought applying traditional epistemologies based on cause-and-effect relationships were the only way to address and to solve different organisational challenges. However, from the Masters Degree programme, new action-oriented epistemologies aimed to bring about organisational improvement and change through a cycle of learning have been adopted. The learning takes place through the iterative process of using systems concepts to reflect upon, and debate perceptions of the real world, taking action in the real world, and again reflecting on the developments (Checkland and Scholes, 1990). Thus, the researcher developed an interest in undertaking this study in an attempt to identify different contributing factors applicable to managing organisational change focused on different business settings.

Upon completion of this degree programme, the researcher will continue to work in her line of profession, where she will be able to apply different strategic and creative problem-solving techniques and approaches acquired from the experience and knowledge obtained from this research. The experience she went through while working on this study has been truly a fascinating and a challenging personal journey.

1.2   Background to the Study

The economy of Lesotho is characterised by a narrow resource base and heavy reliance on the much stronger economy of its neighbour, South Africa. The dependence places a number of constraints on policies that the Lesotho government could adopt in order to direct the desired trend in the economic growth. Amongst the key goals that Lesotho is striving to achieve, is to have a strong economy, to enhance employment and income generation through higher economic growth, to share the benefits of growth through improved health standards, and to improve governance and public sector performance. To achieve the above mentioned goals, the Government aims to enhance the effectiveness of public services through a public sector reform programme. The goals of the programme are to ensure that public services are delivered in the most appropriate, effective, and efficient way, through improved public

financial management, decentralisation of service provision, and civil service reform (World Bank, 2006).

Within the context of improved service delivery, the private sector is another key focal area through the restructuring of the various parastatals in the country. In particular, the Lesotho Utilities Sector Reform Project is a key element of the economic restructuring programme of Lesotho. The objective of the project is to improve the provision of utility services through the involvement of the private sector, and in the process to improve the essential infrastructure for households and businesses in general. For example, the restructuring of the electricity sector is intended to upgrade the provision of electricity in the country by increasing access, and improving the reliability of electricity services, which in turn will revitalise the economy of Lesotho (Lesotho Utilities Sector Reform Project, 2005).

1.3   Background of the Organisations Researched

This study focused on two organisations, a government ministry and a parastatal. The government ministry is the Ministry of Health and Social Welfare, and the parastatal is the Lesotho Electricity Corporation. The decision to focus on these two organisations was based on the premise that organisational change is spreading widely in both the public and the private sector. It was imperative to explore and assess how diverse organisations such as these, with different backgrounds manage organisational change in their environments.

1.3.1   Lesotho Electricity Corporation's Background

According to Lesotho Utilities Sector Reform Project (2005:5-8), the right and obligation to supply electricity in Lesotho has been vested with Lesotho Electricity Corporation (LEC) since 1969, through the Electricity Act, No. 7 of 1969. In terms of power generation, it is the responsibility of LEC to undertake all tasks related to the generation, transmission, distribution and supply of electricity in the country. However, LEC's deteriorating performance over several years has forced the government of Lesotho (GOL) to commence the transformation of the electricity sector in 2001. The rationale is that the Government is committed to a programme of reform and privatisation of public enterprises in order to improve competitiveness, and enhance service delivery to the population and the economy.

One of the main challenges confronting LEC is the need to increase access to electricity. Other challenges include the need to improve customer service and to address the financial

problems existing in LEC. To improve service delivery, the government of Lesotho embarked on utilities sector reform project called Lesotho Utilities Reform Project (LURP), supported by the International Development Association (IDA), which is a member of the World Bank group, and the African Development Bank. LURP was established in support of the transformation process to ensure efficient and reliably functioning utilities. In this regard, a key focus of the government of Lesotho initiative was the appointment of the Interim Management Task Force (IMTF) to prepare LEC for change and transformation in the form of privatisation. Thus, the World Bank, through IDA has been providing funding for the IMTF contract since 2001.

The IMTF management team was appointed and has been integrated in the existing LEC organisation. The IMTF commenced its operations on 01 February 2001, with full line responsibility for the management of LEC, and is accountable to the LEC board for the day-to-day operations of the corporation. The LEC board is responsible to the Ministry of Natural Resources, and the IMTF, in turn, reports to the LEC board. However, contractually the IMTF is responsible to the Government of Lesotho represented by the Privatisation Unit (PU), which was established under the Privatisation Act of 1995, and has the institutional responsibility for the public reform and privatisation process.

As reflected in the Lesotho Electricity Corporation Inception Report (2001:9), the objectives of the IMTF assignment have been the following :

- To manage organisational transition successfully.

- To manage all aspects of the operations, maintenance and expansion of LEC, applying normal electricity utility principles to improve financial, commercial and technical performance.

- To improve the operational efficiency and overall financial position of LEC.

- To increase competitiveness of the utility sector and thereby improve the business development environment in the country.

- To change at least six thousand (6,000) existing credit meters to pre-payment meters, and to connect at least eight thousand (8,000) new pre-payment customers to LEC's distribution networks.

- To carry out a detailed customer meter survey to build a geographically referenced LEC customer meter database.

- To assist the government of Lesotho's advisors with data and information to facilitate the privatisation of LEC.

1.3.2 The Ministry of Health and Social Welfare

The Ministry of Health and Social Welfare is charged with the responsibility of policy formulation and strategy for the delivery of health and social welfare services, with the ultimate goal of ensuring that every Mosotho has the opportunity for good health. However, in Lesotho, the health sector has persistently been plagued by problems such as, severe shortages of staff (medical and technical), shortages of equipment and medical supplies, poor planning and maintenance of facilities, and inefficient management of resources (World Bank, 2006). The realisation of the potentially deleterious effect that these factors continue to have on the health status of the nation forced the Ministry of Health and Social Welfare to embark on a process of restructuring the health system.

The first health facilities were set up during the times of the British rule. These facilities were established almost exclusively in, or near urban settlement areas. Other facilities that were developed were under the auspices of various churches. Their ability to provide health services was limited by their adherence to specific church doctrines. Due to their reliance on patient fees as their primary source of income, the church hospitals have not always had the financial means to be able to provide all services required (Ministry of Health and Social Welfare, 2000).

Since the advent of independence in 1966, successive governments of Lesotho have attempted to introduce various initiatives, aimed at effecting improvements in the health status of Basotho. These initiatives have had varying degrees of success due to the fact that they were reactionary as opposed to being proactive (World Bank, 2005). The first attempt to undertake a system-wide review and revamping of the health sector came in 1979 with the adoption of

the Primary Health Care (PHC) strategy for the delivery of health services. The PHC strategy has, in effect, constituted a major change in the way in which health services in Lesotho were provided. The primary focus of the PHC strategy was the decentralisation of health care delivery right down to the community level. To this end, several developments were instituted. These included the mapping and operationalisation of Health Service Areas; the introduction of the Nurse Clinician Cadre; as well as voluntary Community Health Workers (CHWs). In addition, attempts were made to improve management capacity at district level, through the District Management Improvement (DMI) project, where operation manuals were developed to provide guidelines for monitoring health programmes at district level (Ministry of Health and Social Welfare, 2000).

Despite the above initiatives, the health sector in Lesotho has not been able to fulfil the obligation that it has to the people of Lesotho. The country is still heavily burdened with high mortality rates. Infectious and other diseases are still rampant. In addition, there are insufficient numbers of health workers and health facilities to accommodate the needs of the population. The number of personnel currently employed within the system are not only inadequate, but they are also demoralised and highly de-motivated. At the same time, a significant proportion of health facilities in the country are in appalling state of disrepair. There are also constant and chronic shortages of drugs and other medical supplies (World Bank Document 2006).

The acknowledgement of the continuing problems of the health status of the nation, forced the Ministry of Health and Social Welfare to embark on a process of restructuring the health system in Lesotho. The reform programme is to be implemented over a period of ten years, which commenced in 2000, and will be in progress until 2010.

1.4   Problem Statement

When we view organisations as complex systems, we effectively view them as highly dynamic, constantly changing entities where change occurs at all levels and all sections (Van Tonder, 2004). In order to survive, organisations must take active initiatives to adopt new management tools and techniques, which increase the likelihood and propensity to adapt to changing circumstances. Although this transition must be managed effectively if goals of the change effort are to be realised, some organisations seem to struggle with it because their adaptive strategic responses are inadequate in many respects.

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1.5   Rationale for the Study

The rationale for this study is that the pace of organisational change is accelerating, and all organisations, if they are to benefit from continued survival, must be prepared to respond, anticipate and adapt to organisational change (Senior and Fleming, 2006). Consequently, strategic management in its various approaches has become responsive and dynamic to managing the multitude of factors, which are key in determining the survival of organisations. In particular, strategic thinking is amongst the key strategic approaches that views strategy as a dynamic and adaptive process in addressing the various challenges facing organisations today. On this premise, this study proposes that successful organisational change depends on creative and responsive strategies such as strategic thinking. In support, Hussey (2001:212) suggests that successful organisational change is a result of a creative strategic thinking process. Strategic thinking should be given careful attention in change-related efforts in order to improve the chances of organisational strategic success. Without a creative strategic thinking process, organisations are unlikely to produce appropriate strategies for change. Therefore, it becomes clear that the need for strategic thinking is most obvious in times of organisational change, when reaction time is crucial to survival and growth of organisations (Van der Heijden *et al.*, 2002). Conversely, slow reaction to organisational change can have detrimental effects on the survival of organisations.

1.6   Research Objectives

The main objectives of this study are:

- To discover and understand the conditions appropriate for organisations to adapt to changing circumstances.
- To gain a broader knowledge on how management develops and implements strategies for change.
- To discover factors that enhance the likelihood and propensity to change in diverse organisations.

1.7   Research Questions

- What kind of strategic initiatives are key in driving change and success in organisations?
- How significant is the role of management in creating a climate receptive to change?
- What are the key indicators of a successful change initiative?

1.8   Benefits of the Study

- A major benefit of this study is to make the findings available to both the public and the private sector management. The study will be used as a reference and guide as to how other organisations approach change in their business environments.

- The study will create awareness about the significance of strategic thinking as a strategic approach in managing organisational change.

- Management of both the public and private sectors, together with all other interested parties, who will have access to this research study, will learn about the significance of using the soft systems methodology applied in this study, which is a tool for encouraging creative thinking about improvement and change in complex and uncertain conditions (Jackson, 2004).

1.9   Outline of the Study

The arrangement of the chapters is as follow:

- Chapter 2 focuses on the theoretical background of strategy and strategic thinking in relation to managing organisational change.
- Chapter 3 outlines the adopted research design and research methodology of the study.
- Chapter 4 presents the findings and analyses of the study.
- Chapter 5 draws conclusions and makes recommendations as to how organisational change can be managed.

1.10   Limitations of the Study

The initial set time frame could not be achieved due to substantial delays in the data collection phase, caused by a great reluctance from some of the respondents in providing information on the subject matter. Another drawback experienced was that, some of the members of top management of the organisations under investigation were not able to take part in any of the planned group meetings, formal interviews, semi-structured interviews, or open conversations due to their demanding and tight work schedules. Their absence is considered a significant shortfall because their contributions would have provided different perspectives on the research findings and conclusions.

Chapter 2
Theoretical Background

2.1 Introduction

Research cannot be conducted in a theoretical vacuum (Henning *et al.*, 2004). The basic purpose of this chapter is to review relevant theoretical literature that has informed the structure of the research undertaken. A key aspect of a theoretical framework is to provide an orientation on which to base findings. When a researcher sets out to investigate an issue, he or she does so from a position of theoretical knowledge, which frames his or her enquiry. In addition, another feature raised by Henning *et al.* (2004:26) is that, as a complementary aspect, the theoretical framework anchors research in the literature. Thus, a theoretical framework includes a literature review to position research in the bigger research enterprise. This chapter focuses on theoretical foundations of how organisations manage change through strategic thinking in different business settings.

The chapter outlines a theoretical framework of strategic thinking that combines different theoretical perspectives and worldviews from a number of relevant areas and disciplines, into a comprehensive theory of how organisations can manage change through the application of strategic thinking. The chapter focuses and draws mostly on theories of strategic management and change management, from which different ideas and perspectives were explicitly explored and incorporated together in developing the framework of strategic thinking. This framework of strategic thinking is intended to guide the process of enquiry. Reference will be made to the elements of the framework during the process of enquiry.

In developing the framework of strategic thinking, the researcher developed a set of six principles, which have incorporated some of the relevant conceptual issues to the research topic. Through the exploration of literature, the researcher developed ideas which informed the formulation of the principles. These principles are presented prior to literature review for the following reasons:

- They are considered the key building blocks that are used to guide the thought process in developing the framework of strategic thinking.

- They are articulated up-front to provide a clear focus of the literature review, as well as to validate linkages between the framework of strategic thinking and the literature.

- This study proposes that successful organisational change depends on the application of strategic thinking. Therefore, it is imperative that principles pertaining to strategic thinking be presented up-front in the theoretical background of the study. The aim is to provide an introduction of key issues surrounding the study.

The six principles are outlined below as the following:

Principle 1: Strategic intent through vision formulation is a prerequisite in change-related endeavours. The reason is to guide members to focus their efforts in the right direction.

Principle 2: Strategic thinking should take into account the interaction of the organisation's parts, as well as their relationship with the external environment. By so doing, strategic thinking encourages the participation of internal and external stakeholders in change-related efforts.

Principle 3: Organisational change comes as planned or emergent. However, regardless of whether coming as planned or emergent, it requires management to continuously develop adaptive strategies according to changing circumstances.

Principle 4: Organisations operate in environments characterised by change. When organisational conditions change, there is a greater need for organisational learning to enable quicker and more effective responses to the challenges facing organisations. Thus, strategic thinking should facilitate continuous learning in organisations.

Principle 5: The future is always uncertain. Therefore organisations require strategies that consider alternative futures as a way of maintaining flexibility and preparedness in coping with unpleasant surprises (Epstein, 1998).

Principle 6: The outcome of strategic thinking should be a solution to strategic problems.

As initially indicated, the key purpose of developing these principles was to guide and support the structure of the research undertaken. As a result, the literature reviewed in this chapter is largely based on the relevance of the mentioned principles. These principles are considered the foundation from which the researcher developed the framework of strategic thinking.

In the first sections of Chapter 2, a brief background of the process of strategy is explored, followed by a short historical trajectory of the strategy field. Thereafter, the notion of strategic thinking is defined, the importance of strategic thinking briefly explored, and the distinction made between the concept of strategic thinking and the traditional approaches to strategy. The following section develops a framework of strategic thinking through a combination of the different theoretical perspectives and worldviews drawn mostly from theories of strategic management and change management. The final section concludes by highlighting the significance of the application of strategic thinking in managing change-related endeavours.

2.2   An Overview of the Process of Strategy

Managing organisational change is approached through various strategic management views. Strategic thinking is one of the approaches of strategic management that has been adopted as the predominant strategic management approach. Therefore, as a background to the study, it is imperative to start off by exploring how the literature defines the concept strategy. The key reason for defining strategy in this study is the premise that the notion of strategic thinking is developed from the concept strategy.

There are varying definitions as to what the concept strategy means. An interesting perspective mentioned by Vasconcellos (2005:3-17) is that in military science, strategy refers to the large-scale plan for how the generals intend to fight and win a war. Winning depends on knowing and applying the rules of strategy. The rules that tell one when to attack and when to defend; when to enter the field or withdraw; when to act alone or when to form alliances. Even when faced with uncertain conditions, one can survive by learning how to apply some of the most powerful strategic rules. For Johnson and Scholes (2002:10), strategy is the direction and scope of an organisation over the long term, which achieves advantage for the organisation through its configuration of resources within a changing environment and to fulfil stakeholder expectations.

Following Mintzberg *et al.* (1998:9) line of thinking, it is necessary for organisations to recognise that there are multiple definitions of strategy, which can be used as alternatives or complementary approaches depending on organisational circumstances. To support their point of view, Mintzberg *et al.* (1998:9-15) suggested the following five interrelated definitions that can be used by organisations as alternative or complementary approaches to strategy:

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- *"Strategy as a plan: This view suggests that strategy is a form of consciously intended course of action, which is created ahead of events.*

- *Strategy as a ploy: This is where strategy is a manoeuvre to outwit an opponent.*

- *Strategy as a pattern: This view suggests that, after a certain event, organisations exhibit a consistent pattern of behaviour over time.*

- *Strategy as a position: According to this perspective, strategy is about positioning the organisation in order to achieve or maintain a sustainable competitive advantage.*

- *Strategy as perspective: This view considers strategy as an abstract concept that exists primarily in people's minds."*

The above definitions have led to the conclusion that within the strategic management field, it is difficult to agree on one best way to define strategy. However, it is apparent from the given definitions that strategy is a set of different decisions and processes considered substantial to achieve the long term growth, success and survival of organisations. As a result, this study has adopted the suggestion made above by Mitzberg *et al.* that in order to survive, organisations can apply the various strategic approaches as alternatives or as complementary, depending on the circumstances at hand.

To complement, and strengthen the background as to what constitutes a strategy, the different schools of thought have been explored. In particular, Mintzberg *et al.* (1998:5) identified ten schools of thought on strategy, which they grouped into three categories. The first three are prescriptive in nature, namely: the design, planning, and positioning schools. The six schools that follow are descriptive in nature, namely the entrepreneurial, cognitive, learning, power, cultural, and the environmental. The configuration school is the final school of thought, which is a combination of other schools. Drawing from Mintzberg *et al.* (1998:24-347), a summary of this categorisation follows:

The Design school sees strategy formation as achieving the essential fit between internal strengths and weaknesses and external threats and opportunities. According to this model:

- *Strategy formation is a deliberate process of conscious thought.*
- *Responsibility for control rests with the chief executive officer, who is considered the key strategist.*
- *The model of strategy formation must be kept simple and informal.*
- *The design process is complete when strategies follow a prescriptive process;*
- *The strategies have to remain simple and explicit.*
- *Implementation of activities has to follow the pre-formulated strategies.*

The Planning school covers most of the design school's assumptions. However, the major difference is predicated on the assumption that the planning school put more emphasis on strategies resulting from a formal planning process, following distinct steps, each delineated by checklists and supported by techniques, through detailed attention to objectives, budgets, programs, and operating plans.

The Positioning school considers strategy formulation as an analytical process, suggesting that only a few key strategies can better position organisations in the marketplace than their competitors. This school of thought suggests that organisations which occupy these positions, enjoy higher profits than other organisations in the industry.

The Entrepreneurial school considers strategy formation as a visionary process. To choose a direction, a leader must have developed a mental image of a possible and desirable future state of the organisation, which is a vision. A vision articulates a view of a realistic, credible, attractive future for the organisation, a condition that is better in some important ways than what exits. However, depending on the circumstances, the entrepreneurial strategy tends to be deliberate and emergent: deliberate in overall vision, and emergent in how the details of the vision unfold.

The Cognitive school views strategy formation as a mental process, which is mostly guided by the perceptions of the strategist. According to this model, strategies emerge as concepts, maps, schemas, and frames that shape how people deal with the reality.

The Learning school views strategy formation as an emergent process. This model is based on the following premises:

- *Organisations operate in complex and unpredictable environments. As a result, it is not possible for organisations to develop all strategies at once. Strategies emerge over time depending on circumstances. Organisations change their strategies when necessary to adapt to the changing circumstances.*

- *It is not only the chief executive officer who is the key strategist, but there are many potential strategists in organisations. Collective learning is facilitated to encourage sharing of ideas, knowledge, experiences and best practices in order to improve organisational performance continuously.*

- *The role of management is not to pre-conceive deliberate strategies, but to manage the process of strategic learning, whereby novel strategies can emerge.*

The Power school *views strategy formation as a process of negotiation. This model is based on the premise that strategy formation is a result of negotiations between people who hold power within organisations or between the organisation and its external partners.*

The Cultural school *views strategy formation as a collective process realised though social interaction based on the beliefs and understanding shared by the members of an organisation. As a result, organisational strategies that are developed can best be described as deliberate, reflecting the overall culture of the organisation.*

The Environmental school *considers strategy formation as a reactive process by responding to the challenges and forces inflicted by the external environment. According to this school of thought, organisations must respond by developing strategies that are focused mainly on addressing the environmental challenges.*

The Configuration school *views strategy as a process of transformation. In short, this school of thought integrates the views of the other above schools. According to this model:*

- *An organisation can be described in terms of some kind of stable configuration of its characteristic. That is, for a distinguishable period of time, it adopts a particular form*

of structure matched to a particular type of context, which causes it to engage in particular behaviours that give rise to a particular set of strategies.

- *However, the periods of stability are occasionally interrupted by some process of transformation.*

- *The key to strategic management is to sustain stability through a formal planning approach or at least to apply adaptable strategies, which are matched to the changing environment.*

In summary, it is clear from the above suggestions that strategy can come about through a number of different influences or processes (Ambrosini *et al.,* 1998). It should be noted that, there are points of interrelatedness between some of the initial definitions of strategy, and some of the explored schools of thought. In particular, the following examples are evident from the above literature:

- Strategy as a plan is in line with the Planning school.
- Strategy as a position is in line with the Positioning school.
- Strategy as a perspective is in line with the Entrepreneurial school.
- Strategy as a pattern is in line with the Learning school.
- Strategy as a ploy is in line with the Power school.

In the next section, a brief historical trajectory of the strategy field is discussed with the key aim of providing a background as to how the concept of strategic management has developed.

2.3   Brief Historical Trajectory of the Strategy Field

Strategic management has developed rapidly from the early contributions made by various practitioners and authors such as academics, researchers and consultants (Segal-Horn, 2004). Faulkner (2002:1) suggests that, an organisational strategy has been one that has always been of importance to those directing corporate affairs from the time when business enterprises first made an appearance in history. The popularity of strategic management has developed from different perspectives on business and management such as economics and business theory, industrial organisation, organisational theory and social sciences (Faulkner, 2002). Following Faulkner's line of thinking, strategy is traced as a subject taught in business schools from the

1960s, but was generally known as Business Policy. At that time, a number of economists were producing or had produced work that was subsequently to become valuable to a future generation of strategic academics. Unfortunately, experience showed that their varied attempts were not successful in the long term because their models and approaches were based purely on economic principles. However, in strategic management, choices depend on more than just economics as noted by John Child in Faulkner (2002:5).

Subsequently, the Long-Range Planning initiatives peaked in the 1960s through to the 1970s. The early proponents of Long-Range Planning focused on the potential of planning processes as drivers of change and innovation (O'Shannasy, 2003). This approach to the creation of strategy was characterised as the rational approach. This developed into a sequential process of strategy formulation which involved setting objectives, analysing the external environment, identifying the company's strengths and weaknesses and those of its competitors, generating a number of possible strategies, selecting what was perceived to be the best one, and proceeding to implement it (Faulkner, 2002; Mintzberg *et al.* 1998). For Liedtka in Chowdhury (2004:316), these control-oriented planning processes tend to emphasis written communications using a standard template; are financially oriented and often closely tied to budgeting processes; and rely on analytic competencies, with senior corporate and/ or divisional leadership playing the role of strategic thinkers and decision makers. Everybody else's job is to implement. Consequently, these traditional processes are usually calendar-driven exercises that are based on the premise that organisations operate in stable and predictable environments.

However, experience in the 1970s and into the 1980s taught an important lesson in that these prescriptive approaches to strategic planning remain of little practical use in an uncertain environmental context (Mintzberg *et al.*, 1998, O'shannasy, 2003, Lawrence, 1999). Firsly, it was observed that companies rarely implemented strategies formed in the manner decreed by the rationalist school. Secondly, many companies did not form their strategies in this way. It was much more common for strategies to emerge through a fine tuning process of trial and error with subsequent adjustments to meet the needs of changing circumstances. Thereafter, Mintzberg proposed the replacement of the rational, well thought out approach to strategy formulation with the more pragmatic, trial and error process of emergent strategy, and so stimulated writers to focus on the actual strategic process rather than merely a content of

strategy, assuming a rational process as was the traditional case (Faulkner, 2002, Mintzberg *et al.* 1998).

Given the above background, it becomes apparent that in order to ensure strategies that are likely to be effectively implemented in practice in this environment that is characterised by complexity, uncertainty and unpredictability, strategic management has to move from the prescriptive traditional approaches to strategy, and focus on developing creative, dynamic and adaptive strategic approaches such as strategic thinking that are responsive in real-time as needed.

2.4   Defining Strategic Thinking

As a pivotal aspect of this study, the concept of strategic thinking will be discussed in detail. However, as noted by O'Shannassy (2003:54) the introduction of the term strategic thinking to strategy literature has created confusion, with a strong debate at present on what actually constitutes strategic thinking. For example, strategic thinking has been presented as a higher order of strategic planning; as an alternative to strategic planning; and as an approach that is incompatible with strategic planning (Lawrence, 1999). To avoid confusion as to what constitutes strategic thinking, it is imperative to explore what the literature suggests in defining the concept.

Strategic thinking is a way of solving strategic problems that combines a rational and convergent approach with creative and divergent thought processes. The purpose of strategic thinking is to represent an important antecedent to strategic decision-making and may provide a key to better understand organisational change phenomena and ultimately, organisational performance and survival (Bonn, 2005; and O'Shannassy, 2003). Mintzberg (1998:128) defines strategic thinking as a particular *way* of thinking with specific and clearly discernible characteristics. In explaining the difference between strategic planning and strategic thinking, Mintzberg argues that strategic planning is the systematic programming of pre-identified strategies from which an action plan is developed. While, strategic thinking is a synthesising process utilising intuition and creativity whose outcome is an integrated perspective of the enterprise. In addition to Mintzberg's point of view, Hussey (2001:201) believes that in strategic thinking, one first seeks a clear understanding of the particular character of each element of a situation, and then makes the fullest possible use of human brainpower to restructure the elements in the most advantageous way. Hussey (2001:202) further proposed

that both analysis and strategic thinking should be given careful attention in change-related efforts in order to improve the chances of strategic success. He emphasises that organisational change is a result of a sound organisational analysis and creative strategic thinking. Without a sound analysis and creative strategic thinking, organisations are unlikely to produce appropriate strategies for change. For Lawrence (1999:13) strategic thinking, properly defined, is not only critical to the survival of the organisation in these times of rapid and accelerating change, but more importantly, can be effectively accommodated within a progressive strategy-making regime to support strategic planning.

From the cited definitions of strategic thinking, it is clear that in general, the concept strategic thinking is a broad strategic perspective that is action-oriented. As indicated, the key purpose of strategic thinking is to resolve organisational problems, bring about change and improvement through creative thinking, analysis and action. An interesting perspective raised by O'Shannassy (2003:54-55) is that strategic thinking is the outcome of the rational and convergent approaches with creative and divergent thought processes as indicated in Figure 2.1.

Figure 2.1   Strategic Thinking and Strategic Planning

Strategic Thinking

The purpose of strategic thinking is to discover and act on novel and imaginative strategies

Thought Processes
. Synthetic
. Divergent
. Creative

Strategic

Strategic Planning

Thought Processes
. Analytical
. Convergent
. Conventional

The purpose of strategic planning is to operationalise the strategies developed through strategic thinking and to support the strategic thinking process.

Source: Heracleous (1998) adapted by Lawrence (1999)

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The concepts of strategic thinking and strategic planning are interrelated in a dialectical process (Heracleous, 1998; and O'Shannassy, 2003). What this implies is that both are necessary for effective strategic management, and each on its own is necessary but not sufficient. The essential point here is that strategic thinking and strategic planning are both necessary and niether is adequate without each other in an effective strategy-making regime (Lawrence, 1999). With this in mind, it is possible that a broadened view of the strategy-making process could incorporate both strategic thinking and strategic planning together in pursuing strategic management activities according to Lietka (1998) in Lawrence (1999:11). However, the challenge that remains is how to transform today's planning process in a way that incorporates, rather than undermines strategic thinking.

In providing a working definition applicable to this study, the researcher draws from the above definitions and suggests that the concept of strategic thinking refers to a distinctive management activity whose purpose is to make it possible for organisations to drive change initiatives successfully in different business settings. Depending on each organisational case, through strategic thinking, organisations can apply a combination of the traditional planning strategies with the emergent approaches to strategy, or when organisational conditions change, strategies can be changed altogether to fit the changing circumstances.

This definition is based on the premise that, at organisational level, change comes in two forms. It comes as a planned organisational initiative to restructure the organisation, which is more of a proactive organisational initiative, or it may come in a reactive manner dictated by environmental circumstances (Van Tonder, 2004). This means change is as much a feature of the organisation as it is of the environment, and it is the responsibility of organisations or management to choose the best strategies towards managing this organisation-environment or environment-organisation change relationship. At times, the environment dictates the nature and direction of change, and at other times, it is the organisation that dictates change (Senior and Fleming, 2006). In short, the organisation and the environment stand in a reciprocal influence relationship, with both entities exerting influence on, and towards change. Whether change comes proactively or as emergent, it requires a series of actions on the part of management to circumvent adverse consequences that may arise, if its goals are to be realised (Van Tonder, 2004). It is in that respect that the researcher has the opinion that the transition of managing organisational change-related endeavours could be achieved through the application of strategic thinking.

Clearly, in this study, the notion of strategic thinking is considered the dominant perspective which has a direct impact in influencing the success of change-related endeavours in different organisations. Therefore, in exploring the dynamics of strategic thinking further, a distinction is drawn between the traditional approaches to strategy and strategic thinking as presented in Table 2.1.

Table 2.1   Traditional planning versus Strategic Thinking

	Traditional	**Strategic Thinking**
Primary purpose of planning	• Coordination and control • Creation of plan	• Strategic change • Development of strategic thinking
Level of involvement	• Limited; primarily senior and division managers	• Broadly inclusive of diverse members at all levels
Nature of involvement	• Written communication • Advocacy mode	• Dialogue-based • Advocacy mode
Timing	• Periodic • Calendar-driven	• Episodic • Issue-driven
Competencies required	• Analytic	• Alternative generation and evaluation
Contextual elements	• Clarity in providing objectives and planning Guidelines	• Clarity of organisational purpose

Source: Liedtka in Chowdhury (2004)

Table 2.1 highlights the different features or characteristics of the traditional approaches to strategy, and of strategic thinking. In particular, the information depicted in Table 2.1 provides an important base against which to compare the two different strategic management approaches.

In a variety of contexts, managing organisational change is viewed through different strategic lenses such as planned change strategies or emergent change strategies. Planned change strategies fall within the framework of traditional planning. In contrast, emergent change strategies fall within the framework of strategic thinking.

What this implies is that the traditional approaches to strategy are focused on a rational, top-down, planning approach that views strategic decision making as a precise, step-by-step process to ensure strategies that are likely to be effectively implemented in practice. The planned approach appears to be predicated on the assumptions that organisations operate in stable or relatively predictable environments, that managers can identify where change is required, and that change is about moving from one fixed point to another fixed point, and that the steps or phases in between are relatively clear and realisable (Mintzberg *et al.*, 1998; O'Shannassy, 2003; Bamford and Daniel, 2005; Liedtka, 1998b; Pate *et al*, 2000).

As indicated in Table 2.1, the primary purpose of planned change strategies or traditional planning strategies is basically coordination, control and creation of strategic plans where it is the responsibility of top management to make sure that management intentions are realised according to predetermined step-by-step strategies. The problem with this rational model is that, although it offers a clear and understandable systematic approach to strategic planning, it contains many assumptions that in reality are difficult to realise according to the predetermined step-by-step strategies because organisations operate in a highly turbulent, dynamic and unpredictable environment. The reality is that, while an organisation may begin with a rational plan, what evolves may be something quite different to the actual intention (Mintzberg *et al.*, 1998).

Furthermore, the level of organisational involvement under the traditional planning approach is highly exclusive by nature. Organisational decision-making processes remain limited to senior and divisional managers. In this model, implementation of the strategic plan is delegated to lower management level or to functional staff members who are usually not recognised as part of organisational decision-making, but rather, are seen and considered only as implementers who carry out functions decided at top-management level (O'Shannassy, 2003).

In a traditional approach to strategy process, the nature of communication and the flow of information is normally done through formal written communication. Consequently, as noted by the Audit Reference Center (2004:22), instead of relying on top-down formal written communication only, studies consistently demonstrate that open channels of communication such as strategic conversations, feedback forums and continuous dialogue between management and staff are found to be the most participative of all the methods. With regard to

organisational change efforts, open channels of communication can help encourage employees to support changes, limit inaccurate rumours regarding organisational changes, facilitate sustained levels of productivity and performance, allow for faster change implementation, answer employees' questions regarding changes, and reduce undesired turnover in response to changes (Audit Reference Center, 2004).

In contrast, emergent change strategies such as strategic thinking are based on the assumption that organisations operate in unpredictable and uncertain conditions over which they have little control. In order to survive, organisations are required to align their strategies continuously with the changing circumstances to remain in fit with both internal and external environmental changes. Simply stated, the notion of strategic thinking implies a flexible approach to strategic development. This approach takes a view that the environment in which organisations operate is continuously changing. Consequently, emergent strategies for change develop over time as determined by circumstances at hand (Burnes, 2004).

Strategic thinking builds on a view that all individuals in the organisation can think strategically. The level of involvement in the strategic thinking approach is broadly inclusive of diverse members at all levels of the organisation. Instead of considering only top management of organisations as key strategic thinkers, this approach encourages the participation of other staff members in organisational strategic decision-making processes (O'Shannassy, 2003). The input and participation of all the staff members is likely to enhance commitment, support and willingness to embrace change. As noted by Liedtka in Chowdhury (2004:320), researchers studying the topic of the broader inclusion of all management and functional levels in strategy-making process have noted a number of significant advantages to such inclusion. For example, as the pace of change accelerates, it becomes more difficult for senior management to monitor, interpret, and respond to environmental change adequately by themselves. Instead, those who implement organisational strategies are likely to have a clearer idea and knowledge of the situation at hand. Therefore, their inclusion in strategic decision-making processes is critical to the success of any organisational efforts.

Again, as presented in Table 2.1, it is clear that in terms of communication methods, the strategic thinking approach encourages a dialogue-based method of communication as opposed to the formal written communication approaches only. This approach is two-way communication among organisational members in which strategic issues are openly

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discussed. This dialogue results in a co-creation of a common understanding of any particular issue that is being discussed. The advantage of using this participative or dialogue-based communication in dealing with organisational change is that, it is key to gaining people's involvement in organisational change-related efforts, which makes it an essential element of a successful change initiative. In turn, this could eliminate one of the major obstacles to people's willingness to get involved in the change process (Burnes, 2004).

In a dialogue-based communication the purpose of communication is not just to inform staff that change is being considered. However, to draw them into the discussions and debates about the need for, and form of, the change, and allowing them the freedom to discuss the issues involved openly, and to get them to convince themselves of the need for change (Burnes, 2004). Interestingly, one of the characteristics of strategic thinking is to encourage both dialogue-based way of enquiry and the advocacy mode of inquiry. It is important to note that the advocacy mode of enquiry is largely more of a formal way of communication, which is required in any organisational transactions. For that reason, in pursuing organisational change, both the dialogue-based and the advocacy mode of communications are both of significant importance. Therefore, it is wise for organisations to make use of both channels in facilitating successful change efforts.

Based on the foregoing discussion, it is evident that the traditional control-oriented planning process and strategic thinking are two different approaches to strategy. However, as mentioned, each of the approaches remains inadequate without the other in an effective strategy-making process. Consequently, in dealing with organisational change, these two approaches are likely to complement each other. Therefore, in pursuing organisational activities, to rely on traditional approaches only is likely to be inadequate. It is imperative that management of organisations develops competencies in integrating and applying the two approaches as required.

2.5 The Importance of Strategic Thinking in this Study

Given the problem statement in Chapter 1 section 1.4, it is clear that there is a need for more research that could help organisations to understand the significance of strategic thinking better. Such an understanding could help managers to develop versatile and better strategic interventions for improving organisational change in organisations. The purpose of this research paper is to contribute in providing a key to better understanding the significance of strategic thinking in change-related endeavours.

A further reason for the importance of strategic thinking to this study is based on the observations of other authors. Bonn (2005:336) has mentioned that there is a gap or a missing link in strategic management research in addressing the decision-making processes in organisations. According to Bonn (2005:336), strategic decision-making has long been a topic of interest in the field of strategic management. However, most of the studies have failed to address the cognitive dimension of decision-making in organisations, namely the question of how strategic decision-makers actually think. In support, Stubbart (1989) cited by Bonn (2005:336), describes managerial thinking as a vital but neglected element in strategic decision-making. He argues that since strategic management studies the activities of managers, and since managers must think about strategy, why don't researchers allocate more research to studying how strategic managers think? Garratt (1995) cited by Bonn (2005:337) and O'Shannassy, (2003:58) all call for more research in the underrated study of strategic thinking. According to them, empirical studies have confirmed the need for more research in the area of strategic thinking.

2.6 The Framework of Strategic Thinking

Based on the literature reviewed, a framework of strategic thinking has been developed. In developing this framework, various elements showing relevance for the concept of strategic thinking have been considered. The selection of the key elements is based on the six principles mentioned in the Introduction section. The literature reviewed in the next section is based on its relevance to the mentioned principles, which are considered to be the foundation on which the researcher developed the framework of strategic thinking. Reference is made to these principles during the discussion. In particular, the key elements of strategic thinking identified in the literature reviewed are discussed below:

2.6.1 Vision Building as a Strategic Thinking Element

Research indicates that the implementation of change generally requires that management verify the need for change and persuade other members of the organisation and important external stakeholders that change is necessary (Fernandez et al., 2006). The process of convincing both staff members and stakeholders of the need for change often begins with crafting a compelling vision for it (Cohen et al., 2005). The critical point is that a vision articulates a view of a realistic, credible, attractive future for the organisation, a condition that is better in some important ways than what exists (Mintzberg et al. 1998). As noted by Kotter

(1996:7-8), the major element of vision-building is to encourage both members of staff and key stakeholders to:

- Be aware of the need, purpose, and progress of organisational change.
- Have a sound understanding of the benefits and implications of the change for them.
- Support the change and believe it is worthwhile.
- Take action required in support of change.
- Take initiatives to improve and sustain the performance.

A vision is an essential part of a change initiative as it presents an image of the future that is easy to communicate and that organisational members find appealing. Vision-building is an iterative process designed to move organisations from the general vision to the specific desired outcomes and conditions (Burnes, 2004; and Cohen *et al.* 2005). According to Heracleous (1998:486), over the last decade, vision-building (strategic intent) has established itself as one of the key management tools. Apparently, without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all (Kotter, 1996). The work of Bellingham (2001:18) is of particular importance in this respect. According to him, a comprehensive vision is a significant determinant of future business performance. Cohen *et al.*, (2005:64) contend that a good vision offers a compelling, motivating picture of the future and serves several important purposes such as:

- Clarifying the general direction of the change process.
- Helping identify the behaviours that must be encouraged as well as those that must be eliminated.
- Helping pinpoint the gap between the desired and actual performance.
- Motivating people to take steps in the right direction.

To make the vision achievable, it is critical that communication reaches everyone in the organisation. A critical aspect of the communication effort is obtaining feedback about the level of understanding and acceptance of the vision. It is essential that throughout the change process, organisational management engage in continuous dialogue with both members of staff and stakeholders. The objective of this dialogue is to detect resistance as well as building commitment by:

- Preparing stakeholders to support the change process; and

- Obtaining feedback from stakeholders as change develops (Heracleous, 1998; Kotter 1996; and Cohen *et al.* 2005).

In general, a vision that is shared throughout the organisation fosters commitment rather than compliance, and creates a sense of commonality that permeates the whole organisation. It inspires people's imagination and provides a focus that allows individuals to contribute in ways that make the most of their expertise and talents. A common vision helps to provide meaning and gives a sense of direction in the decision-making process (Bonn, 2005).

It is therefore concluded that the creation of a vision for change should be an iterative process whereby options are identified, an initial vision is created, and the gap between this and the present circumstances is identified. The organisation can then consider its strategic options to bridge the gap, and so doing refine the vision itself. This refining process serves partly to ensure that the vision is discussed widely within the organisation, and to gain employees' commitment to its objectives, thus using the vision as a motivating and guiding force for the organisation. Over time, through this process of revisiting and refining the vision, loose and intangible ideas become transformed into achievable medium-term goals that people can relate to and pursue (Burnes, 2004). What is important is that, in the context of a vision, strategy can be defined as a coherent or consistent stream of actions which an organisation takes or has taken to move towards its vision (Burnes, 2004; Bonn, 2005).

Within the context of this study, vision-building is considered as one of the key elements of strategic thinking. The criteria for selecting vision-building was based on Principle 1, which suggested that organisational strategic intent through vision formulation is a prerequisite in change-related endeavours. In particular, this principle is based on the premise that comprehensive visions guide members of organisations to focus their efforts in the right direction. This line of thinking is similar to the Entrepreneurial school of thought, which considers strategy formation as a visionary process.

2.6.1.1 The Importance of Vision-Building to this Study

The above literature contains evidence that an organisational vision describes what an organisation aspires to become, through giving stakeholders and employees at all levels a clear direction to follow. However, when a clear vision for change is missing, organisational members struggle to understand where the organisation ought to be heading. As a result, it is

very important that management persuasively convince both key stakeholders and employees of the need for change, as much as involving them in vision-building activities, particularly when organisations go through change (Cohen *et al.*, *2005)*.

In a change process, a clear vision clarifies the general direction for change and motivates people to take action in the right direction. Simply explained, a comprehensive vision is an important determinant of future performance of any organisation. In the same note, Kotter (1996:71) raised an interesting perspective that, without a vision, strategy making can be a much more contentious activity. Clearly, an organisational vision provides overall direction for the change process and serves as the foundation from which to develop specific strategies for arriving at a future organisational state. For that reason, this section is important to this study because the key focus of the study is to find out if the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare considered vision development important in facilitating change in their organisations.

2.6.2 Systems Thinking as a Strategic Thinking Element

Like many other concepts in the field of management, there are many approaches to strategy, and systems thinking is but one of them. As a prerequisite, to exploring the relevance of the concept of systems thinking to the research problem, it is imperative to determine what the literature says in defining it.

For Bellingham (2001:89), systems thinking refers to a set of elements or parts that work together for the overall objective of the whole. When one element of a system changes, it affects many other systems parts and may even alter the entire system because there are points of interdependence and interrelatedness that extend through and across systems and link them in various ways. Furthermore, as noted by Haines (1998:50) in systems thinking, relationships are essential for assessing how the parts fit together in an integrated process in support of the whole. Each part's effectiveness cannot be analysed in a void, but only in relation to the other parts and the processes that lead to the whole. Jackson (2004:22) affirms that systems thinking is a holistic way of thinking which is focused on ensuring that the parts of the organisation function properly together to serve the needs of the whole.

Haines (1998:41) asserts that, an organisation as a *system* cannot be understood without explicit consideration of its environment. In essence, organisations are embedded within their

environments. When organisations go through change, they must keep in mind that change requires continuing alignment between the system and its environment in support of the overall objective of the whole system. Thus, from a systems thinking perspective, an organisation is considered as an integrated whole that is susceptible to the influence from its environment.

Based on the above discussion, considering an organisation as a system means seeing all the linkages, being the internal and the external elements of the whole and how they fit together. The implication of this for organisations going through change is to make it possible to create more synergy among the integrated parts (Bellingham, 2001). Liedtka (1998) in Bonn (2005:338) notes that, systems thinking is one of the key strategic approaches that encourages and facilitates organisations to see how different problems and issues are connected with each other, how they influence each other and what effect one solution in a particular area would have on other areas. In that sense, systems thinking is an approach that requires a thorough understanding of the internal and external dynamics of organisational life (Bonn, 2005). Therefore, it is evident that Principle 2 is in line with the theory on systems thinking as presented above. According to this principle, strategic thinking should take into account the interaction of the organisation's parts, as well as their relationship with the external environment. By so doing, strategic thinking would be encouraging the participation of both internal and external stakeholders in change-related efforts.

2.6.2.1 The Importance of Systems Thinking to this Study

Systems thinking is important to the context under review for the following reasons:

- One of the advantages of using a systemic approach in an organisational change process is that it facilitates understanding of issues, challenges, problem situations and problem solutions better because of its consultative and inclusive nature (Liedka, 1998b; Brown, 2001). Thus, systems thinking can be employed as a strategic tool in addressing problem situations in a holistic way through identifying critical issues and accommodating different viewpoints as a basis for change and improvement.

- When organisations carry out change-related endeavours, it is imperative that they get support and commitment from their internal and external stakeholders in pursuit of

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their objectives. This can be achieved through getting all the related elements to working together towards the achievement of organisational goals.

- Organisational change is inevitable. To ensure its sustainability, all organisational members must be part of the solution. It is the responsibility of management to deal effectively with motivating people to embrace change.

- In order to effect change in organisations, it is essential for management to continually assess how the parts are linked together in an integrated process in support of the whole organisational outcome (Haines, 1998).

- In change-related efforts, the question should not be: *how can I maximise my job or my department's impact?* Rather, it has to be: *how can we all work together in support of the overall objectives of the organisation?* (Haines, 1998; O'Shannassy, 2003).

A systems approach is intended to provide the emergence and understanding of behaviours of people within a larger system in organisations (Bellingham, 2001). In that sense, systems thinking is a holistic approach to change, that is focused on ensuring that the internal organisational departments, together with the external stakeholders, work together in pursuing organisational objectives. Through the application of systems thinking in addressing and managing change, organisations can contribute significantly towards a common and shared understanding of organisational change objectives. In the context of this study, the process of enquiry will determine whether the two organisations under investigation apply systems thinking in their change-related efforts or not.

2.6.3 Complex Adaptive Systems as a Strategic Thinking Element

Within the context of this study, another key element of strategic thinking is the concept of organisations as complex adaptive systems. Organisations are said to be complex adaptive systems that operate in an unpredictable and changing world, which requires adaptive teams to develop the capabilities to change and vary their behaviours according to changing circumstances. The complexity theorists take heart from their observations of nature, and in particular from the way in which the mechanisms of biological evolution have enabled individual species and entire ecosystems to evolve and adapt to changing environmental conditions (Stacey, 2003).

Grobman (2005: 352) and Stacey (2003:237-238) suggests that complex adaptive systems are composed of a diversity of agents that interact with each other, mutually affect each other, and in so doing generate novel behaviour for the system as a whole. However, the pattern of behaviour we see in these systems is not constant, because when a system's environment changes, so does the behaviour of its agents, and, as a result, so does the behaviour of the system as a whole. What this implies is that, the system is constantly adapting to the conditions around it. Over time, the system evolves through ceaseless adaptation. This means that, in a fast-changing business environment, organisations need to be constantly adapting, and be in a state of continual evolution, if they are to survive. The definition of the notion of complex adaptive systems conforms with Principle 3, which suggests that regardless of whether change comes as planned or emergent, it requires management to develop adaptive strategies continuously according to changing circumstances.

This concept of organisations as complex adaptive systems, provide an important background for understanding organisational change. Most importantly, business managers are discovering that the world is not linear but rather predominantly complex, not mechanistic but rather organic and dynamic (Van Tonder, 2004). With this shift, managers find many of their background assumptions and business models inadequate to help them understand what is going on, let alone how to deal with it. According to Van Tonder, managers once operated with a model, which was based on linear thinking, control, and predictability. They now find themselves however, faced with a nonlinear and rapidly changing business environment, which is characterised by uncertainty and unpredictability.

Viewing organisations as complex non-linear systems has major implications for how change is dealt with at organisational level. As a guiding principle, Van Tonder (2004:134) suggests that change from within a complexity theory framework is characterised by the possibility that small trigger events can push the system into chaos from which a new order will ultimately emerge. Perhaps one of the most salient features of this form of change is that it can never be conceived of as resulting from a one-dimensional cause, but emerges from the dynamic interaction of a great many interdependent causes.

In that sense, organisations are considered to be complex systems that function on the edge of chaos. This means the system or organisation finds itself in a situation where both stability and chaos exist virtually back-to-back, and the crossover from stability to chaos implies

crossing a very thin line or transition zone. Chaotic change occurs when the organisation is pushed into this transition zone as indicated in Figure 2.2:

Figure 2.2   Onset of chaotic change

1	2	3	
The system acts linearly (in stable conditions)	Pushed by forces for and against change into increasingly complex conditions	Enters a far-from-equilibrium situation that is very complex (domain of potential chaos)	Reaches the edge-of-chaos threshold where conditions of non-linearity develop

	5	4
	CHAOS	One small bifurcation triggers change
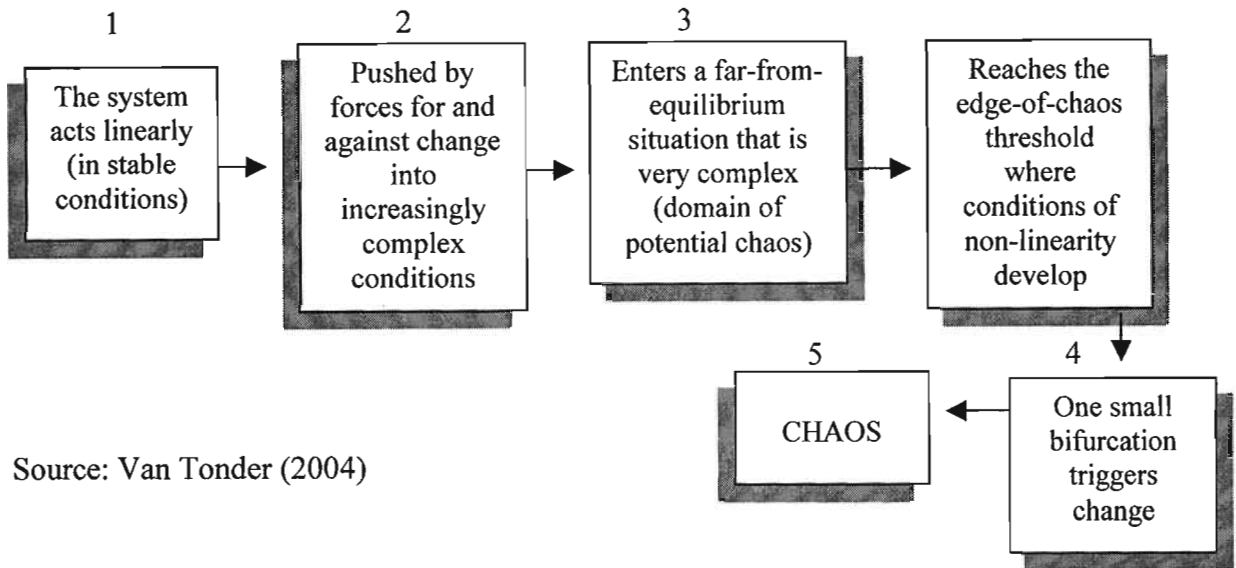
Source: Van Tonder (2004)

For chaotic change to occur, however, the organisation would have had to drift from its existing stable and equilibrium state to a position where it is still stable but far from equilibrium. It is in this far-from-equilibrium zone, where the organisation is characterised by a high degree of complexity that a seemingly insignificant occurrence can trigger an unexpected, massive, transformational and therefore a qualitative different change (Van Tonder, 2004). However, this kind of disorder carries in it, the seeds of renewed order through self-organisation, which enables the organisation to settle into new patterns of stability. Organisations operating at the edge of chaos need to respond continuously to changes in their environments through a process of spontaneous self-organising change in order to survive. The best-run companies survive because they operate at the edge of chaos by relentlessly pursuing a path of continuous innovation brought about by a process that resembles self-organisation in nature (Van Tonder, 2004; Grobman, 2005).

But, what sort of working conditions would encourage this kind of self-organisation? The complexity theorists talk about the importance of individual expression, decentralisation, and even chaos as crucial success factors. Top-down controls, they insist, are doomed to failure in a world no single mind or team of minds can fully understand. Therefore, virtually all controls should be eliminated, allowing a hundred voices to suggest new ideas and new directions. Out of this diversity, they say, the best strategies for survival and change will gradually emerge.

Complex behaviour enables entities in the system to maximise the benefits of stability while retaining a capacity for change (April *et al.*, 2003). In terms of the new sciences, a state is characterised by the dominance of a specific attractor. This means that the behaviour of the organisation is attracted to a specific pattern of behaviour. Attractors are responsible for stable patterns of behaviour by creating order within chaos. The essence of chaotic change is that organisations that are subject to counteracting forces of change and stability over time are pushed to greater levels of complexity, which, if the organisation cannot succeed in maintaining its state of equilibrium or balance, will result in disorder or chaotic change. From this chaos, (resulting from chaotic change) new order and stability will emerge around new "*attractors*" (April *et al.*, 2003).

Another interesting notion raised by April *et al.* (2003:60-61) is that, many people intuitively feel that chaos, unpredictability and uncertainty is problematic for regular, healthy organisational functioning, but they have greater difficulty understanding why too much order can also be unhealthy. Too much order and regularity means that everything is fixed and can be predicted and the system is not able to adapt to changing environmental conditions. In that sense, there is no place left for change, variety, creativity, emergence and novelty, which are essential for functioning under changing circumstances. For example, a butterfly that flies in a straight line without unexpected zigzags will become easy prey. Too much order and regularity in an organisation means that everything is fixed, frozen and predictable, leaving the organisation no leeway to manoeuvre itself, which means it cannot be adaptive or flexible in this way. Thus, organisations functioning in turbulent environments need transformative change, new behavioural choices, fresh directions, novel strategies, innovative work processes, changing organisational structures, new norms and rules and rich communication channels (Willcocks, 1994). In picking out lessons that managers can learn from complexity theory, Jackson (2004:131-132) suggests that:

- The most important thing that managers can do is to change their way of thinking by learning to appreciate and cope with relationships, dynamism and unpredictability.

- Organisations co-evolve with their environments, and managing relationships with the environment is crucial. This means being prepared to respond to the environment, adapting as necessary but also being ready to grasp opportunities as they present themselves.

- The best managers are able to grasp the patterns that are driving the behaviour of their organisations and the environments they are confronting intuitively. They look for patterns in the whole and seek small changes that can have the maximum impact on unfavourable patterns.

- The most successful organisations do not try to control everything. Managers can trust in chaos and allow the processes operating at the edge of chaos to bring new order through self-organisation.

2.6.3.1 The Relevance of Complex Adaptive Systems to the Study

As mentioned in the literature, the frequency of change is increasing to a level where it is becoming a constant feature of organisational life. In order to survive, organisations must take active initiatives to adopt new management tools and techniques, which increase the likelihood and propensity to adapt to changing circumstances. The key focus of the study is to determine if the organisations under investigation, namely: the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare do apply adaptive strategies when circumstances change, or not.

A conclusion that can be drawn from the above literature is that, the concept of complex adaptive systems is mostly focused on the behaviour of organisations especially in times of change. This section has presented an overview that organisations are dynamic entities that are continuously engaged in a battle for survival, and as a result, need to assimilate and adapt to changes in their environment. From the chaos and complexity theory, organisations have to be particularly vigilant of the increasing probability of turbulence and rate of change experienced in the operating context of organisations. Hence, organisations are referred to as complex self-organising systems that operate at the edge of chaos. In order to remain in this position, rather than falling off the edge, such organisations are required to operate as complex adaptive systems through developing and maintaining appropriate adaptive change strategies (Van Tonder, 2004). The role of an organisational leader is to create conditions that allow change to emerge naturally, through a process called self-organisation.

2.6.4 Organisational Learning as a Strategic Thinking Element

Organisational learning is attracting increasing attention both in academic circles and in business practice. One of the main reasons for this is the increasing pressure of change on

organisations. The ability to learn is thus of paramount importance (Brown *et al.*, 2001; Chalofsky, 2005). In the context of this study, the main purpose of learning in organisations is to facilitate change. This study is based on the assertion that the environment in which organisations operate is changing, and will continue to change. Consequently, only through transformational strategies such as organisational learning will organisations be able to keep aligned with their environment and thus survive. For that reason, the notion of organisational learning has been adopted in this study as a further key element of strategic thinking. The discussion in this section therefore builds on the dynamics of organisational learning.

In exploring the dynamics of organisational learning, it is imperative to start off by finding out how the literature defines the concept of organisational learning. To define the concept of organisational learning, the following authors explained that:

- Organisational learning means the capacity of members of an organisation to detect and correct errors and to seek new knowledge and insights that would enable them to make choices that better produce outcomes that they seek (Chris Argyris, 1994 in Bellingham, 2001).

- Organisational learning is the process by which the organisation's knowledge and value base changes, leading to improved problem-solving ability and capacity for action (Probst and Buchel, 1997).

- Organisational learning means the process of improving actions through better knowledge and understanding (Fiol and Lyles, 1985 in Burnes 2004).

- According to Garvin (1993: 79), a learning organisation is an organisation skilled at creating, acquiring and transferring knowledge, and at modifying behaviour to reflect new knowledge and insights. In his opinion, Garvin suggests that, organisations learn through five main activities:
    - ➢ Systematic problem-solving.
    - ➢ Experimentation with new approaches.
    - ➢ Learning from their own experience and past history.
    - ➢ Learning from the experiences and best practices of others.

> ➤ Continuous transfer of knowledge through training and development programs throughout the organisation.

- Organisational learning increases an organisation's capacity to take effective action. It is the process whereby organisations learn from their environments by continually adjusting to new and changing circumstances. This process is critical to the survival of organisations in rapidly changing times (Gill, 2000).

Making reference to the above definitions of the notion organisational learning, it is clear that the organisation's survival and performance improvement depend on the organisational ability to learn. Thus, Burnes (2004:132) suggests that, by adopting organisational learning, an organisation not only acquires the ability to adapt quickly and appropriately to changing circumstances, but it can also transform itself if necessary. An interesting perspective raised by Gill (2000: 81-82) is that, in a learning organisation, all the departments and functions within the organisation are viewed as part of an interdependent system. Each division can learn from each other or even from outside partnerships. In that sense, in order to create the need and climate for change, people within organisations need to be involved in the diagnosis of problems and the development of solutions. As such, learning plays a key role in preparing people for, and allowing them to cope with change. It is important to note that organisational learning as one element of strategic thinking is therefore in line with the Learning school of thought, which views strategy formation as an emergent process.

2.6.4.1   The Learning Process

According to David Kolb in Van Der Heijden *et al.* (2002:172-173), the learning process consists of four stages mentioned as concrete experiences, reflective observation, abstract conceptualisation and active experimentation, as shown in Figure 2.3.

Figure 2.3   The Cycle of Learning

```
                    ┌──────────────────┐
          ┌────────►│    Concrete      │─────────┐
          │         │   experiences    │         │
          │         └──────────────────┘         ▼
┌──────────────────┐                    ┌──────────────────┐
│ Testing implications│                  │  Observation and │
│ of concepts in new │                   │    reflection    │
│    situations     │                    └──────────────────┘
└──────────────────┘                              │
          ▲         ┌──────────────────┐          │
          │         │   Formation of   │          │
          └─────────│ abstract concepts│◄─────────┘
                    │ and generalisations│
                    └──────────────────┘
```
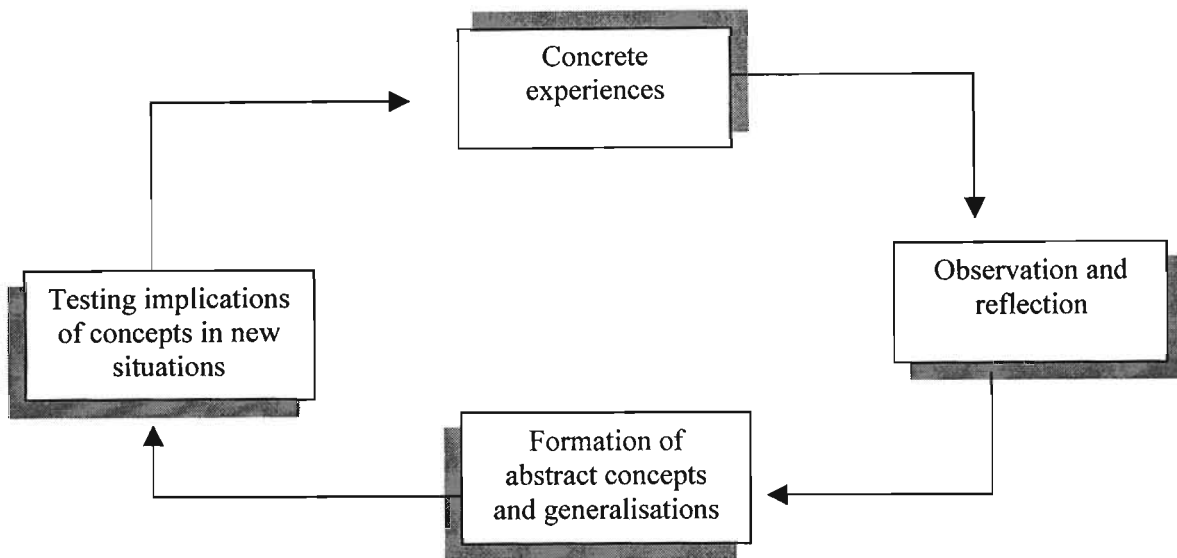
Source: Kolb (1984) adapted by Van Der Heijden *et al.* (2002)

Organisational learning occurs when the learning cycle is performed collectively in an organisation. This is when individuals come together to reflect on their experiences, collectively developing new theories based on observation and then acting together. In the process of joint reflection, individuals share worldviews, leading to a shared understanding of situations. The process is an iterative one: learning begins with observing what has occurred, people reflect on what has been observed and how it can be conceptualised, an assessment is made as to the underlying structures that drive the behaviour observed, and from this, a theory is developed as to what is happening. This theory then influences the development of a response leading to the implementation of suitable and appropriate actions in the form of new patterns of behaviour. These actions set an expectation. Invariably, reality will deviate, drawing attention to what is different from the expectation. This starts the next iteration of the learning cycle, with reflection, conceptualisation and mental model-building. This learning is a continuous and on-going process. Reflection and action work together to produce learning; without action, there can be no learning (Van Der Heijden *et al.*, 2002; Chalofsky, 2005).

Furthermore, it is also important to interpret both single-and double-loop learning in the light of the learning cycle. The traditional view of organisational learning, associated with the rationalistic view of decision-making is based on single-loop learning. With single-loop learning, organisations adapt to change in environmental conditions within the confines of a clearly detailed goal structure, which limits room for manoeuvre in the box 'formation of

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abstract concepts and generalisations'. Consequently, only incremental improvements are made, but the fundamental assumptions underlying the existing organisational recipes are not questioned. Learning in its complete sense is achieved only when the organisation engages in double-loop learning, by opening up all aspects of its generalisations for questioning. Double-loop learning involves altering organisational rules and recipes that no longer fit experiences. Thus, management or leadership of organisations should focus on the 'learning habit' so that any activities undertaken would yield a harvest of reflections, insights, and new ideas for action (Burnes, 2004; Van Der Heijden *et al.*, 2002; Chalofsky, 2005).

What is important though is that, practically, learning in organisations will not be a success unless it gets the support of management. In general, the success of learning in organisations may be attributed to an enabling environment. For Holton *et al.* (2003: 260), a climate that supports learning is the one that encourages a culture of learning. Holton *et al* (2003: 278) also contend that the primary purpose for creating a learning culture is to provide a work environment that encourages change within an individual, and to create conditions where continuous growth and development is encouraged. Chalofsky (2005:55) too affirms that continuous growth and development is a process of never-ending expansion, taking into account new and different things, the outcome of which is improved renewal and performance capacity. As a result, employees improve their reservoir of performance capabilities. In this manner, a learning culture allows an organisation to focus all of its energy and resources on enhancing the collective talents of its employees for the purpose of better serving customers in an efficient, effective manner. He adds by stating that such a culture is a strongly focused philosophical shift that must be made if organisations plan to continue the long, challenging journey toward organisational success.

South Africa is a good example of a country showing commitment towards encouraging organisational learning at the national level. For Kauch (2004:32), in October 2001, the Department of Labour commenced a project Investors in People, an international standard which benchmarks various levels of good practice in human resources management to achieve business goals and increase employee productivity and satisfaction. In particular, the key focus of the programme is on the commitment of participating organisations to put learning systems in place and also to invest in people in order to achieve organisational goals. This programme is based on the targets of the National Skills Development Strategy, which called for an average of 20 enterprises per sector (including large, medium and small firms, and at

least 5 government departments), to be committed to, or have achieved an agreed national standard for enterprise-based people development. To date, at least 234 organisations and autonomous business units representing around 164 000 employees are participating in the programme. The Minister of Labour has acknowledged the significant impact the programme has already had in the marketplace and is actively encouraging further participation.

In conclusion, the above section indicates that an enabling learning environment is a prerequisite for performance improvement at organisational level. Furthermore, it is clear that as organisations struggle with the implications of change, it becomes important that the significance of knowledge acquisition and application through learning is essential. This study supports the idea that learning plays a key role in times of organisational change. In that sense, the information that emerged on organisational learning is in-line with Principle 4 and Principle 6.

2.6.4.2   The Importance of Organisational Learning to this Study

On the basis of the literature reviewed, organisational learning is a strategic approach that is intended to enhance performance in organisations through learning. In particular, to make change-related endeavours sustainable, organisations must put in place systems that help employees to learn and apply new ideas and new knowledge in their work-related situations. Holton *et al.* (2003:12) have observed that facilitating learning in organisations is something which remains foreign to many organisations. This problem is often exacerbated by lack of management support and poor learning support systems in many organisations. According to Holton *et al.,* while most managers recognise the inherent value in organisational learning, the successful knowledge transfer is a formidable challenge for many organisations. Holton's line of thinking supports the research problem of this study.

The enquiry process will therefore be focused on determining whether the two organisations under investigation, which are currently going through transformational change, facilitate learning in their organisations to make their change efforts sustainable.

2.6.5 Scenario Planning as a Strategic Thinking Element

As mentioned initially, this study focuses on how organisations manage change through the application of strategic thinking in different business environments. Scenario planning is a strategic approach that is considered by the researcher as one of the key elements of strategic

thinking in driving change and success in organisations, due to its wider strategic approach. This section briefly reviews the significance of scenario planning in organisational change-related efforts. As a point of departure, it necessary to explore what the literature suggests in defining scenario planning.

As defined by Johnson and Scholes (2002:107), a scenario is a detailed and plausible view of how the business environment of an organisation might develop in the future based on groupings of key environmental influences and drivers of change about which there is a high level of uncertainty. Scenario planning differs significantly from traditional approaches to strategic development, which have been characterised as rationalistic, which involves seeking to identify the one optimum strategy for an organisation (Wright, 2000).

In support, Van der Heijden *et al.*, (2002:142) suggest that a scenario is an internally consistent account of how the business environment might develop over time. The use of multiple scenarios is a means of making sense of a large number of diverse, but inter-connected factors, which may affect the future direction of the organisation. Epstein (1998:48) also noted that the future is always uncertain, and it is only through strategic approaches like scenario planning that business executives or management can maintain flexibility and preparedness in coping with unpleasant surprises.

A conclusion drawn from the above definitions is that, scenario planning is a strategic approach that recognises today's rapidly changing environmental conditions. Instead of trying to make accurate predictions and formulate one optimal strategy, scenario planning encourages the construction of several possible alternative futures (Van der Heijden, 2002; 2005; Ashill and Jobber, 2001; Mercer, 1995).

2.6.5.1   The Purpose of Scenario Planning

Organisations operate in a highly unpredictable and changing world. Consequently, as the pace of change continues to accelerate, it becomes increasingly difficult to anticipate future conditions for an organisation with any degree of confidence (Schriefer, 1995). In order to survive, it is a precondition that organisations ought to develop adaptive strategies in response to changing circumstances. The purpose of scenario planning is to help management or key decision makers to adapt to changing circumstances by re-adjusting their organisational strategies to suit the changing organisational conditions. According to Van der Heijden *et al.*

(2002:142), scenario planning serves other significant purposes such as to provide a framework for managers to understand and evaluate trends and events as they occur, which cannot be provided by the business-as-usual perspective. Furthermore, managers involved in scenario exercises become more insightful observers of the business environment, capable of recognising and understanding change and uncertainty, rather than overlooking it.

llbury *et al.* (2005:19) illustrate the purpose of scenario planning through the following example: "*Seasoned sea captains recognise the benefit of scenario planning by considering the following kind of questions before embarking on an ocean voyage:*

- *What if one of our ports of call falls into the hands of our enemies?*
- *What if key members of the crew fall ill or die?*
- *What if unfavourable weather conditions play havoc with our schedule?*
- *What if conditions at our final destination are too hostile?"*

It is important to note that the 'what ifs' were all relevant. The captains did not necessarily have the answers before they sailed. However, they were mentally prepared for surprises, as well as prepared to consider possibilities of having to readjust their strategies in the event of unfortunate scenarios. The key significance of scenario planning is that the use of multiple scenarios involves a careful, systematic evaluation of a range of possibilities, based on historical data, current conditions and trends, examining several possible patterns of future developments, ranging from the most probable to the least probable, from the most optimistic to the most pessimistic, and when possible, preparing plans for coping with each possibility (llbury *et al.*, 2005) In practice, managers need to be trained in techniques which could give them the confidence and ability to go beyond what they know, in order to develop more effective and innovative strategies. One such technique is scenario planning, an approach to developing strategy which encourages managers to break from the confines of traditional perspectives (Davies *et al.* 2005).

In summary, the purpose of scenario planning is to develop and explore alternative futures in uncertain environments, and to evaluate the robustness of the organisation to withstand the impacts of unfortunate events. For Ritchie-Dunham *et al.* (2001:159), where conventional planning methods focus on certainty and a single most probable future, the scenario planning approach uses the uncertainties of the future as a basis for developing stories about the future.

These stories are very helpful in describing events as they are likely to unfold, even in unlikely ways. This is helpful as a tool to aid management identify aspects of these plausible futures as they unfold in real time.

2.6.5.2   The Process of Scenario Planning

Scenario planning is an approach to strategy that takes the view that the business world is indeed unpredictable, but that certain events are predetermined (Van der Heijden *et al.* 2002). Scenario planning centres around telling robust, internally consistent stories about plausible futures that may affect the organisation. The story should be rich enough in detail to serve as a solid basis for envisioning the future. In most circumstances, scenario planning involves the development of several (typically four to five) scenarios, each identifying a different world and describing the organisation's function and role within the world (Ritchie-Dunham *et al.*, 2001; Wright, 2000). One possible approach is based on the following set of premises as suggested by Wright (2000:435):

- Scenario 1: the world will largely be the same as today, or slightly better.
- Scenario 2: the world will be significantly better than today.
- Scenario 3: the world will largely be the same as today or slightly worse.
- Scenario 4: the world will be radically different from today.

According to Wright (2000:435), most strategic planning activities that currently take place are limited to the premise identified in Scenario 1, which suggests that the world will largely be the same as today, or slightly better. This is understandable as it is the most comfortable basis from which to plan for the future. Afterall, senior management have a particular emotional attachment to this view, they, as leaders of organisations would not wish to believe they are leading organisations to a future that is worse than today. However, due to the impact of the ever-demanding customers, and from the fast changing application of innovative technologies, coupled with increasing globalisation demands, this future is becoming more and more unlikely (Wright, 2000; Van der Heijden *et al.*, 2002).

To construct scenarios, it is very important to identify the end-states that describe each of the worlds from the original premise outlined above. Events are then identified that need to occur for each end-state to be realised (Wright, 2000). Once this exercise is complete, it becomes

important for organisations to realise that they cannot simply choose the scenario which is most attractive to them, and adopt it as its strategy because each scenario is equally plausible. Organisations should consider how decisions of a strategic importance would fare should either of the scenarios materialise (Van der Heijden *et al.*, 2002; 2005). It is essential that organisations must continually monitor their environments to identify, which events are happening and in what direction this suggests the world is moving (Ritchie-Dunham *et al.*, 2001; Wright, 2000). Clearly, the rationale for the scenario planning approach is based on the premise that scenarios are constructed from the basis that the future cannot be predicted, but that some end-states are predetermined dependent upon the presence of an interaction of identified events. Scenario planning is a strategic process, which is continually reviewed and amended based upon new insights and the acquisition of new knowledge (Wright, 2000; Davies *et al.* 2005).

This concept of scenario planning is in line with Principle 5. According to this principle, organisational change requires management to apply strategies that recognises that effective strategy is best developed from a wide and diverse range of people. According to this principle, such strategies should be constructed from the basis that the future cannot be predicted, but that some end-states are pre-determined dependent upon the presence of an interaction of identified events. In that respect, scenario planning is one of the essential elements of strategic thinking in the context of this study.

2.6.5.3   The Importance of Scenario Planning to this Study

The pace, intensity and complexity of change is accelerating to a level where change is becoming a norm of organisational life. In response, strategy has become dynamic in its variety of approaches to managing this evident rapid organisational change (Segal-Horn, 2004). Scenario planning is a useful approach, which encourages management to break from the confines of traditional perspectives by allowing users to explore several alternative futures (Davies *et al.*, 2005).

In managing organisational change, scenario planning can be utilised as a strategic tool to help management envision the long-term future of their organisational change-related efforts. According to Ambrosini *et al.*, (1998:99), this process allows management to question the taken-for-granted assumptions they hold about their environment and its evolution. Clearly, the main aim of scenario planning in change-related endeavours is to generate alternative

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pictures of what the future could be. In particular, it is important to note that, in the context of managing organisational change, the key focus of the scenario exercise is to examine the results of the environmental analysis to determine which are the most important factors that will, or may, decide the nature of the future environment within which organisations operate (Ambrosini *et al.*, 1998). In this manner, management could develop opinions that may help in improving their chances of recognising early signs of change.

A perspective raised by Wright (2000: 436) and Ritchie-Dunham *et al.*, (2001:161) is that, research indicates that most organisations are most ready to respond to the probable futures they see. As such, the risk is truly about the organisation's ability to respond effectively when unexpected events occur. By dealing with the boundaries of the plausible future, scenario planning helps management to identify and recognise key trends and events that indicate a departure from the probable future. Furthermore, in managing organisational change, scenario planning can assist in identifying what type of unexpected events may occur and which problems and concerns the organisation may face in such a departure from the expected. Exploring the potential impact of broad ranges of trends and events upon the area of concern could encourage a richer understanding for management to effectively respond to unexpected change. What is important to the current study though, is to find out if the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare consider scenario planning as one of the significant strategic approaches in managing organisational change.

Scenario planning is the last element of strategic thinking considered in the literature review. It is evident that a number of key elements have been identified as relevant for strategic thinking. These elements have been used as the foundation for developing a framework of strategic thinking as presented in Figure 2.4 below. It is important to note that this framework represents an important antecedent as to how the process of enquiry will be structured.

Figure 2.4   A Framework of Strategic Thinking
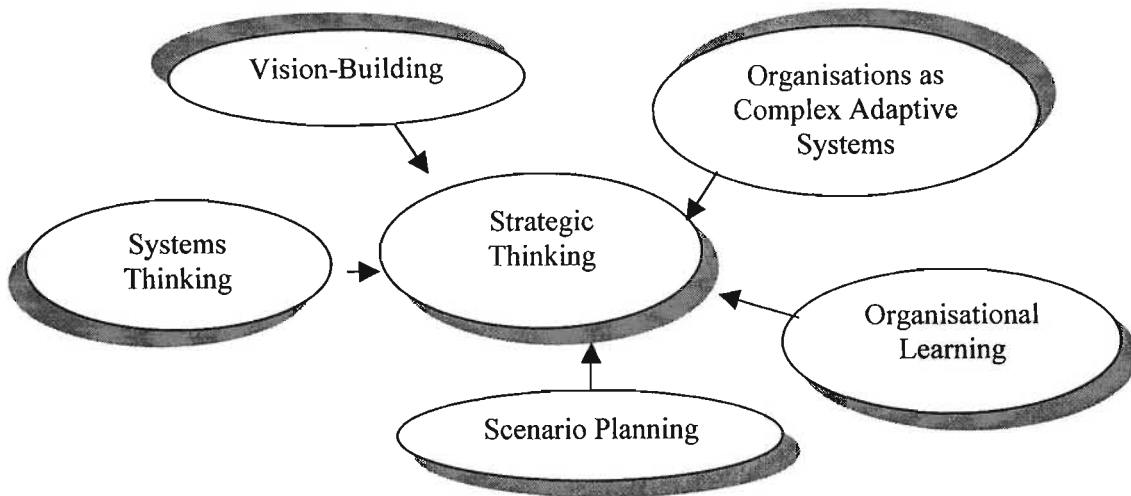
2.7   Conclusion

This chapter has drawn on different theories on how organisations manage change in different business environments, with the main focus on the application of strategic thinking. In particular, the adapted theoretical perspectives discussed in this chapter informed the structure of the research undertaken, by providing a theoretical framework that has been used by the researcher as the base for her findings.

Organisations today are confronted with the overwhelming challenge of the continuous high rate of change. However, the question that remains is how organisations cope with this turbulence and rapid change. In response, the reviewed literature suggested that strategic thinking is an approach of strategic management that can be employed to respond to these new dynamic circumstances.

In its broadest sense, strategic thinking is a creative way of solving strategic problems in an environment that is complex and changing. This implies that, strategic thinking is a distinctive management activity whose purpose is to gain a creative new and unique insight in where the business environment is going in the future, through the capability of management to perceive what is happening in their business environment, thinking through and taking action before it is too late (Van der Heijden *et al.*, 2002).

As noted, the literature reviewed has identified a number of key elements that have relevance for strategic thinking in organisational change-related efforts. Within the context of this study,

the key elements that have been identified as relevant are: vision-building; systems thinking; organisations as complex adaptive systems; organisational learning; and scenario planning. A brief summary of the different identified worldviews and perspectives, emanating from these key strategic thinking elements is presented below:

- The organisational vision highlights the need for change or improved organisational performance. A strategy can be defined as a coherent or consistent stream of actions which an organisation could take to move towards its vision. This implies that the organisational vision shapes and directs the organisational change through the application of strategic initiatives (Burnes, 2004).

- A systems thinking perspective provides a framework for thinking of organisations as groups of interrelated people, actions and resources. Hence, a strategic thinker requires a clear mental picture of the complete system of value creation within the organisation and the individual's role within the larger system (Haines, 1998).

- Participation and commitment of both the internal and the external stakeholders in decision-making processes is encouraged. Strategic thinking encourages approaching issues collectively as well as holistically in both complex and uncertain conditions.

- The purpose of strategic thinking is to gain new and unique insights into where the business environment is going in the future, through the capability of management to perceive what is going on in their business environment, thinking through and taking action before it is too late (Van der Heijden *et al.*, 2002).

- Management of organisations need to develop competence in strategic thinking in order to grasp the basic set of ideas, principles, policies, and operational approaches that can shape the way they think about their role and guide their daily actions (Liedtka, 1998a, 1998b, 2000).

- Strategy development becomes a shared understanding of organisational priorities and goals. By so doing, the actions of different departments are more easily integrated because they are developed of the same framework (Segal-Horn, 2004).

- The need for strategic thinking is most critical in times of accelerated change when the reaction time of the organisation becomes crucial to survival and growth (Van der Heijden *et al.*, 2002).

- The significance of strategic thinking lies in its ability to help management overcome limitations by asking a number of questions, such as: what is it that we are currently doing? What is it that we should be doing? And how should we be doing it?

- Strategic thinking requires more than good intentions. Mindsets, approaches, and systems must be aligned for the success of the organisation and its members (Allio, 2006).

- Through strategic thinking, organisational management can adjust their strategic approaches to environmental conditions on a continuous basis to ensure organisational change and success. This can be achieved by moving away from rational, top-down planning approach, to strategic decision-making as a wider process involving all internal organisational stakeholders to ensure strategies that are likely to be effectively implemented in practice (Segal-Horn, 2004).

In summary, this chapter has dealt with the significance of strategic thinking in managing organisational change. Strategic thinking is one amongst the various approaches of strategic management, which is developed from different but interrelated perspectives, which are key in addressing and managing the forces of organisational change in different environments. Most importantly, this concept of strategic thinking is a comprehensive strategic approach, which suggests that, depending on each organisational case, organisations can apply a combination of the traditional planning strategies with the emergent approaches to strategy, or when organisational conditions change, strategies can be changed altogether to fit the changing circumstances. The five mentioned elements of strategic thinking are key in offering the integrated insights required to match the challenges of organisational change. In particular, this chapter has presented a framework of strategic thinking to provide a key to better understanding how Lesotho Electricity Corporation and Ministry of Health and Social Welfare are expected to manage change in their different business environments.

Chapter 3
Research Design and Methodology

3.1   Introduction

This chapter presents the research design, research methodology, and methods of data collection employed in this study. Given the nature of the research problem investigated, this study has been based on a qualitative research approach. Soft systems methodology (SSM) was chosen as the preferred process of enquiry, which proved useful in providing a better understanding of the two different situations investigated (the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare). For data collection, different complementary methods were used, such as group meetings, individual meetings, semi-structured interviews, open conversations and secondary sources of data.

3.2   Research Design

As mentioned in Chapter 1, the main objectives of this study have been to discover and understand the conditions appropriate for organisations to adapt to changing circumstances; to get a broader knowledge on how management develop and implement strategies for change; and to discover factors that enhance the likelihood and propensity to change in diverse organisations. It is in that respect that the design of the enquiry and intervention process towards addressing the mentioned research objectives was empirical and comprised of the presented undertaken research activities as depicted in Figure 3.1.

Figure 3.1   Research Activities

Finding out about problem situations

Exploring and understanding of different strategic interventions undertaken by individual organisations

Analysis of individual organisational situations

Drawing conclusions and making recommendations
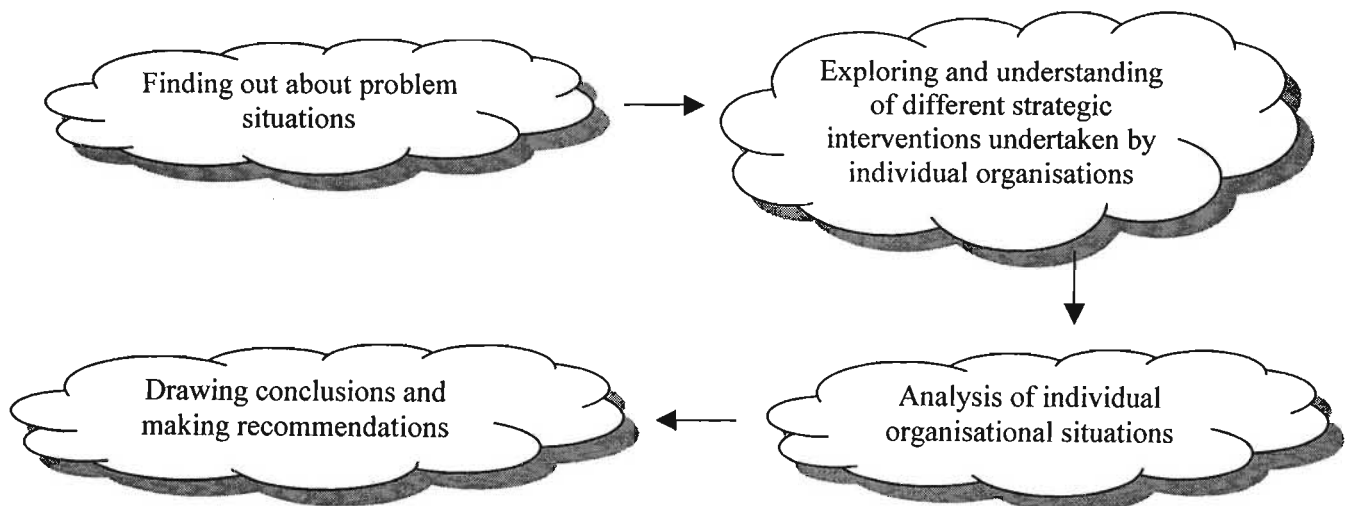
The unit of analysis for this study is focused on Lesotho-based organisations, comprising of one government ministry (Ministry of Health and Social Welfare) and one parastatal (Lesotho Electricity Corporation). The target population was made up of top management, middle management, key stakeholders, employees who carry out daily organisational duties and customers who obtain services from each organisation. As such, a purposeful sampling technique was adopted. The criteria used for selecting this technique was based on the following reasons:

- This type of sample is based entirely on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic, representative or typical attributes of the population (Singleton, 1988 in de Vos *et al.*, 2005).

- As indicated by Linciln and Guba (1985) in Struwig *et al.*, (2001:122), the sample size is not finalised before the study commences but may change as the study progresses.

- As additional information is required, more specific sampling units are sought. This could be based on new insights being developed as the study progresses (Struwig *et al.*, 2001).

3.3   Research Method: A Qualitative Approach

As mentioned, this study has been based on a qualitative research approach. Such an approach is an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting (Creswell, 1998; Henning *et al.*, 2004). For Mouton (2001:48), studies that are qualitative in nature aim to provide an in-depth description of a group of people or community. Such descriptions are embedded in the life worlds of the actors being studied and produce insider perspectives of the actors and their practices.

In this study, the choice of this approach was not arbitrary, but was determined by the nature of the problem under investigation, which is presented in Chapter 1, section 1.4. Since qualitative studies usually aim for depth rather than quantity of understanding (Henning *et al.*, 2004), the nature of this problem under investigation required the researcher to conduct a qualitative enquiry in order to gain an in-depth understanding of the two situations under investigation.

Other reasons cited by the researcher for the choice of a qualitative research approach are mentioned below:

- A qualitative research approach does not usually provide the researcher with a fixed step-by-step plan to follow, but rather, it provides the flexibility to create the research strategy best suited to the research problem prior and during the research process (de Vos *et al.*, 2005).

- Qualitative data plays a critical role in identifying problem or opportunity situations (Welman *et al.*, 2001).

- A distinguishing feature of a qualitative research approach is the richness of the data. The unstructured nature of qualitative techniques allows the researcher to collect in-depth data about the respondents' attitudes, beliefs, emotions and perceptions, all of which may provide substantial information about their thinking patterns and their behaviour (Henning et al., 2004).

It is essential to mention that there are a great number of qualitative methods of inquiry representing different disciplines that could be used to gain insight into a situation, such as:
- Biography
- Phenomenology
- Grounded theory
- Ethnography
- Case study.

In this study, a phenomenological approach has been the preferred method of inquiry. This approach is relevant and applicable to this study as it aims to understand and interpret the meaning that people give to their everyday lives. A phenomenological study is a study that attempts to understand people's perceptions, perspectives and understanding of a particular situation (de Vos *et al.*, 2005) As such, Creswell (1998) in de Vos *et al.*, (2005:270) regards a phenomenological study as a one that describes the meaning of experiences of a phenomenon, topic or concept for various individuals. In order to accomplish this, the researcher should be able to enter the people's life world. This is done mainly by means of naturalistic methods of

study, analysing the conversations and interaction that researchers have with multiple individuals. In this study, perceptions, perspectives, understanding and experiences of participants from Lesotho Electricity Corporation, and from Ministry of Health and Social Welfare were discussed and analysed. The final results in this study are the general description of the phenomena as seen through the eyes of people who have experienced it at first hand, as recommended by de Vos *et al.*, (2005:264).

3.4   Research Methodology

The key methodology that has been adopted in this study as the preferred process of enquiry is soft systems methodology (SSM). It is important to mention that, depending on each situation under investigation, SSM was used within a broader framework of a descriptive research approach. In the context of this study, a descriptive research dimension or approach refers to a process whereby an explicit description of a situation is provided to create a clearer understanding of the problem situations under investigation. As applied, this framework proved useful in providing a better understanding of the two situations under investigation. To be specific, in the case of LEC, the methodology applied was more descriptive in nature. To complement the adopted approach, SSM was used at a superficial level to guide the sequence of the discussions held during a group meeting. At the time of enquiry, the restructuring programme of LEC was already in its advanced stage. Given the progress that was already achieved, some of the SSM stages such as developing root definitions, formulating conceptual models and making comparisons of models with real-world actions, were not applicable.

However, in the case of the Ministry of Health and Social Welfare, SSM was extensively employed within a broader framework of a descriptive research approach. The researcher's criteria for selecting this combined methodology as the preferred process of enquiry was based on the following reasons:

- SSM has for a long time helped public and private sector managers to deal effectively with the problems of organisational improvement and change through creative thinking, as it seeks to work with different perceptions of reality, facilitating a systemic process of learning in which different viewpoints are examined and discussed in a manner that can lead to purposeful action in pursuit of improvement (Checkland and Scholes, 1990). In this regard, the significance of the adopted methodology was that, when combined, the two approaches helped the participants to be the best judges

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of their own situations. From this thinking, the methodology proved effective in creating a collective understanding of the situations, which in turn led the researcher to acquire knowledge.

- SSM offers an excellent way of exploring purposes, using human activity system models to find out what is possible given the history, culture and politics of the problem situation (Jackson, 2004). As a result, the adopted research methodology was informative in a sense that the researcher was able to gain a better understanding of the two different situations.

- SSM enables management and others to take account of the interrelationships between organisational contexts, activities, processes and structures, and thereby add substantial value for policy makers and managers concerned with improvement by enabling them to break away from narrow reductionist thinking through creative thinking and analysis.

- SSM is based on systems thinking, which enables the analysis of issues by:
  - ➤ Addressing problem situations holistically;
  - ➤ Viewing organisational change coherently;
  - ➤ Regarding strategy as multidimensional;
  - ➤ Modelling purposeful activity systems with a view to improvement;
  - ➤ Aiding strategic thinking; and
  - ➤ Reaching accommodation of different viewpoints as a basis for improvement (Jacobs, 2004).

3.4.1 Soft Systems Methodology as an Enquiring Process

According to Checkland and Scholes (1990:28), soft systems methodology, is a way of dealing with problem situations in which there is a high social, political and human activity component. This distinguishes soft systems methodology from other methodologies, which deal with hard problems. Hard problems are problems characterised by the fact that they can be well defined. One assumes that there is a definite solution and a number of specific goals to be accomplished are well defined prior to embarking on implementing a solution. Thus, Checkland and Scholes (1990:17) advocate that hard systems thinking represents the world as made up of systems that can be studied objectively and has a clearly identifiable purpose. The

relevance of this approach is dependent on the nature of the problem situation, where particularly, in the engineering field, the hard problems are seen to respond positively since the problem and values underpinning the need for improvement are definable. However, very few real-world problem situations present themselves in terms of systems with clearly defined goals and objectives. Hence, in such circumstances, it is evident that, hard systems thinking proves ineffective in a large majority of cases (Jackson, 2004).

On the other hand, soft problems are characterised by aiming to bring about improvement in areas of social concern by activating the people involved in the situation as a never-ending learning cycle. The learning takes place through the iterative process of using systems concepts to reflect upon and debate perceptions of the real world, taking action in the real world, and again reflecting on the happenings using systems concepts. The reflection and debate is structured by a number of systemic models (Checkland and Scholes, 1990). These are conceived as holistic ideal types of certain aspects of the problem situation rather than as accounts of it. It is taken as given, that no objective and complete account of a problem situation can be provided (Von Bulow, 1989 in Checkland and Scholes, 1990). Thus, when people think of soft problems, they do not think of problems, but of problem situations. Basically, they are aware that things do not work the way they want them to, and they want to find out why and see if there is anything they can do to improve the situation.

Soft systems methodology is not about testing hypotheses using quantitative data, but instead, concentrates on learning from organisational and contextual ambiguity and appreciating socially conditioned problem situations with a view to changing relationships and making improvement. The users of SSM aim for improvement in areas of social concern where they think about problem situations through model building and qualitative analysis. Thus, in embracing SSM, members of organisations adopt a mode of thinking that challenges many of the cherished conventions of traditional hard systems thinking (Jackson, 2004).

Drawing from Jackson (2004:186-191), there are two modes of SSM. To provide a general overview of the mode 1 as inspired by Checkland and Scholes (1990:27), a seven-stage learning system is depicted in Figure 3.2 below. This seven-stage structure leads from the identification of messy problems, through the structuring of problem situations, systems modelling and action for improvement. However, it is worth noting that this model is not intended as a step-by-step approach, but rather, should be seen as a continual learning cycle.

Figure 3.2   The Learning cycle of Soft Systems Methodology (SSM)
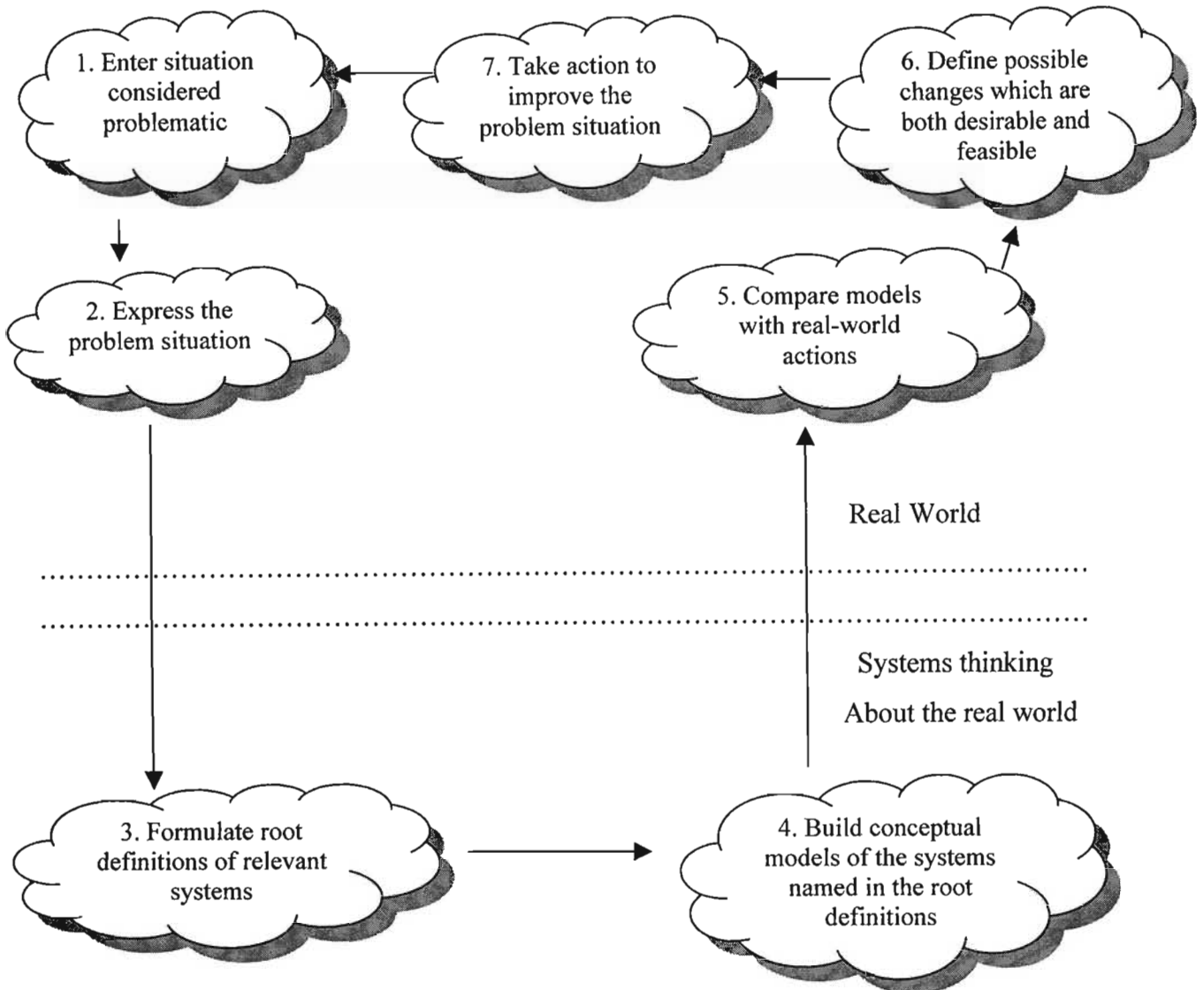
Source: Checkland and Scholes (1990)

For Jackson (2004:186-188), in the first stage, a sense of unease felt by individuals leads to the identification of a problem situation that demands attention. The second stage requires that this problem situation be expressed in the form of a rich picture. The aim is to gain and disseminate creative understanding of the problem situation. In stage three, some relevant human activity systems, potentially offering insight into the problem situation, are selected and root definitions are built. Checkland and Scholes (1990:35) formulate root definitions using the CATWOE mnemonic. The **C** stands for everyone who stands to gain from the system or victims of the transformation process; **A** stands for the actors involved in the transformational activities; **T** stands for transformation process. This is the core of the human

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activity system in which some definite input is converted into some output and then passed on to the customers. The actors take part in this transformation process. **W** stands for weltanschauung, which is the German expression for worldview. This worldview makes transformation process meaningful in context by indicating how transformation is or will be achieved; **O** stands for the owners of the transformation. These are the people who have power to stop the transformation, so as to modify it; and **E** stands for factors in the external environment that influence transformation.

In stage four, root definitions are used to construct conceptual models. The conceptual models are then brought back above the line in Figure 3.2 to be compared with what is perceived to exist in the problem situation. This constitutes stage five of the methodology. The aim is to provide material for debate about possible change among those interested in the problem situation. Thus, SSM articulates a social process in which worldviews are held up for examination and their implications are made explicit and discussed. Stage six should see an accommodation developing among concerned actors over what changes, if any, are both desirable in terms of the models and feasible given the history, culture and prevailing politics. When accommodations are found, action can be taken that alleviates some of the initial unease and, therefore, improves the problem situation (Jackson, 2004). An important point to note though is that, depending on the problem situation, the SSM learning cycle could be commenced at any stage, and should be used flexibly and iteratively as a systemic learning process rather than a systematic process.

An important point to note though, according to Jackson (2004:188-190) is that, as experience of using SSM accumulated, Checkland began to find the original seven-stage representation too limiting. Although it had always been stressed that the learning cycle could be commenced at any stage and that SSM should be used flexible and iteratively, the seven-stage model seemed to contribute to a systematic (rather than systemic) understanding of the process, in which the use of the methodology appeared cut off from the ordinary day-to-day activities of the organisation. In an attempt to overcome this, and to demonstrate that SSM in use requires constant attention to and reflection on cultural aspects of the situation of concern, a new representation of the methodology was developed, which is referred to as mode 2 or the two-strands version of SSM. This two-strands model of SSM enhanced the cultural analysis of problem situations by performing the three types of inquiry, referred to as Analyses 1, 2

and 3. Analysis 1 considers the intervention itself and the roles of client, problem-solver and problem-owners, defined as follows:

- The client is the person(s) who causes the systems study to take place.

- The problem-solver is the person(s) who wishes to do something about the problem situation.

- The problem-owners are stakeholders with an interest in the problem situation.

Analysis 2 examines the situation as a social system, looking at roles, norms and values, which are defined as follows:

- Roles are social positions that can be institutionally or behaviourally defined.

- Norms are the expected behaviours that accompany a role.

- Values are the standards by which performance in a role is judged.

Analysis 3 examines the politics of the problem situation and how power is obtained and used. This can be overt or covert and rests on various commodities that bring influence in an organisation, such as command over resources, professional skills, talent and personality.

For Jackson (2004:190), analyses 1, 2 and 3 are not done once and then stored for reference in a study. It is essential that they are continually updated and developed as the intervention progresses. The outcome of this process is that, recognition of the cultural and political aspects of a problem situation, and the way they are changing, can massively assist in the logic-based stream of analysis. Furthermore, this process can also guide the choice of insightful relevant systems, to help secure more open discussions and inform the process of arriving at recommendations for feasible changes.

In this study, it is important to note that, despite its shortcomings, mode 1 was found more applicable to the two situations under investigation, and it was therefore used as the preferred process of enquiry. This approach was used as a sense-making technique, which provided a conceptual device describing a transformational process necessary to improve different problem situations through encouraging and exploring the different perspectives and assumptions of participants. Moreover, the value of learning was also evident as proposed change models were compared with the real world experience, which encouraged debate that accommodated different worldviews, opinions and perspectives as to how organisations under

investigation could achieve organisational change successfully, as recommended by Checkland and Scholes (1990: 28). As a result, to a large extent, the use of SSM, as a methodology that has been employed within the framework of a descriptive research dimension in this study has been significant towards enhancing and contributing to the effectiveness of exploring and understanding of the complex and multidimensional nature of different problem situations under investigation.

3.5   Methods of Data Collection

3.5.1   In the case of LEC

In order to understand the reasons that led LEC to transformation, as well as how the restructuring programme is being managed, the process of enquiry was conducted through the following stages:

Stage 1: Table 3.1 presents the first stage of data collection, in which individual interviews were carried out with the following participants:

Table 3.1   First Stage of Data Collection in the Case of the LEC

The Participants	The number of the participants
Interim Management Task Force (IMTF)	1 representative
LEC Management	3 Directors of different departments; 5 middle managers
Staff Members	18 members of staff
National Union of Retail and Allied Workers (NURAW)	1 representative
The Public (the customers of LEC)	15 members of the public

This was the preliminary phase of the process of enquiry, which provided the initial overview of the overall situation of the restructuring process of LEC. In this phase, semi-structured interviews were conducted mostly by means of open conversations. To guide the structure and the content of the conversations, a questionnaire was formulated which was developed around the areas of interest of the study. The questionnaire was used as the key data collection instrument in this phase. It is worth mentioning that the structure and content of the interviews were not confined to the format of the questionnaire, but allowed flexibility to discuss

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interesting and relevant avenues that emerged during the interviews. After each session, the various opinions were merged according to their areas of commonalities. The significance of this phase was that, the data captured was used as the key foundation in follow-up interviews.

Stage 2: The second stage of the process of enquiry occurred through a group meeting. Given the information captured in the first stage of the process of enquiry, the key purpose of this stage was to stimulate the process of enquiry more through the learning process whereby people with different backgrounds interacted and shared their different views and experiences with regard to the restructuring process of LEC.

It is important to mention that, although the invitations to attend this second session were extended to all the people who participated in the first individual interviews, the attendance was lower than expected as presented in Table 3.2:

Table 3.2   Participants of the Group Meeting

The Participants	The number of the participants
LEC Management	3 middle managers
Staff Members	9 staff members
National Union of Retail and Allied Workers (NURAW)	1 representative
The Public (the customers of LEC)	8 members

The format of the meeting was informal in nature. To ensure that all the participants were free and comfortable to share their different views and experiences with regard to the subject under investigation, the researcher, who was the key facilitator in this case, encouraged brainstorming and open discussions throughout the session. Since the ultimate goal of the session was to help the researcher to develop a broader understanding of the restructuring program of LEC, the discussions in this session centred around the data captured in the first stage of the enquiry process.

To provide a meaningful framework of the various opinions and contributions that emerged during the discussions, the participants were requested to link their suggestions together with the use of Post-it notes, which were put on the wall to form related stories about the restructuring process of LEC. Related suggestions were incorporated together by way of

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clusters. The aim of clustering exercise was to reduce the overall suggestions to a smaller number, which could be manageable when drawing analysis. At the end of the process, the team agreed on the cluster sets, each covered by a short cluster heading such as:

- The overall problem situation.
- Initiatives undertaken to address the problem situation.
- The required strategic interventions.
- Success indicators.
- Recommendations.

In short, the discussions allowed the participants to make more sense of the overall situation that led LEC to transformation as well as identifying various strategic approaches undertaken to improve the situation. As a result, the group meeting session was significant as part of the data collection methodology in a sense that it encouraged a process of learning in which different viewpoints were examined and discussed in a manner that was informative.

Stage 3: Conversational follow-up meetings were carried out with management of LEC. It was necessary to undertake follow-up meetings with top management level of LEC because most of them did not participate in the group meeting that was held as the second phase of the process of enquiry. The key purpose of the follow-up meetings was to provide management with feedback on the group meetings sessions that were held as part of the process of enquiry. This initiative triggered further discussions in relation to the restructuring program of Lesotho Electricity Corporation.

Stage 4: In addition to the other three stages, data was collected through the study of secondary sources of information. In particular, the following documents were used as the selected documents of value:

- Lesotho Electricity Corporation Inception Report 2001.
- Lesotho Electricity Corporation Annual Report 2004/05.
- Lesotho Utilities Sector Reform Project Annual Report 2005.
- Lesotho Electricity Corporation Progress Report 2006.

3.5.2 In the case of the Ministry of Health and Social Welfare

The health sector is currently undergoing a restructuring programme under the management of the Ministry of Health and Social Welfare. In an attempt to find out about the problem situation facing the health sector, the enquiry process was carried out through the following stages:

Stage 1: The researcher had extensive discussions with management of the Ministry, medical staff, administration staff, other stakeholders such as NGOs, and the public. In this first stage of the enquiry, individual interviews were conducted by means of formal and informal meetings and open conversations. Through this process, individual discussions were carried out with a number of participants, as depicted in Table 3.3:

Table 3.3   First Stage of Data Collection in the Case of the MOHSW

The Participants	The number of participants
Management level	1 Director from the Health Planning Unit 1 Chief Economist from the Health Planning Unit 1 Hospital Administrator from Queen Elizabeth 11 hospital 1 Deputy Director from the Lesotho Pharmaceutical Corporation 1 Human Resources manager from the Ministry
Medical staff	4 Government doctors 10 staff nurses 3 Laboratory technicians
Administration staff	8 members of staff
Key partners	1 Christian Health Association of Lesotho 1 LAPCA representative 1 Red-cross representative 1 Blue Cross representative 1 Lesotho Planned Parenthood Association representative
The Public	12 members of the public

- An in-depth process of enquiry was held with management of the Ministry of Health and Social Welfare through interviews and open discussions. The aim was to assess

and understand the perspectives, views and opinions of management with regard to the problem situation facing the health sector, as well as to understand the initiatives undertaken by the Ministry to address such challenges.

- Extensive discussions were undertaken with both medical, administration and other staff members to share and get their different opinions and worldviews about the general overview of the problem situation; and also to understand how they perceive the whole restructuring process that is currently on-going.

- To gain a deeper insight into the restructuring process of the Ministry, the mentioned external stakeholder who formed partnerships with the Ministry of Health and Social Welfare in addressing different health challenges in the country were also interviewed. The purpose was to get an in-depth understanding of their role, opinions and suggestions as to how they see the challenges facing the health sector, as well as how the prevailing problems can be eliminated.

- Lastly, the process of enquiry was focused on the public who receive the services from different health facilities in the country. The rationale for involving this group of participants was to ensure a high level of participation with regard to finding out about the problem situation facing the health sector.

Stage 2: In the second phase of the enquiry process, a group meeting was held composed of the participants presented in Table 3.4:

Table 3.4   Participants of the Group Meeting

The Participants	The number of participants
Medical staff	1 medical doctor 4 nurses
Administration staff	6 members
Key partners	4 members from different organisations
The public	8 members of the public

Through the facilitation of the researcher, the information obtained in the first phase was explored and used as the key foundation for further discussions in relation to the problem

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situation. In conducting the group meeting, the researcher adopted the same procedures applied in the case of the Lesotho Electricity Corporation. The key purpose of this phase was to integrate the views and contributions that emerged in the first phase of the enquiry process to ensure an overall integrated approach into the problem situation. The contributions that emerged through an iterative process during the discussions were developed into a comprehensive influence diagram, which is presented in Chapter 4.

The application of SSM as the methodology adopted in this study was more evident in this case as the participants were able to:

- Discuss the situation that is considered problematic. In the process, the participants were able to appreciate various factors contributing to the poor performance of the health sector.

- The problem situation of the health sector was recognised and explored in a broad manner, which was expressed through the use of influence diagrams in this case.

- Root definitions were developed that expressed the activities and purposes useful in addressing the problem situation.

- Organisational change was addressed and viewed coherently through the development of possible conceptual models, which were built with a view to improve the problem situation.

- The desirable changes to improve the prevailing problem situation were explored.

In capturing data, the researcher relied on note taking. However, to simplify the process, the participants were requested to link their suggestions together with the use of adhesive Post-it notes, which were put on the wall to form related stories with regard to all the issues that were discussed in relation to the restructuring programme of the health sector.

Stage 3: Follow up meetings were carried out with management of the Ministry, as in the case of LEC. In conducting the follow-up meetings with management, it is essential to

mention that the researcher adopted the same criteria and procedure applied in the case of the Lesotho Electricity Corporation.

Stage 4: To complement the aforementioned stages of the enquiry process, data was also collected through the study of secondary sources of information. The following documents were selected for review:

- Ministry of Health and Social Welfare, 2000.
- World Bank, Lesotho Country Economic Memorandum, 2005.
- World Bank, International Development Association Country Assistance Strategy for the Kingdom of Lesotho, 2006.

3.6   Data Analysis

Before the researcher began the analysis, the data captured during individual interviews and also during group meeting sessions was transcribed into word-processing documents. Thereafter, those transcriptions were analysed in order to make sense of the enquiry. This was done through a systematic process of dividing the data into smaller and more meaningful units. Most importantly, analysis of data in this study was done as a continuous process, which took place throughout the data collection process. What this implies is that, in order to make sense of the enquiry, the researcher constantly reflected on impressions, relationships and connections while collecting data. The search for similarities, differences, themes and ideas formed part of the continuous process. Ultimately, the outcome of the results of the analysis process is a descriptive picture of the two situations under investigation.

3.7   Conclusion

This chapter introduced the method and process of inquiry employed in this study. During the two-year course of study, the researcher came across different research approaches and methodologies applicable to different situations. Had it not been because of that knowledge and experience acquired from her two years of study, she would have approached the research problem differently. However, the method and process of inquiry she employed in this study has been based on a qualitative research approach. The study made use of soft systems methodology as the preferred process of enquiry. To allow participants to share their different views, opinions, perspectives, ideas and concerns on the subject under investigation, the inquiry was conducted through the use of different complementary data collection methods

such as meetings, semi-structured interviews, open conversations and secondary sources of data.

Chapter 4

Findings and Analysis

4.1 Introduction

Managing organisational change through the application of strategic thinking is the key theme of this study. The framework of strategic thinking is outlined in the Theoretical Background chapter, which has been adopted in this chapter as a guide as to what strategic thinking entails. In an attempt to make sense and to better understand how the Lesotho Electricity Corporation (LEC) and the Ministry of Health and Social Welfare (MOHSW) manage change in their respective organisational settings, reference is made to the framework of strategic thinking to a large extent. However, it is important to note that, the presented framework is not intended to be followed as a step-by-step approach, but rather that the enquiry process itself assisted in surfacing and determining whether strategic initiatives employed fall within the presented framework or not.

This chapter therefore reflects on the outcomes of the process of enquiry. The chapter is structured in two major sections. The first section focuses on LEC while the second section is focused on MOHSW. The rationale for selecting these two organisations was that, at present they are both undergoing a process of organisational change.

4.2 Section One: The Lesotho Electricity Corporation (LEC)

4.2.1 Defining the Problem Situation

The restructuring process of LEC was already in its advanced stage at the time of enquiry. Nevertheless, as part of the background to the study, it was imperative that the researcher developed an informed understanding as to why LEC had to undertake the process of restructuring. Individual interviews were held to provide a general overview of what led LEC to transformation. The information captured during the individual interviews was explored further during the group meeting that followed. The wealth of information was shared among the participants from the on-going discussions. In summary, the discussions revealed that the problem situation of LEC prior to the commencement of the restructuring initiative was due to a number of unfavourable challenges, which adversely affected the performance and efficiency levels of the corporation, as presented in Figure 4.1 below:

Figure 4.1   Overview of LEC Challenges
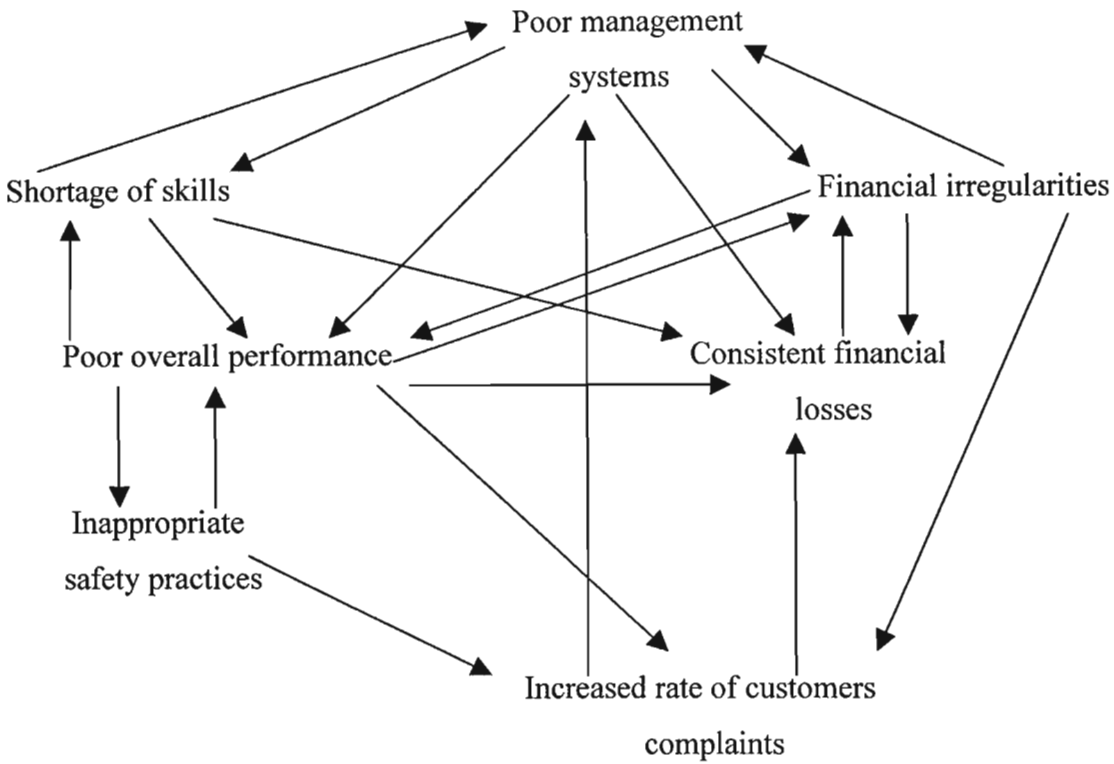
Successful organisational performance may be attributed to an enabling environment within which organisations operate. This was not the case in the Lesotho Electricity Corporation. Based on Figure 4.1, a number of factors are highlighted which necessitated the restructuring of the corporation. This general picture of the problem situation is indicative that the overall performance of the Corporation was negatively affected. It is evident that the Corporation was operating within an environment characterised by many unfavourable interrelated challenges and deficiencies. As a result, the future sustainability of the corporation was very uncertain. In response, the Government of Lesotho intervened through embarking on utilities sector reform project that was focused on the restructuring of the electricity sector to ensure improved service delivery by the corporation.

4.2.2   Key Strategic Initiatives Taken Towards Driving Change and Success in LEC
4.2.2.1 Background Information: Prior to the Restructuring Programme

The general opinion raised during the process of enquiry suggested that, prior to the commencement of the restructuring programme, LEC relied only on prescriptive strategic management practices. However, the experience the corporation went through showed that relying on such practices only was of little significance because the environment in which the

corporation operates is very uncertain, unpredictable, and continuously changing, as a result of factors such as internal organisational problems, fluctuating suppliers prices, unstable inflation rates, high mortality rate, high unemployment rate, unpredictable natural disasters, changing government policies and technological changes.

With regard to the strategic decision-making process, the findings of the research revealed that there was a strong centralised decision making practice within the Corporation, whereby the Managing Director, together with the executive management team (departmental directors) were the chief strategists, whose responsibility was to develop and initiate the key strategic directions and activity plans without the involvement of other lower levels of management. Thereafter, the action plans formulated at the top management level were passed down to the lower levels of management to be implemented.

The performance of LEC continued to deteriorate for many years. The management was faced with a huge challenge to improve the situation. In response, the corporation embarked on developing long-term master plans, which were divided into five yearly strategic plans. To assess progress made by each department against the long-term plans, there was an annual strategic planning session, which was usually attended by the top management level (managing director and departmental directors) together with external consultants. Each year, new action plans were developed to improve the previously formulated ones. Despite this, the initiative failed to improve the problem situation. In their strategic planning sessions, the Engineering, Commercial, Corporate Services Division, Human Resource Management and Financial Division departments used to develop action plans per department through:

- The application of SWOT analysis. SWOT is an acronym for Strengths-Weaknesses-Opportunities-Threats. Through the guidance and facilitation of consultants, each department used to identify analyse and evaluate its strengths, weaknesses, opportunities and threats. However, this activity was carried out by the top management only, without considering the opinions and suggestions of the lower management level and other functional staff.

- Thereafter, feasible strategies and action plans were developed as the outcome of the SWOT analysis.

- Each departmental director was required to make his/her departmental strategies explicit in the form of detailed plans.

The problem situation of the corporation was worse than what was anticipated during the strategic planning sessions. On the ground the corporation was confronted with a multiplicity of problems that were far beyond the capability of the executive management team to handle. Based on the discussions, and drawing from the Lesotho Electricity Corporation Inception Report (2001:13), the key issues and challenges that were identified by IMTF during the inception phase in February 2001, included:

- Weak top management that lacked focus on its core business of supplying electricity on a commercial basis and to expand its customer base.
- Management systems were generally lacking.
- Staff numbers were too high for the size of the utility's operations
- Interfaces between divisions, particularly in terms of customer services were poorly defined, causing operational inefficiencies.
- There was a critical problem of skills shortage, particularly in finance and revenue management, planning and project management, marketing, financial planning and tariff analysis.
- Poor commercial performance was substantial: the billing system had collapsed and as a result, there was no reliable customer database.
- There were shortcomings in the process of connecting new customers.
- Financial information was lacking.
- Poor control of expenditure.
- Poor maintenance of assets.
- Weak communications.
- Low staff morale.

It is obvious that LEC was confronted with many daunting challenges prior to the restructuring programme. In order to improve the overall performance of the Corporation, the managing director together with the executive management team had embarked on traditional strategic approaches, which failed to make any improvements. What was noteworthy about this approach was its exclusion of the lower management level and the functional staff in the

strategic decision making of the corporation. It was the responsibility of top management to develop strategies and action plans, which were required to be implemented by the lower level of management and the staff. This practice is against the principles of strategic thinking, which advocates the inclusion of all management and functional levels in strategic decision making processes. In so doing, different suggestions, opinions, worldviews and experiences are identified and shared among the participants. As a result, various alternative solutions are explored with a view to bringing about a positive organisational change.

4.2.2.2 Strategic Initiatives Undertaken by the Interim Management Task Force (IMTF)

The restructuring of LEC was necessitated by many interrelated factors. The initiatives that were undertaken by management prior to the restructuring programme did not succeed in improving the problem situation. The Interim Management Task Force (IMTF) was therefore appointed to manage and prepare LEC for change. When the interim management commenced its operations, the need for change was obvious. As their point of departure in addressing the challenges that confronted the corporation, the interim management devised a simple conceptual and strategic model for attaining organisational change. The model depicted in Figure 4.2 worked as a guideline from which the Interim Management Task Force developed its improvement strategies.

Figure 4.2   IMTF's Model for Change
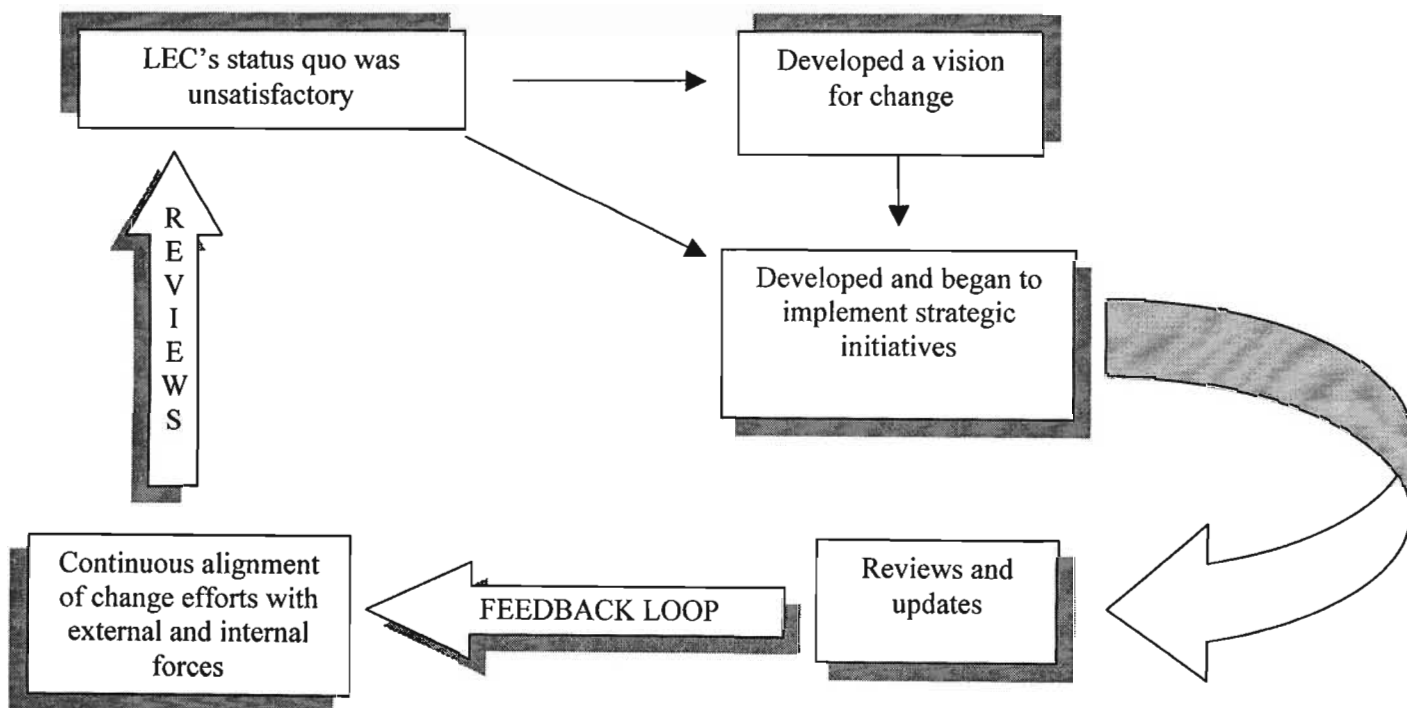
As presented in the model, the key focus of the interim management was on improving the problem situation of the corporation through the development of a vision for change, and through the implementation of strategic initiatives and processes for achieving change. It is important to mention that, in finding out about the initiatives undertaken by the interim management, reference was made to the framework of strategic thinking to determine whether strategic thinking was applied in managing the restructuring programme of the corporation or not. In the process, the following revelations were made:

4.2.2.3   Vision-Building

Since the future of LEC was in the hands of IMTF, the IMTF applied a situational gap analysis approach to assess the feasibility of organisational change. This approach was focused on recognising that LEC was confronted with daunting performance challenges as already presented in Figure 4.1. Against this background, a pivotal task of the IMTF was to bridge the gap caused by different challenges identified as key factors affecting the performance and efficiency levels of LEC. Following a comprehensive recognition of LEC's problems, the IMTF had no choice but to develop a new organisational vision for change and to adopt new and different strategic techniques designed and focused on improving the situation.

Given the deteriorating and unsatisfactory situation of LEC, one of the first responsibilities of IMTF was to communicate the need for change with all the stakeholders, such as government officials, Board of Directors, LEC management and staff, as well as with trade union members. This process was undertaken persuasively with the intention to convince the stakeholders to support and to embrace change of the corporation. The process of convincing the involved parties with regard to the need for LEC to change began with developing a vision for change.

Prior to the transformation process, LEC had a formally written vision and mission statement. However, it should not be assumed that either the vision or the mission statement were understood in the organisation. Thus, together with the mentioned participants, the interim management developed a new vision of the future state of the corporation reflecting its strategic intent. The reason for developing another organisational vision for change was that a clear and well-understood vision for change guides people in the right direction as it presents an image of the future that organisational members find appealing. As the literature review

suggested, a vision for change serves as the key foundation from which to develop specific strategies towards improving organisational performance. Therefore, the initiative that was undertaken entailed holding workshops with the facilitation of the IMTF whereby:

- Data was collected and analysed regarding the need for organisational change. This initiative was conducted as a joint effort between departmental heads and a committee within the corporation that was given the responsibility to communicate and liaise with all the involved parties about the need and the purpose of developing a shared vision for organisational change.

- Focus was on both the external and internal environments of the corporation.

- New expectations were formulated about how the corporation would be different in the future.

- Through dialogue, key behaviours required from management and employees in order to achieve the expected change were explored.

- The process identified unacceptable behaviours that needed to be eliminated in the future.

- In order to make the vision valid, the process identified, discussed, and agreed upon best practices against which to measure success.

Drawing from the findings, the LEC's vision for change was developed as the outcome of the above-mentioned workshops. It is important to mention that the workshops were undertaken in different stages. The whole process took approximately four months before the actual development of a vision was attained. Much of the delay was caused by reluctance by some of the staff members who did not want to participate in the vision-building workshops. Although their input and participation was required, they thought vision-building was waste of time, and their reluctance to participate delayed the whole restructuring process. As a result, it took a longer time to convince them to see the need for such a process. Another factor that contributed to the delay was that people were not used to the practice of being

consulted with regard to any issues relevant to the organisation, and were uncomfortable to disclose their views. Nonetheless, despite the reluctance that was initially shown, the ultimate goal was attained.

As indicated in IMTF's model for successful change in Figure 4.2, the next phase in the transformation process was to develop and undertake different strategic approaches to transform the vision into actual organisational change. In the following section, the discussion focuses on the strategic approaches adopted in managing the restructuring programme of LEC.

4.2.2.4   Systems Thinking

Carrying out LEC's organisational strategic change-processes became a shared responsibility from the level of the Government of Lesotho to the level of trade unions. Participation and decision-making from different, but interrelated stakeholders displayed a high level of support and commitment from all the concerned parties because they all had a better understanding of the common purpose of the transformation process. The roles played by different stakeholders are depicted in Table 4.1:

Table 4.1   Roles Played by Different Participants in the Organisational Change Process

Participants in the Change-Process	Roles Played
Government	• Initiated organisational transformation.
Donor Community	• Financial assistance.
Board of Directors	• The Director and the IMTF team report direct to the Board of Directors. • They participated in the decision making process with regard to organisational change-process.
Director and IMTF team	• Both the Director and the IMTF team work as a team in decision-making processes. • They encourage participative and integrated communication throughout the organisation. • They encourage strategic ideas to come from all staff members in the organisation.

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	• They encourage and support commitment from all the staff members. • They encourage and support staff training and development. • The overall management of LEC and organisational change is their hands.
Departmental Heads	• They participate in organisational strategic decision-making processes. • They work closely with top-management and with the staff members. • They are facilitators of organisational strategies.
Employees	• They take part in departmental idea generation and development. • They implement different tasks per department.
Customers	• Strengthening customer relationships.
Trade Unions	• Encouraging and supporting labour relations.

When LEC commenced its transformational change, it found it imperative to take into consideration that the success of the restructuring programme relied not only on the participation from the internal environment, namely, the organisation and its employees, but also on the participation from the external environment. This external environment included the government, the donor community, customers and trade unions. The IMTF team applied an inclusion approach as one of its strategic approaches, which considered the participation of both the external and internal elements to be part of the problem solution. By so doing, the IMTF team facilitated an integrated approach towards identifying critical issues, as well as accommodating different viewpoints, opinions and suggestions as the basis for change and improvement. The significance of both the external and internal elements in the restructuring process are briefly explored below:

(a)   LEC's External Environment

During the inception phase of the restructuring programme, one of the key responsibilities of the IMTF had been to share responsibility with the donor community, customers, trade unions and other external parties with regard to the transformation of LEC. Their participation and involvement was essential in creating and maintaining an environment supportive of change.

In particular, keeping customers fully involved, and sharing information and responsibility with them gave the IMTF team the best opportunity to learn more about their complaints and needs. An example of such initiatives is that, regular meetings were held between LEC staff and customers from the initial stage of the transformation process. For instance, during July 2001, the customers expressed increasing dissatisfaction with the IMTF's performance in improving the LEC's commercial, financial and technical operation. Thereafter, clarification meetings took place with the customers. Management of LEC (IMTF inclusive) addressed the concerns of customers by giving them feedback on the progress made. The challenges that the management team came across during the inception stage were also shared with the customers. This initiative was very useful to both parties in laying the foundation for agreement on delivery expectations (Lesotho Electricity Corporation Progress Report, 2006). It is important to note that since 2001 up to the time of enquiry, communication channels have been strengthened and regular meetings have been, and are still continuing to be held between LEC staff and customers in all the ten districts served by LEC. The input and feedback obtained from customers helps the IMTF team to remain strategically flexible to changing circumstances. This practice is in line with the literature that strategic thinkers require their organisations to know as much as possible about their customers, especially what they value and why they value it.

Trade unions are mentioned as another essential element outside of LEC corporate structure or system, but which constitute the LEC environment. The participation of trade unions in the restructuring process of LEC was considered crucial by the management team. More than 50 percent of LEC staff have been, and are still members of National Union of Retail and Allied Workers (NURAW). Therefore, it was imperative that trade unions had a clear understanding of the problem situation of LEC prior to, and during the restructuring process. IMTF team had to work with NURAW as their strategic partner in all issues that were likely to affect the staff.

The participation of NURAW during the process of down-sizing was found very significant. It is a common practice that trade unions defend their members during down-sizing or retrenchment processes. However, prior to the down-sizing process, the IMTF consulted NURAW concerning the problem situation confronting LEC. The key reason for consulting NURAW was that restructuring is always a sensitive issue, particularly when it involves retrenchment or down-sizing processes. Procedures and criteria concerning the retrenchment programme were also negotiated and formalised. In total, 164 staff members were retrenched.

One of the selection criteria for retrenchment was to outsource non-core activities where external service providers could deliver cost-effective services. Counselling services were extended to all retrenched employees to prepare them psychologically for the transition following a retrenchment decision. Where possible, assistance was also provided in finding new employment. Basic training was given in business enterprise and entrepreneurship development to train retrenchees in small business development (Lesotho Electricity Corporation Inception Report (2001). According to the findings NURAW was part of the whole restructuring process. Most importantly, both LEC and NURAW are still continuing to work together in support of the overall objective of LEC.

The role of trade unions within the restructuring process was explicit. Their involvement in the process facilitated a better understanding of the problem situation, as well as a better understanding as to why it was necessary to down-size. As a result, the process of retrenchment was supported by both parties and was also managed in an orderly manner.

As initially mentioned, the role of the Government in the restructuring programme has also been outstanding from the onset. During the 1990s, there was a rapid and significant deterioration in the performance of Lesotho Electricity Corporation. By the year 2000, LEC had become associated with a number of unfavourable characteristics, including operating inefficiency, substantial technical and non-technical losses, substantial financial losses, high operating costs and an inability to expand the network in response to increasing demand for electricity (Lesotho Electricity Corporation Inception Report (2001).

To improve service delivery, the Government of Lesotho embarked on a Utilities Sector Reform Project supported by International Development Association (IDA – World Bank group), and the African Development Bank (Donor community). The objective of the project has been to improve the provision of utility services with the involvement of the private sector, and in the process to improve essential infrastructure for businesses. The low level of utility service coverage in Lesotho has been identified as a major impediment in promoting local private sector development and to attracting private investment (Lesotho Utilities Sector Reform Project, 2005).

(b) LEC's Internal Environment

It was the intention of the management team that the change process to be managed using a more participative and collaborative systems approach than a directive approach. Amongst the first initiatives taken by the IMTF team was the creation of awareness within the organisation of the interrelatedness and interdependence of all the departments, and the impact that each department has on another.

The inception period of the restructuring process was particularly challenging in terms of quickly grasping the multitude of problems and issues facing the corporation and the IMTF team. While the inception phase had pointed to a number of key areas with major deficiencies, the situation facing the team was found to be even less favourable than expected. For instance, in the beginning, some departments tried to compete with each other, individually attempting to maximise their influence in the organisation, to the detriment of other departments. The IMTF strongly discouraged this. The IMTF team had to work hard to encourage all the departments to look at departmental problems as integrated, organisational problems that required integrated solutions from all the departments within the organisation, rather than considering them as isolated departmental problems. The intention of IMTF team was to enhance a more collaborative way of approaching the problem situation facing LEC.

However, in addressing the problem situation, the preferred approach by the majority of the departmental management was to address the problems individually per department despite the fact that the problem situation of LEC was an outcome of departmental problems that were interrelated and connected to other problems in other departments. To support this observation, a given example is related to the Corporate Services Division department, which did not have adequate and reliable Information Technology Systems in place. This problem had a direct impact on other departments. For instance, the Commercial division was unable to capture reliable customer information with regard to customer billing, revenue collection billing queries, metering installations and handling of faults. As a result, customers lost confidence in LEC. The Engineering Division was also adversely affected by the lack of reliable information from the Commercial division. It was the responsibility of the Commercial division to gather and record information required by the Engineering division on maintenance of faults and new installations. However, the Engineering division was not able to get any adequate information from the Commercial division due to the poor information technology systems in place. The Financial Management division was also

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affected as none of the financial systems in use had information technology support. Financial management accounts were done manually. As a result, financial accounts were subject to major uncertainties as it was difficult to reconcile accounts accurately, resulting in numerous customers and other departmental queries.

Although it is evident from the above example that the problems of LEC were interrelated, the discussions revealed that most of the management of the individual departments preferred to address their individual departmental problems separately. The reasons for their approach were based on the following premises:

- The integrated problem-solution preferred by the IMTF was difficult to apply in practice. The fear shown by most of the departmental managers was that the new model was going to create more chaos and confusion within the corporation instead of improving the situation.

- It takes time to change any organisational culture, which in this case is referred to a particular way of thinking and doing things within an organisation. The attempt to adopt a new organisational culture was doomed to failure due to the circumstances that prevailed. What was required was a systematic way of addressing problems per department, not to approach them jointly. The approach suggested by the IMTF was going to create confusion within the corporation, therefore cause some unnecessary delays in improving the situation.

It is therefore evident from the above findings that the IMTF team was keen to introduce a more collaborative approach in addressing the problem situation of LEC by encouraging the different departments to jointly appreciate problems that prevailed as interdependent and linked. However, instead of looking at solving organisational problems in a more integrated manner, the departments preferred to continue with their usual practice of addressing the various problems within the corporation departmentally. Clearly, this practice falls within the principles of reductionist thinking which discourages collective analysis of problem situations within organisations. As a result, problems within organisations are not identified and addressed as integrated organisational problems requiring integrated problem solutions, but rather are identified and dealt with as independent problems that occur within each department. The problem with this practice is that departments become competitive with each

other. Another problem that is likely to occur relates to organisational conflict caused by other departmental inefficiencies. For example, if the Financial division is slow or incompetent when dealing with financial requirements of other departments, conflict will occur between the involved departments. However, if all the interrelated departments were to address their problems jointly, more understanding of issues would be facilitated.

A conclusion that can be drawn on the above discussion is two-fold. Firstly, it is evident that through the facilitation of the IMTF team, participation of the external environment was considered and facilitated in the restructuring programme of LEC. This initiative of involving the key external stakeholders in the organisational change process, reduced resistance to change significantly from the external environment. The approach had a direct positive impact on the restructuring process as the level of support and commitment from these external parties to embrace change was enhanced. From the perspective of strategic thinking, this participative approach adopted by the interim management is in line with the principles of systems thinking. In systems thinking, strategic thinkers see the linkages in the system from multiple perspectives and understand the relationship among the different members of the external environment. Hence, when organisations go through change, strategic thinkers must keep in mind that change requires fit between and among all aspects of the web of relationships, in support of the overall objective of the whole system (Haines, 1998). By using this holistic and joined-up approach, the interim management managed to handle LEC's change process in a more comprehensive and profound way.

Secondly, when focusing on the internal environment, in relation to the issue of addressing the problem situation of LEC, it is evident from the discussion that although the IMTF team tried to enhance the integrated and collaborative approach, this initiative did not receive sufficient support within the management structure of the corporation. Thus, from the perspective of strategic thinking, a conclusion that can be drawn in this case is that, systems thinking surfaced as an issue that was not explored due to lack of support.

4.2.2.5   Organisational Learning

At the time when the IMTF commenced its operations, the culture of learning within the corporation was non-existent. In seeking to understand and to determine the depth of the problem, LEC conducted an assessment study, which was largely focused on assessing the

need to bridge the gap, as well as to identify the appropriate strategies required to enhance both the organisational learning as well as training and development within the corporation.

Organisational analysis was the first step undertaken to identify the key areas of concern with the key focus on determining why the culture of learning was non-existent within LEC. The findings of the assessment study revealed that, although learning is a critical aspect to organisational success, in the case of LEC, there was no information to indicate that management was keen and committed in creating an environment that encourages organisational learning within the corporation. Management did not view organisational learning as a priority in addressing the problem situation that prevailed. As a result, there was lack of interest to encourage employees to explore new possibilities developed from newly acquired knowledge or even acquired from experience.

Another dimension of the organisational analysis was to identify the type of training required, as well as to determine its appropriateness given the organisational situation. Following this step, another key focal area of the assessment study was specifically focused on employee analysis, which was carried out to determine whether performance deficiencies within LEC resulted from a lack of capacity to perform, or not. The results identified that a gap between employees' current performance and their expected performance was largely caused by an inability to perform due to lack of knowledge and skills within the corporation. The results of the study further revealed that the general poor performance was reflected by a high rate of accidents caused by unsafe practices when handling dangerous electricity equipment, as well as an increasing rate of customer complaints.

The assessment resulted in identifying the performance gaps that prevailed within the corporation, with the key focus on improving the climate of learning. Also, the needs assessment further provided valuable information by identifying the people who required training, and the type of training to improve the situation of LEC.

In response, the IMTF team took an initiative of facilitating a learning community within the corporation through team-working. As one of their priority focal areas, the IMTF encouraged collaboration and learning whereby all staff members were encouraged to learn collectively as a team in pursuit of the success of the restructuring programme, which is dependent on their ability to work as one integrated unit. Although it was not an easy task to accomplish, the

ultimate result was that, most of the staff members ended up eager and keen to learn from one another through dialogue and the exchanging of ideas, worldviews, experiences and best practices. In so doing, the IMTF facilitated a culture of team learning as well as creating a sense of connectedness among the staff members. The primary purpose for creating and for facilitating a learning community within the corporation was therefore to create conditions where continuous growth and development is encouraged.

Through the facilitation of the IMTF, both departmental managers and employees acquired knowledge from the provision of job-related training, and also by attending and participating in workshops, seminars and conferences, which were largely related to improving their competency levels. The provision of job-related training was focused and developed around content considered significant to enhance job performance and organisational effectiveness. Substantial amounts of money continue to be spent on training every year. This is indicative of the commitment of LEC in investing in skills knowledge and development of its people. The discussion with the participants revealed that, both management and staff acknowledge the significant impact that the different training programmes have already had in the organisation. The benefits are evident as improvement in performance is experienced across the organisational spectrum.

Based on the above discussions, it is evident that organisational efficiency and effectiveness cannot be achieved without enhancing the skills, expertise, talents, and intellectual capital of all organisational members, which can only be accomplished if the proper learning climate is facilitated and enhanced in organisations (Holton *et al.*, 2003). This is clearly evidenced in the case of LEC. According to the above findings, the management of LEC created a learning environment that continues to encourage change within individual employees. This has been achieved through creating an environment conducive to learning by focusing strategic efforts and resources on enhancing the talents, skills and knowledge of employees for the purpose of improving the situation that prevailed. Therefore, from the strategic thinking perspective, a conclusion drawn is that the interim management team worked hard to encourage and to facilitate organisational learning within the corporation. By so doing, learning within LEC was encouraged to become an important part of the organisation.

4.2.2.6 Complex Adaptive Systems

The concept of organisations as complex adaptive systems is based on the premise that organisations operate in an unpredictable and changing world, which requires them to develop adaptive strategies and vary their behaviours according to changing circumstances. In the current case, the question that remains is whether the Lesotho Electricity Corporation behaves like a complex adaptive system or not in pursuit of the restructuring program.

In addressing the above question, the findings revealed that when the IMTF team commenced its operations, the traditional planning approach to strategy was dominant within LEC. The planned strategic efforts were the most obvious form of strategic management. In essence, this perspective views organisational change as occurring through an intended strategy attained by analysis of the problem situation and through generating a sequence of procedures towards improving the status quo of the organisation to a desired and defined outcome or position. In the case of LEC, it was clearly indicated initially that this practice failed to improve the poor status quo of the corporation.

From this experience, the IMTF team acknowledged that the practice of traditional strategic planning alone was not sufficient. In their strategic management practice, the IMTF team worked hard to incorporate both the traditional strategic planning with the emergent adaptive strategic approaches when required. The rationale was based on the premise that, depending on the circumstances, both approaches were found to be two interrelated processes that are complementary to each other. Hence, the corporation required them both for the effective strategic management of the organisational change process.

Drawing from the discussions, the plan of action focused on achieving transformation of the corporation was divided into weekly, quarterly, half-yearly and yearly plans. Although the corporation has periodic or calendar-driven plans (from weekly to yearly) in some instances, organisational goals were not realised according to the agreed plan of action due to the unpredictable and the uncertain nature of the environment in which the corporation operates. In such events, LEC took active initiatives of adopting emergent approaches as a way of adjusting its strategic approach to environmental conditions. By so doing, LEC attempted to develop, amend, and act upon its own interpretation of its circumstances. This approach is in line with complexity thinking which suggests that, organisations are complex adaptive systems that operate in an unpredictable and changing world, requiring organisations to

develop capabilities to change and vary their behaviours according to changing circumstances. In order for organisations to cope with increasing complexity, change and diversity, it is essential that they continuously manage the increasing rate and intensity of change by developing and maintaining adaptive transformational change strategies.

The key point to recognise from the above paragraph is that, the type of strategic approach that LEC adopted is determined by both organisational and environmental factors. Therefore, by recognising that there are certain factors that constrain managerial strategic choices, one is acknowledging that both the traditional planning approach and the emergent approach have much to offer (Burnes, 2004). It is worth noting that strategy should not be seen only as a rational preconceived process geared towards predicting the future through following detailed set of steps for achieving organisational goals, but should be considered as a flexible strategic tool that increases the propensity and likelihood of organisations to adapt to changing circumstances towards creating and shaping the future.

To achieve more effective future performance of the corporation, information concerning all the corporation's departments was gathered through weekly, monthly, to quarterly update meetings, feedback forums, interactive conferencing, and team problem solving sessions, depending on the circumstances, activities and action plans. The reason for gathering information on such a regular basis was to track any changes in the transformation process. Reflective reviews and updates were maintained to determine whether the corporation was able to achieve and to maintain its strategic goals or not. The advantage of undertaking this activity was to enable management to get feedback on key changes and also to provide the ability to identify staff concerns. Often, if there were any departmental problems encountered, both the interim management, heads of departments and other members of the organisation got to know the root of problems.

Therefore, in concluding this section, one can suggest that through the management of the IMTF team, the Lesotho Electricity Corporation is behaving like a complex adaptive system in its endeavours towards organisational change. A key challenge that was facing the IMTF team was to lead the Lesotho Electricity Corporation as an adaptive organisation with the ability to sense and adjust its strategic approaches to fit circumstances at hand. From the perspective of strategic thinking, this practice is in line with the concept of complex adaptive systems.

4.2.2.7   Scenario Planning

Although the literature reviewed suggested that the purpose of scenario planning is to develop and explore alternative futures in uncertain environments, and to evaluate the robustness of the organisation to withstand the impacts of such events, the process of enquiry revealed that scenario planning is not applied as a strategic tool within the Lesotho Electricity Corporation. Rather, the corporation relies on a contingency planning approach. This approach is based on the assumption that, during emergencies, there are certain pre-planned procedures or steps developed by management that organisations are required to follow in order to respond to such events, while trying to minimise their impact. What this implies is that, a precautionary plan is put in place in advance to guide any procedures to be undertaken during the times of eventful emergencies or disasters.

This approach is based on linear thinking, which assumes that organisations operate in relatively predictable environments. Developing responsive plans and strategies prior to the occurrence of any emergency or disaster, suggests that the type and the impact of such events are known in advance or can be predictable. Unfortunately, the real world does not work in this linear way, and is predominantly non-linear and characterised by uncertainty and unpredictability. Viewing organisations as non-linear systems has major implications for how uncertainty and change is dealt with at organisational level. Based on the literature, the future is always uncertain. For this reason, the multiple scenario planning approach is one of the most effective ways that management can use to maintain flexibility and preparedness in coping with unpleasant surprises, and in coping with the increasing rate, intensity and complexity of change.

4.2.3   Key Indicators of LEC's Successful Change Initiative

The process of improving LEC's performance and service delivery is on-going. The above section has provided an overview of the key strategic initiatives undertaken to address the daunting challenges that prevailed within the corporation prior to and during, the restructuring process. It is worth mentioning that at the time of the enquiry, significant and visible performance improvement with regard to operational efficiency, service delivery and customer satisfaction were being realised.

Remarkably, most of the credit is given to the strategies for change that had been adopted and applied in managing the corporation's restructuring/transformation process. Based on the

discussions, and drawing from the following reports: Lesotho Electricity Corporation Annual Report (2004/05) and Lesotho Electricity Corporation Progress Report (2006), performance improvement was significant and visible in the following departments:

4.2.3.1 Engineering

As mentioned earlier, the core activity of LEC is to provide reliable electricity services to as many people as possible. However, during the financial year 2002/2003, not much progress was made with regard to new service connections. The total number of new connections realised during that time did not exceed 500, and the situation was even worse in previous years. Nevertheless, as presented in Table 4.2, during the financial year 2004/2005, a total of 4 534 new service connections were made under Phase 1 Electrification Project. That increased the percentage household connected to about 12 percent from a level of 5 percent in 2001.

Table 4.2   Phase 1 Electrification Projects

Nth	Domestic	General purpose	Commercial	Industrial	Total made in month	Cumulative Total
April –04	301	36	1	2	340	
May – 04	483	29	1	1	514	
Jun – 04	414	11	0	3	428	
Quarter Total	**1 198**	**76**	**2**	**6**	**1 282**	**1 282**
Jul – 04	380	15	1	5	401	
Aug – 04	345	43	0	0	388	
Sep – 04	385	21	1	0	407	
Quarter Total	**1 110**	**79**	**2**	**5**	**1 196**	**2 478**
Oct – 04	331	11	1	3	346	
Nov – 04	339	28	0	2	369	
Dec – 04	420	53	0	0	473	
Quarter Total	**1 090**	**92**	**1**	**5**	**1 188**	**3 666**
Jan –05	227	60	0	1	288	
Feb – 05	261	13	0	1	275	
Mar – 05	273	30	0	2	305	
Quarter Total	**761**	**103**	**0**	**4**	868	**4 534**

Source: Lesotho Electricity Corporation Annual Report (2004/05)

The second electrification project commenced in April 2005. At the time of the enquiry, the Phase 2 Electrification Project was already in progress. As presented in Table 4.3, it is evident that LEC was once again recording another successful phase with respect to new service connections. The figures indicate significant progress and a steady growth in the number of connections made from April 2005 to September 2006. In total, the number of new service

connections under both Phase 1 and Phase 2 Electrification Projects is 10 347 as depicted in Table 4.4. It is worth noting that the Phase 2 Project was not complete at the time of enquiry.

Table 4.3   Phase 2 Electrification Project

Month	Domestic	General purpose	Commercial	Industrial	Total made in month	Cumulative Total
April – 05	268	45	1	2	316	
May – 05	302	30	2	1	335	
June – 05	261	10	1	3	275	
Quarter Total	**831**	**85**	**4**	**6**	**926**	**926**
July – 05	366	22	0	4	392	
Aug – 05	311	32	2	0	345	
Sept – 05	254	10	1	2	267	
Quarter Total	**931**	**55**	**3**	**6**	**995**	**1 921**
Oct – 05	270	13	0	1	284	
Nov – 05	288	16	0	2	306	
Dec – 05	264	27	2	3	296	
Quarter Total	**822**	**56**	**2**	**6**	**886**	**2 807**
Jan – 06	292	54	1	2	349	
Feb – 06	344	28	2	2	376	
Mar – 06	306	32	1	1	340	
Total Quarter	**942**	**114**	**4**	**5**	**1 065**	**3 872**
April – 06	273	36	0	1	310	
May – 06	264	29	2	1	296	
June – 06	244	12	1	0	257	
Quarter Total	**781**	**77**	**3**	**2**	**863**	**4 735**
Jul – 06	336	28	1	2	367	
Aug – 06	307	13	0	1	321	
Sept – 06	358	30	1	1	390	
Quarter Total	**1 001**	**71**	**2**	**4**	**1 078**	**5 813**

Source: Lesotho Electricity Corporation Progress Report (2006)

Table 4.4   Connections of Phase 1 and Phase 2 Combined

Phase 1	Phase 2	Cumulative Total
4 534	5 813	10 347

According to the findings, these two electricity connection projects were achieved through a combination of individual applications to LEC, implementation of World Bank and African Development Bank (AFDB) financed projects, and through electrification projects financed by the Government of Lesotho. During the fiscal year 2004/2005, the engineering department made further significant improvements in an effort to improve and to bring about change to LEC customers in comparison to previous years. The changes were as follows:

- Implementation of fault crews. This entailed the establishment of crews that operate on a 24-hour cycle to minimise down time on the distribution system.

- The establishment of separate faults teams to improve the response times to faults in the Maseru area, which is an LEC major load centre. The central maintenance teams provide backup to the faults teams for the major distribution network breakdowns.

- The transmission service delivery target of system performance availability set at 97 percent was successfully achieved.

4.2.3.2   Commercial Division

Statistical Metering Project: The Statistical Metering Project was successfully implemented during the financial year 2004/2005, which was used as a basis for deploying inspection teams to undertake spot checks at all areas with high meter tampering levels. A total of 29 high-risk areas were identified and appropriate modifications were implemented to the analysis software to enable separate reporting on these areas. All the 225 meters identified had been installed by end of year and this included 29 meters for high-risk areas. The software program for data analysis had been customised to determine losses by voltage levels.

Electricity Vending Sales Agents: Electricity vending through the sales agent concept was successfully implemented at 5 pilot sites in Maseru, Roma, Quthing, Morija and Mapoteng. This project was intended to complement the already existing service centres throughout the country.

Intensive training was given to the agent's representatives on the use of the system. Positive feedback on the concept of sales agents has been received and requests have been received for consideration on appointing more. Management has responded by deciding to appoint more agents in the next financial year. This has alleviated the problems of frequent breakdowns of some automated vending machines.

Credit Control: A review of the policy on collection of estimated illegal consumption and imposed penalties for tampered/illegal connections was undertaken and implemented during the year. The corporation managed to reduce illegal activities, and revenue collection improved.

Marketing: The community liaison office worked closely with the planning department of the Engineering Division in the verification of about 2 470 customers who had not been connected despite having paid deposit to LEC in the last three years. In addition, the office undertook a house-to-house marketing exercise, and identified a further 2 000 customers to be connected. The marketing department, through the customer education office also continued to educate customers throughout the country by means of various forums on the safe use of electricity.

4.2.3.3   Corporate Services Division

Information Technology: The year 2004/2005 is declared as the transformation period that changed the face of the LEC Information Technology department. This is demonstrated in the role that the department began to play as an IT service provider to its customers, and the manner in which other LEC business units perceived the department's role in enabling strategic business progress for improved service delivery to the customers.

In 2004, LEC engaged a consultant to work jointly with the IT department to carry out broad based consultative discussions with all information technology stakeholders. The end product of these discussions and consultations was the IT Strategic Plan that was finally adopted by the Board. Subsequent activities within the department are in line with the recommendations contained in the plan. The following are a selection of major projects and activities contained in IT strategy:

- Improvement of back-up systems
- A disaster recovery project
- Automating data collection and updating
- Restructuring of the IT department
- Improving network links to branch offices
- Upgrading of several software applications.

A number of systems upgrades were carried out, the major ones being the installation of a capacity tape library to ensure enterprise backup of all servers, including business critical workstations. The IT department, as a technical partner played a leading role in drawing up the configuration and working through the sales agents pilot project. The implementation of

sales agents project became the first online transaction on a real-time mode in the history of LEC transactions processing.

Outsourced Serviced: In an effort to enhance provision of other administrative services to the corporation, other contracts were entered into. These included, Managed Maintenance Contract with Imperial Fleet services, and an agreement with Excel Petroleum to supply fuel for both Maseru and all LEC branch offices. A few other contracts were entered into for the provision of other administrative services.

Transport: A transport committee was established to address cases of accidents and incidents that occurred to LEC vehicles. The committee started work with a backlog of cases dating back to 2002. During its term of office, the committee noticed a reduction in accidents. This was a positive sign indicating some sense of responsibility on the part of staff.

Public Relations: Public Relations department continued to play a vital linkage role between the customers, the public and the corporation in terms of keeping customers informed through the dissemination of crucial information. Follow-up of customer queries and complaints improved, and the department aims to improving response times even further.

Corporate Responsibility: Corporate responsibility activity showed a positive momentum during the financial year 2004/2005, which saw more than M59 000,00 offered to 12 charitable organisations. An award to the best student performer in Mathematics and Physics of the National University of Lesotho was made, and a sponsorship was offered to the best first year electrical and electronic engineering student of Lerotholi Polytechnic.

Internal Communication: A bi-monthly internal newsletter is produced and circulated. The board, management and staff are regularly informed of developments through this internal communication channel. To improve distribution, the newsletter is also available on the intranet.

Procurement Departmental Structure: A new structure has been implemented for the smooth running of the procurement department. Two new salient features of the departmental structure has been the appointment of the qualified stores clerks to manage the satellite stores

at LEC branch offices. The second feature has been the establishment of three sections within the department, namely the Stores, Purchasing and Procurement sections.

Another milestone for the procurement department was that the personnel in the department successfully conducted the annual and mid-year stock-takes on their own without the assistance of external consultants. This saved the corporation substantial financial resources and served to enhance the skills of all staff in the department.

Adequate supply of materials at the main store was maintained throughout the year, enabling and the engineering division to meet its electrification obligations to the applicants on time, as well as facilitating maintenance of networks and response to emergencies.

4.2.3.4 Human Resources Management

Performance Management: In an effort to achieve better corporate performance, the Human Resources (HR) department continued to provide training, especially to the lower staff levels of the LEC management structure. In April 2004, supervisors and team leaders attended a refresher course on developing performance contracts and carrying out performance reviews. Subsequent to that, performance contracts covering the period April 2004 to March 2005 for all employees were submitted. In July and August 2004, the HR department participated in a countrywide tour to assist managers and superintendents to finalise the performance reviews for all their subordinate staff. By end of August 2004, all performance reviews of districts employees and head office staff were available.

The performance management system has experienced some limitations due to lack of understanding of the value of the system to the operations of the corporation by some members of staff. This prevented the smooth implementation of the system. However, in March 2005, the management of LEC took a decision that the performance management system must be implemented for the top 35 positions of the organisation. This resolution was arrived at following an observation that the system had been cascaded to a large number of employees too quickly before it was fully comprehended at the top and middle management levels.

Incentive Bonus Scheme: New targets covering a period of eighteen months from April 2003 to September 2004 were developed. These were directly linked to the corporate plan of the

corporation, and were intended to further inculcate the performance culture at all levels of LEC. They were also used to ensure that financial rewards in the form of bonuses are linked to measurable targets. The new targets that were agreed upon were set on the basis of the following deliverables:

- New connections per months
- Availability of key materials for new electricity connections
- Reduction in the number of debtor days
- Sales per staff
- Costs per staff
- Operating profit margin
- Number of customers per employee

Following verification of the report on the achievements of the targets by the internal auditors, a report was submitted for approval, and that resulted in payment of 87 percent bonus of the basic monthly salary to each employee. By so doing, the overall organisational performance has steadily improved.

Training and Development: The corporation continued to invest in its human capital. Training interventions were carried out both internally and through sending staff out for training. One of the most critical training interventions that took place in October 2004 was the Operating Regulations of High Voltage Systems. This training was vital for LEC staff as it encompasses rules, controls, regulations and authorisation procedures and accountability in respect of both the access to and operation of LEC substations, control centres and transmission and distribution equipment. The long-term benefits of this course are that it defines the guidelines and clarifies the roles and responsibilities of each member of the personnel in their respective areas of work, and it includes important and critical elements with regards to safety, both for the personnel and transmission and distribution equipment.

Customer care remains an important feature in annual training interventions. All customer services staff at clerical and cashier levels attended an intensive customer care training courses in 2004 and during the 2005. This training is meant to enhance their interactive skills with customers as well as improve accountability in money handling and attendance to customer queries. Other critical training programmes included the following:

- Tariff setting and financial modelling
- Alternative Dispute Resolution
- Power Systems Control
- Finance for non-finance managers
- Project Management.

Workforce Discipline: Workplace discipline was identified as one area of concern for the successful attainment of corporate objectives. As a direct response, HR through its Industrial Relations Section organised and successfully held a number of training workshops and meetings to educate staff and train supervisors and managers to address issues related to workplace discipline. These sessions have had a positive impact as seen in staff behavioural change across the corporation and the ability demonstrated by several supervisors and managers in handling disciplinary matters.

4.2.3.5 Financial Division

At the time of enquiry, the financial results for the financial year 2005/2006 were not yet ready for public disclosure. Nevertheless, the results for the financial year 2004/2005 were available. Table 4.5 below presents the Income Statement for the year ended 2005.

According to Table 4.5, at the end of 2005, the corporation made a remarkable financial improvement despite the fact that at the end of 2004, the corporation had an accumulated loss of R43 012 941.00. At the end of 2005, the accumulated gross profit was R63 472 695.00. However, the accumulated profit was affected by the incurred loss from the year 2004. The implication of that loss means that the total amount of the retained profits at the end of 2005 was R20 459 754.00. However, even though the profits at the end of 2005 were affected by the previously accumulated loss, it is evident from the figures that the corporation is on the path to profit.

Table 4.5   Income Statement of LEC for the year ended 2005

	2005	2004
	Rands	**Rands**
Gross revenue	160 300 920	133 019 027
Cost of sales	70 720 908	65 071 721
Gross profit	89 580 012	67 947 306
Other income	5 023 448	15 581 085
Operating costs	101 008 936	89 060 260
Operating loss	(6 405 476)	(5 531 869)
Interest received	1 549 244	2 839 869
Net finance costs	(1 151 308)	(4 252 688)
Loss before taxation	(6 007 540)	(6 944 688)
Transfer from non-distributable reserve	(69 489 235)	-
Retained profits/(accumulated loss) for the year	63 472 695	(6 944 688)
Accumulated loss at beginning of year	(43 021 941)	(36 077 253)
Retained profits /(accumulated loss) at end of year	**20 459 754**	**(43 021 941)**

Source: Lesotho Electricity Corporation Annual Report 2004/05

In conclusion, the researcher would like to mention that, despite the daunting challenges that LEC was faced with prior to, and during the restructuring process, it is evident from the above success indicators that the corporation achieved visible improvements in operational efficiency, service delivery and customer satisfaction. Above all, LEC sustained profitability as shown in the income statement for the year ended 2005. Based on this, the management of LEC declared the year 2004/2005 as been the beginning of their transformation period.

4.2.4   Conclusion

The pressure on organisations to change is inevitable, forcing them to be subject to continuing and continuous change. This transition must be managed effectively, regardless of whether is proactively initiated or as a response to environmental turbulence. Change requires a series of actions on the part of management to circumvent any adverse consequences that may arise, if goals are to be realised (Van Tonder, 2004). Therefore, a conclusion that can be drawn based on the above findings is that the drivers of change in organisations can be multifaceted. In response, organisations continually search for ways to improve the efficiency and effectiveness of their service delivery. In the case of LEC, the deteriorating performance forced the corporation to transform in order to improve service delivery and to increase access to electricity.

By reflecting on the findings of this study, Lesotho Electricity Corporation has been subjected to a state of transformation through a restructuring process. The core activity of LEC is to provide reliable electricity services to as many people as possible in Lesotho. However, LEC has been associated with a rapid and significant deterioration in performance prior to the restructuring process. In an effort to address the significant deterioration, the Government of Lesotho, together with other stakeholders, engaged the interim management team to improve the poor performance of the corporation. The interim management commenced its operations in February 2001 with full responsibility for the management of the on-going restructuring process of LEC.

As mentioned earlier, managing organisational change through the application of strategic thinking is the key theme of the current study. In the context of this study, the framework of strategic thinking was developed as a guide as to what strategic thinking entails. In an attempt to determine how the corporation has approached its restructuring programme, the process of enquiry was carried out to determine whether the key strategic initiatives adopted by the interim management in managing organisational change of the corporation fall within the framework of strategic thinking or not. Table 4.6 below presents the summary of the findings:

Table 4.6   Summary of the Findings

The Elements of Strategic Thinking	Findings of the research
Vision-Building	Applied
Systems Thinking	Partly applied
Organisational Learning	Applied
Complex Adaptive System	Applied
Scenario Planning	Not applied

This research explored the relevance and the applicability of strategic thinking in managing organisational change. With reference to the above table, it becomes clear that the Lesotho Electricity Corporation applies strategic thinking to a certain degree in pursuit of its restructuring process. In particular, vision-building, organisational learning and the concept of complex adaptive systems are the key elements of strategic thinking that are applied in the restructuring process. The findings further revealed that systems thinking is also applied, but to a limited degree. On the other hand, scenario planning is not applied in this case. In

concluding this section, the findings of the research that are focused on the mentioned elements of strategic thinking are briefly explored below:

4.2.4.1   Vision-Building

A general conclusion drawn with regard to vision-building, is that, a comprehensive vision for change was developed through the facilitation of the IMTF team. Drawing from the findings, the activity of formulating or developing a vision for change was inclusive in nature. This implies that most of the related members and stakeholders participated in the activity. As a result, different point of views, perspectives and worldviews were explored, which incorporated the future state of the corporation. Although this was not an easy activity to carry out, the ultimate result was to develop a vision based on common principles, with the key purpose of improving the status quo of the corporation.

4.2.4.2   Systems Thinking

Systems thinking was explored from the following perspectives:

- The external perspective.
- The internal perspective.

From the external perspective, a conclusion reached is that participation of the external actors or stakeholders was considered, encouraged and facilitated in the restructuring programme of the Lesotho Electricity Corporation. By adopting this inclusive approach, the IMTF team was able to facilitate a common understanding of the problem situation facing LEC. This approach had a direct positive impact on the restructuring process as the level of resistance was minimised by the external stakeholders. The findings revealed that, the external stakeholders displayed a high level of support and commitment of the   transformation process of LEC to a large extent.

With regard to the internal perspective, it is evident from the findings that systems thinking was not applied despite the fact that the problems of LEC were connected and interrelated. Although it was the intention of the IMTF to encourage a more participative and collaborative approach, whereby all the interrelated departments could have addressed the interrelated and connected problems collectively, departmental management preferred the usual practice of addressing organisational problems as independent and isolated departmental events. The reason for not supporting this holistic problem-solving approach was largely determined by

the existing culture of doing things within the corporation. Therefore, a conclusion that is drawn is that, systems thinking was not applied because the departmental managers preferred the reductionist style of management which, unfortunately discourages collective analysis of problem situations within organisations.

4.2.4.3   Organisational Learning

It is evident from the findings that learning is critical when organisations experience change. Although the culture of learning within the corporation was non-existent at the time when the IMTF commenced its operations, the findings revealed that the situation improved dramatically during the restructuring process. To address the shortage of critical skills that prevailed, the IMTF worked hard to foster an environment conducive for learning, through increasing capacity of its staff. This initiative had a positive impact as the staff were able to take effective action in improving the status quo of the corporation.

4.2.4.4   Complex Adaptive System

In its restructuring programme, the corporation used both the traditional strategic planning and the emergent strategic approaches. This implies that the management did not allow their strategies to become routine. Instead, their strategies were changed when necessary. In other words, LEC's strategic decision-making was determined by environmental conditions. By so doing, the corporation adapted to fit changing circumstances. It is necessary to continuously adjust strategic approaches to be aligned with both the external and internal environmental conditions during the process of organisational change.

4.2.4.5   Scenario Planning

The corporation did not and does not apply scenario planning as a strategic tool in its restructuring programme. Rather, management use the contingency planning approach. The problem with this approach is that, contingency plans are usually developed in advance comprising of financial allocations and the required strategic initiatives in times of emergencies, presuming the type and the impact of the emergency is known before it occurs. Given the complexity of the business environment, it is very difficult to anticipate future conditions for an organisation with any degree of confidence, as the literature suggested. Rather than focusing on the probable and the anticipated future, scenario planning is a strategic method for developing and exploring alternative futures in uncertain environments

and evaluating the robustness of the organisation to withstand the impacts of such events, as mentioned in the literature reviewed.

In summary, the researcher would like to mention that, from reviewing the corporation's case, a conclusion can be drawn that LEC is on the right path to a successful transformation process. In many respects, successful change is generally associated with results that relate to the overall improvement in the organisation's post-change profitability, effectiveness, and improved efficiency level, as in the case of LEC. In essence, this success is attributed to the above-mentioned strategic efforts. Drawing from the findings, it is evident that most of the strategic efforts undertaken during the restructuring process fall within the criteria of strategic thinking. Even though other strategic thinking elements are not applicable to LEC situation, the researcher would like to conclude by confirming that the application of strategic thinking is evident in many respects in the case of LEC, which is critical to the success of its change initiatives.

4.3 Section Two: The Ministry of Health and Social Welfare

4.3.1 Defining the Problem Situation

This phase was primarily concerned with finding out about the general problem situation of the health sector. The researcher's criteria for exploring the general problem situation of the health sector was based on the premise that, the restructuring programme of the health sector is broad in nature. The significance of defining the problem situation was to provide an initial overview of the general challenges facing the Ministry of Health and Social Welfare before getting deeper into issues related to strategic management of the restructuring programme.

Assessment of the views of Management

An in-depth process of enquiry was held with management, and from the discussions a wealth of information was generated. The aim was to assess and understand the perspectives, views and opinions of management with regard to the problem situation facing the health sector, as well as to understand the initiatives undertaken by the Ministry to address the prevailing challenges. The discussions were very informative, and the researcher was able to get a general overview of the problem situation. What emerged from the discussions is that the prevailing poor performance of the health sector is attributed to a multiple of factors, which are articulated in Table 4.7:

Table 4.7   Observations of Management Concerning the Problem Situation of the Health Sector

Findings	Implications
District health problems	• Lack of community involvement
	• No Management Information System
	• Lack of operational research
	• Lack of policy and legislative frameworks
Poor nfrastructure of health facilities	• Poor infrastructural state of the health facilities
Shortage of skilled medical, technical and administrative personnel	• Insufficient medical staff
	• Insufficient administrative staff
	• Insufficient technical staff
	• A limited number of patients receive services per day
	• Overcrowding of patients
	• In case of accidents there are no paramedics

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	• High rate of staff turn-over
	• High rate of staff absenteeism
	• Poor maintenance of equipment
Pharmaceutical problems	• At times, medication is out of stock
	• Absence of Drug Policy
	• Inadequate policy and Legislative framework
	• Inadequate Human Resources
General problems	• No ambulances for medical emergencies
	• Limited financial resources
	• Staff lack commitment due to low salaries

Assessment of the views of staff

Extensive discussions were undertaken with a number of medical, administrative and other staff members to understand their perceptions of the general problem situation of the health sector. Based on the discussions, the views and observations of staff have a number of similarities with those of management in many respects. However, as depicted in Table 4.8, more emphasis was put on the poor management of the health sector and lack of skills as the key contributing factors for the overall poor performance of the health sector.

Table 4.8   Observations of Staff Concerning the Problem Situation of the Health Sector

Findings	Implications
Poor management of the health sector by the Ministry of Health and Social Welfare	• The Ministry has no direction due to lack of guiding strategies, regulations and policies
	• There is no developed vision for change
	• Departmental policies are not known by employees
	• Administrative work is poorly done
	• There are no proper infection control measures in place
	• There are frequent cases of equipment failure
	• There is no proper record-keeping of drugs and medical equipment

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	• The working conditions are poor due to the poor state of health facilities
	• At times, medication is out of stock
	• Patients requiring immediate transfers are delayed in most cases due to lack prompt medical assistance and lack of ambulances
Lack of skills	• Insufficient medical staff
	• Insufficient administrative staff
	• Insufficient technical staff
	• Overcrowding of patients
	• High rate of staff turn-over
	• High staff absenteeism
	• Staff morale low and the performance is poor

Assessment of the views of Stakeholders

The government of Lesotho has formed partnerships with church organisations, non-governmental organisations and with the private sector in the provision of health services. The participation of these partners in this arena is contributing significantly to the improvement of the health of Basotho. In that respect, it was essential to get an in-depth understanding of how they perceive the problem situation confronting the health sector. As a result, a number of stakeholders who formed partnerships with the Ministry of Health and Social Welfare in addressing different health challenges in the country were interviewed. Their responses are summarised in Table 4.9 below:

Table 4.9   Observations of Stakeholders Concerning the Problem Situation of the Health Sector

Findings	Implications
General Observations	• In most cases, there are no established and formal links amongst and between the partners and government
	• With regard to the restructuring programme, the role of health care partners is not clear, although they are expected to participate

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	• Poor communication exists between the Ministry and the health care partners
	• The absence of clear mechanisms of communication have made it difficult for a straightforward relationship with each other, particularly with regard to the support that government is expected to give to the Christian Health Association of Lesotho (CHAL)
	• Poor network amongst health care providers
	• Memoranda of understanding have been signed with only a few partners

The existence of the private health care providers is to address different health care challenges in the country in collaboration with the Ministry of Health and Social Welfare. The health sector benefits significantly from the efforts and participation of the private health care providers. However, despite the actions and efforts of the private health care providers, it is evident from the above table that their relationship with the Ministry of Health and Social Welfare is weak in many respects. For instance, it is indicated that although the partners are expected to participate in the restructuring programme of the Ministry, their role is not explicit. To ensure the improved delivery of service, in particular, with regard to the restructuring programme, the Ministry is obliged to establish formal links with all its partners in order to discuss and agree on plans of action. This can be achieved only if communication systems are improved.

Assessment of the views of the Public

As mentioned initially, the process of enquiry was also focused on the public. The rationale for involving this group of participants was based on the premise that these are the people who normally get services from the different health facilities in the country. Therefore, to gain a deeper insight into the problem situation facing the health sector, it was essential to get their opinions based on their different observations and experiences. Individual interviews and discussions were undertaken and the findings of the research indicate that the current problem situation of the health sector is associated with a multiple of negative factors, are articulated in Table 4.10:

Table 4.10   Observations of the Public Concerning the Problem Situation of the Health Sector

Findings	Implications
General Observations	- The overall quality of service is generally poor in most health care facilities - Insufficient numbers of doctors - Lack of dignity and respect shown to patients by doctors and nurses - Lack of care and concern of nursing staff towards patients - Health facilities in the country lack specialised medical equipment - No courtesy shown to patients by administration staff; - Queues for services are always long and overcrowding becomes a serious problem - No adequate information given to patients by staff about their follow- up care and conditions - X-rays and other medical equipment are often non-functional - Lack of medical supplies - People feel discouraged to use health facilities - Improper care provided - Hospital beds are very old and uncomfortable - The environment is noisy and untidy - People who have financial means prefer to consult private doctors or to go to South African health facilities - Other people prefer to use traditional herbal remedies rather than going to health facilities due to the poor service provided in most facilities

4.3.1.1 Conclusion

The first phase of the enquiry process was an introductory section into the problem situation. From the discussions with the above-mentioned participants, the researcher was able to develop a better understanding of the general overview of the problem situation facing the health sector, under the management of the Ministry of Health and Social Welfare. As presented, the problem situation is attributed to a number of issues that are systemic in nature, meaning that they are interconnected and interrelated.

These various contributions obtained in this phase were used as the key foundation for further investigation, which led the process of enquiry into the second phase of the enquiry process.

The second phase of the enquiry process

In this stage of the enquiry, soft systems methodology was used to explore the different perspectives and assumptions of management and stakeholders about the problem situation facing the health sector in the country. This approach enabled the holistic appreciation of different factors identified as critical issues that led to poor performance of the ministry.

Individual interviews and discussions were carried out in the first phase of the process of enquiry. In the second phase of the process of enquiry, a group meeting was held composed of the participants mentioned in Chapter 3, Table 3.4. The key purpose was to integrate the views and contributions that emerged in the first phase of the enquiry process to ensure an overall integrated approach into the problem situation. Through the facilitation of the researcher, the information obtained in the first phase was explored and further discussions were carried out. This was achieved through an iterative process. A comprehensive picture of the problem situation was developed, which is summarised and integrated into an influence diagram as presented in Figure 4.3:

Figure 4.3   Summary of Consolidated Perspectives
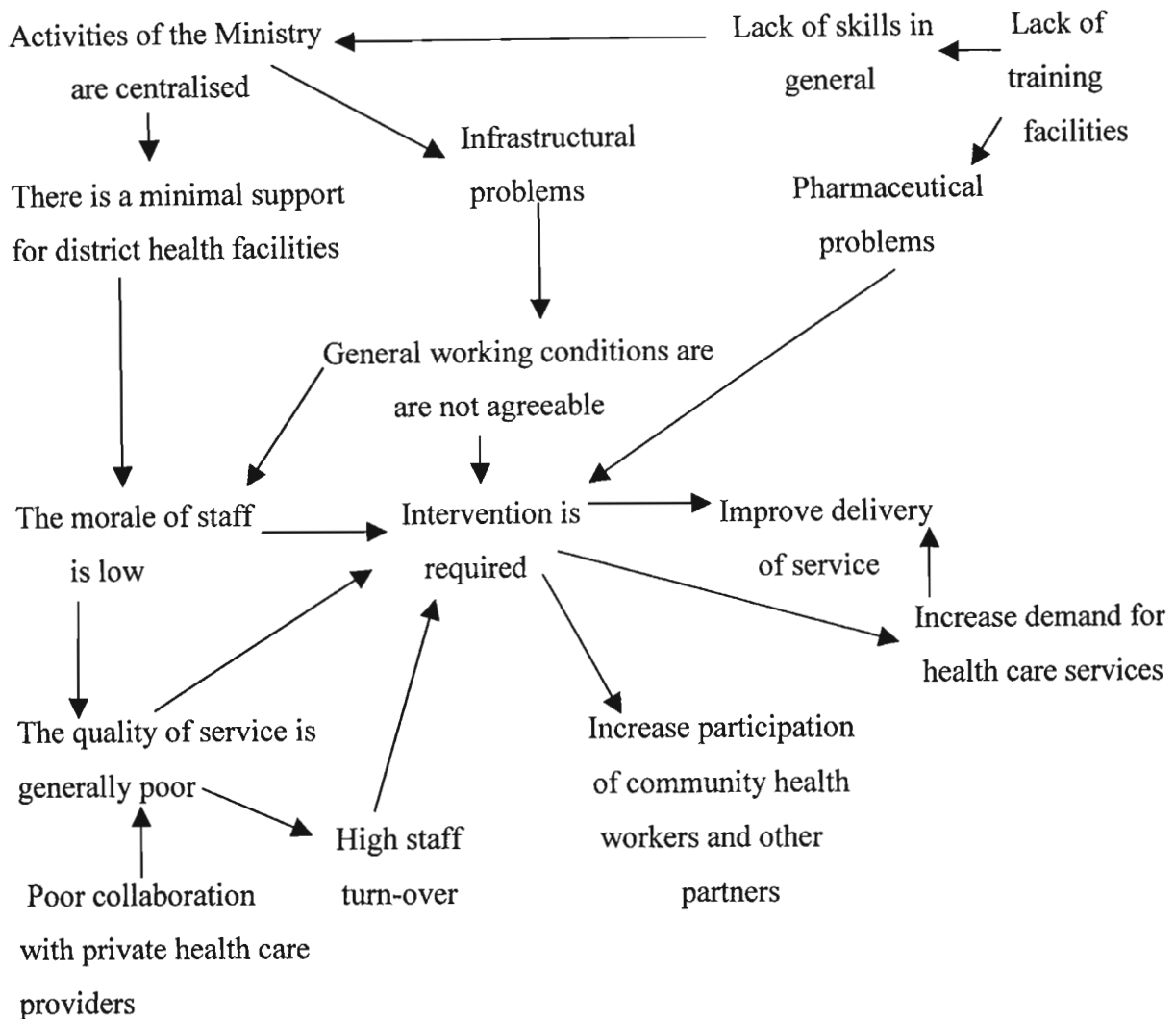
Although in soft systems methodology, the common method employed for structuring the problem situation is through drawing rich pictures, in this case, instead of drawing rich pictures, the participants rather preferred to make use of influence diagrams. Nevertheless, it is worth noting that the use of influence diagrams is still a significant approach in structuring the problem situation because they show sufficient connection points and interrelationship of problems. In this case, the value of producing an influence diagram was to provide a broad understanding for in-depth analysis of the problem situation.

With reference to Figure 4.3 above, it is evident that the problem situation of the health sector is attributed to interrelated and interconnected problems. There are points of connectedness showing that problems of the health sector are linked to other problems. For example, personnel currently employed within the system, are not only inadequate, but are demoralised

and highly unmotivated due to a sequence of problems that are emanating from lack of skills, district health problems, infrastructural problems, pharmaceutical problems and poor collaboration of the Ministry with the private health care providers. At the same time, the situation has a negative impact on the patients and the public.

In the light of the above situation, the participants reached a general consensus that in order to improve the problem situation of the health sector, management has to revise the current strategic approaches that are applied with the purpose of improving the situation. In particular, the participants proposed that the Ministry apply a combination of relevant strategic approaches with the key focus on the following areas of concern:

- District Health Problems
- Lack of skills
- Infrastructural problems
- Pharmaceutical problems
- Poor relationships of the Ministry with other health care partners

In an attempt to understand how the restructuring programme is currently managed, further extensive discussions were carried out with the participants. Therefore, in the next section, the general overview of the key strategic interventions adopted and employed by the Ministry of Health and Social Welfare to improve the problem situation of the health sector are discussed.

4.3.2   General Overview of Strategic Interventions Undertaken to Improve
the Situation

The restructuring programme commenced in 2000, and is to be implemented over a period of ten years under the management, coordination and supervision of the Health Planning Unit. The problems facing the health sector became evident prior to the year 2000. In response, the Ministry of Health and Social Welfare embarked on a process to restructure the health system. The appointment of the Health Planning Unit to manage, coordinate and supervise the activities required in the restructuring programme of the Ministry was the decision of the Minister and the Principal Secretary of the Ministry of Health and Social Welfare. Like in any other government ministry in Lesotho, both the Minister and the Principal Secretary are the top decision makers at the ministerial level. Although the Minister ranks the highest, followed

by the Principal Secretary according to the government management structure, by virtue of their positions, they are both the top decision-makers and they remain the key strategists whose responsibility is to assure that the set goals of ministries are accomplished.

The structure of the Ministry of Health and Social Welfare is bureaucratic and hierarchical by nature. Although government organisations are keen to improve their efficiency, effectiveness and performance of their service delivery, due to their highly bureaucratic structures, the decision-making processes are exclusive. In such structures, final organisational decision-making is done at the top ministerial level and decisions are directed through a top-down chain of command. This practice is against the principle of strategic thinking, which encourages inclusion of other levels of management in the decision-making processes.

Nonetheless, the findings revealed that, consultations and discussions concerning the problem situation of the health sector were carried out with management of different health care programmes within the Ministry, different health care providers and other related stakeholders before the commencement of the restructuring programme. The key purpose of such forums was to identify the key critical areas of concern as well as to explore the possible future state of the health sector. Although the forums were very informative in making the problem situation of the health sector explicit, it is important to note that, due to the hierarchical structure of the Ministry, it was not within the mandate of such platforms to make decisions as to how the restructuring programme of the Ministry should be dealt with. Rather, the restructuring programme was a management issue, which required the decision of the top management (the Minister and the Principal Secretary). The Health Planning Unit was given the mandate and responsibility of managing, coordinating and supervising the restructuring programme.

According to the discussions with management, the reason for appointing the Health Planning Unit to have the overall responsibility of the restructuring programme was based on the premise that the Health Planning Unit is already the key strategist office responsible for undertaking strategic management decisions for the Ministry. For that reason, the additional responsibility of managing the restructuring programme falls within its mandate. In carrying out its additional responsibility of managing the restructuring programme over and above its required departmental responsibilities, the Health Planning Unit was expected to:

- Initiate feasibility studies to ensure successful implementation of the required changes.
- Remain the key strategist for the overall management of the programme.
- Collaborate with all stakeholders on a regular basis to discuss progress.
- Monitor and evaluate progress.
- Provide advice where required.

As a brief introduction, it is important to mention that the Ministry of Health and Social Welfare is designed in such a manner that it is composed of ten units or programmes, which are mentioned as the following:

1. Health Planning Unit
2. Administration
3. Queen Elizabeth 11 Hospital
4. District Hospitals (CHAL inclusive)
5. Mental and Leprosy Health Care
6. Primary Health Care
7. Laboratory and Services
8. National Health Training Centre
9. Pharmaceuticals
10. Social Welfare

Given the structure of government Ministries, at the top management level is the Minister's office, followed by the Principal Secretary, then Directors of different programmes. It is important to note that within each programme, there are different departments. Within each department, there are different levels of management. In total, the number of staff of the Ministry of Health and Social Welfare is approximately 3 600 comprised of the mentioned programmes.

The Health Planning Unit is a small office with less than 30 employees. The Director, who reports directly to the Principal Secretary is the top manager of the Unit / Programme, followed by less than 10 economists, thereafter it becomes the lower level of functional staff. Although the findings indicated that this Unit does not have the capacity to carry out its duties and responsibilities accordingly, it is given the mandate and responsibility to remain the key strategic office responsible for undertaking strategic management decisions for the Ministry

as well as for the restructuring programme. However, the discussions indicated that both management and staff of different programmes of the Ministry are in argument that the Health Planning Unit lacks the required strategic management skills and expertise to handle the problem situation of the health sector. Their argument is based on two premises. Firstly, they contend that the Health Planning Unit has many other responsibilities and commitments other than managing the transition process of the health sector. According to their argument, the Unit itself needs more strengthening in terms of developing capacity for its departmental functions. To have been given the additional responsibility of the overall change management programme of the Ministry means that the Unit has been overburdened with extra load of work.

Secondly, the effectiveness of managing organisational change is attributed to the quality of management skills and know-how. In the case of the Health Planning Unit, the findings revealed that at management level, the senior positions are held largely by economists. Although these people are highly qualified in their areas of speciality, what is required in terms of managing organisational change are mostly people with strategic management skills. Given the situation of the health sector, the participants have the opinion that, in managing change, what is required is a sound strategic management process developed and applied by qualified strategists in order to improve the problem situation of the health sector.

As their first initiative in 2000, the Health Planning Unit commissioned a situation analysis to identify the key areas of concern, as well as to help the Unit better understand how they should manage the restructuring programme. The findings of the study identified eight areas of concern as the following:

Technical aspects
- District Health Package
- Infrastructure
- Pharmaceuticals
- Social Welfare

And administrative/Managerial aspects
- Human Resources
- Financial reforms

- Decentralisation
- Donor Coordination and Partnership

Following the recommendations made in the situation analysis study, the management of the Ministry together with the Health Planning Unit reached a consensus that the restructuring programme should be divided into three stages, with the timeframes given as the following:

Stage 1 – Planned implementation time frame was from 2001-2003

(i) Training of the management team

(ii) Development of long-term plans

Stage 2 – Planned implementation time frame was from 2004-2006

First implementation phase focused on:

- District Health Package
- Infrastructure
- Pharmaceuticals
- Human Resources Development

Stage 3 – Planned implementation time frame was from 2007-2010

Second implementation phase focused on:

- Financial reforms
- Decentralisation
- Donor Coordination and Partnership
- Social Welfare

Stage 1 – Training of the management team (2001-2003)

The first element of Stage 1 of the restructuring programme was the initial capacity building of top and middle management of the Ministry, which comprised of directors, departmental heads and supervisors. At the time of enquiry (October, 2006), the information given indicated that the training programme of the management was carried out according to the plan within the set time frame. Given the problem situation of the health sector, the recommendation made in the situation analysis was that, in order to be able to manage the transformation process of the Ministry better, it was advisable to empower and capacitate the

management level first. As a result, the initial training programme was focused on management only. However, what was surprising though, was that during the discussion with the management, it was mentioned that capacity building still remains a critical area of concern within the Ministry at the management level despite the efforts of Stage 1.

On the other hand, the arrangement to capacitate top and middle management only was not perceived well by the lower level of management and other members of staff. Their view is that, they were supposed to have been included in the initial training programme together with the higher management level in order to facilitate and to prepare everyone within the organisation to assume new responsibilities. Another perspective that was raised by employees concerning this issue is that, they have a feeling that they are not considered important in the restructuring programme. The repercussion of that arrangement is that, most of them do not feel inclined to be supportive and committed towards the whole restructuring programme.

Stage 1 - Development of long-term plans (2001-2003)
The other element of the first phase of the restructuring programme of the Ministry of Health and Social Welfare was the development of long-term plans, covering both the technical and administrative aspects. This was a long-term planning exercise undertaken between 2001-2003. It is important to mention that this exercise was done in accordance with the recommendations and suggestions made in the initial situation analysis study.

The findings indicated that the development of long-term plans was successfully carried out within the pre-planned time frame. The focus of the exercise was on the eight aspects of the restructuring programme identified as the key areas of concern. However, it is worth mentioning that the only long term plans that were shared with the researcher are the ones that are due to be implemented in the first implementation phase, which is Stage 2 of the restructuring program.

Stage 2 – First implementation Phase (2004-2006)
The actual implementation of the first phase has not yet commenced, despite the fact that the time frame for this phase was planned to commence in 2004 and be complete in 2006. Management revealed that the implementation phase of the restructuring programme will be based on the well-developed, pre-planned strategic plans. These plans are said to be an

outcome of an analytic, rational and sequential process of strategic planning, which was developed through the concerted effort and participation of the Health Planning Unit, senior management of different units or programmes, together with a team of consultants. What this implies is that, the problem situation of the health sector was diagnosed and analysed. In response, strategic goals and interventions were developed through detailed plans. In developing the strategic plans, Table 4.11 was used as the key guide on which analytical discussions were based.

Table 4.11   A Guide to Developing Strategic Plans in Preparation to Restructure the Health Sector

Concept	- Problem identification - Undertake feasibility studies where required - Clarify the scope of change and priority - Identify key stakeholders
Design	- Develop long-term budgets - Establish strategic plans - Develop performance metrics to monitor progress
Progress	- Approval from the top management to implement changes - Carry out implementation activities - Monitor and evaluate progress - Make change and improvements where required

What is evident about the restructuring programme of the Ministry of Health and Social Welfare is that the transition process is modelled as a multi-levelled process moving from the initial planning stage, through the implementation stage, and eventually the desired end state will be reached through the monitoring and evaluation of activities and processes. This multi-levelled approach is considered appropriate in the case of the Ministry of Health and Social Welfare for a number of reasons. The opinion of the Health Planning Unit with regard to this approach is that:

- Although implementation has not commenced, the approach has been very helpful in identifying all the possible alternative tasks required in different situations at hand;

- The strategic intervention for improving the problem situation has been made explicit in the form of detailed activity plans. The advantage of the approach is that it offers a clear direction and focus for implementation process because activities are clearly linked to the change goals and priorities;

- Another mentioned advantage of the approach is that, due to its logical sequence of activities, the monitoring and evaluation of the progress will be facilitated in a better way. What will happen is that periodic reviews will be undertaken, and when required, plans and activities will be modified in the light of experience.

What is evident from the above findings is that, the strategic approach taken by the Ministry of Health and Social Welfare is in line with the traditional strategic planning approach, which views strategic decision making as a precise, step-by-step process to ensure strategies that are likely to be effectively implemented in practice. This is linear thinking of management containing many assumptions that in reality are unsustainable, because organisations operate in highly dynamic and unpredictable environments. For example, although the strategic and activity plans that are focused on guiding the implementation phase of the restructuring programme are already developed, the first implementation phase has not commenced to-date, due to a number of factors, which were not anticipated in the strategic planning progress. Some of the factors that were disclosed to the researcher are attributed to the following problems:

- The actual development of the comprehensive strategic plans was carried out from 2001 and completed in 2003. Although these plans are the key foundation for the actual implementation of the restructuring programme, the intensity and complexity of work and activities required for the actual implementation of the programme appear to have been underestimated. For that reason, the Health Planning Unit is currently working with a group of consultants together with all the related management of other programmes in making readjustments of the strategic plans of the restructuring program to fit the prevailing conditions.

- The financial budgeting was carried out during the planning period (2001-2003). Budgets were prepared for the planned level of activity. However, due to factors such

as changing economic trends, fluctuating inflation and interest rates, the first implementation phase remains on hold because of the substantial variances in the budgets. The team working on the restructuring programme is currently working on the readjustments of the budgets. According to the discussion, this is a lengthy and time-consuming process to complete as it involves long negotiations to justify to the key sponsors as to why it is necessary to readjust the budgets. In this case, approval has to be given by the key sponsors of the restructuring programme, namely, the World Bank and the Ministry of Finance and Development Planning.

- The impact of HIV/AIDS is evident in the work place. Both the mortality rate and the level of staff absenteeism are high. This situation is affecting the implementation phase of the programme because the supply of people with specialised skills and knowledge is affected.

It is evident from the above discussions that the approach adopted by the Ministry of Health and Social Welfare to improve the problem situation of the health sector conforms to the principle of Planned approach to change. This approach is inline with the traditional planning to strategy, which according to the literature is based on the assumptions that organisations operate in stable or relatively predictable environments, that managers can identify where change is required, and that change is about moving from one fixed point to another fixed point, and that the steps or phases in between are relatively clear and realisable. Although this approach offers a clear and understandable systematic approach to change, it is evident from the findings that in practice, it is unsustainable, because organisations operate in dynamic and unpredictable environments.

In the light of the lack of progress achieved to date, a conclusion drawn is that the strategic approach adopted in the restructuring programme has not helped much in improving the situation of the health sector. The restructuring programme of the Ministry has been in operation for more than six years to date, and according to the plan, this is suppose to be implemented over a period of ten years. The remaining time to complete the restructuring programme is less than four years. During the six years of operation, the findings of the study have not found substantial achievements attributed to the adopted and applied strategic approach. It is worrying that the restructuring programme has about six years in operation, but the first implementation phase has not yet commenced. This remains a great concern to all the

affected parties. It is further evident that, the team working on the restructuring programme has focused most of their time and effort on the development of long-term strategic plans. However, the delay in implementing the plans was a result of the mentioned factors, which were not anticipated in the planning stage.

4.3.3   The Application of Strategic Thinking in Managing Change

The focus of this study is to determine whether strategic thinking has, or has not been applied in the case of the restructuring programme of the Ministry of Health and Social Welfare. Therefore, the discussion of the study would have been incomplete without making reference to the applicability of strategic thinking in managing the restructuring programme of the health sector. For that reason, the continuing discussion has followed the framework of strategic thinking, as outlined in Chapter 2.

4.3.3.1   Vision-Building

The literature reviewed suggested that the significance of crafting a compelling vision is that it articulates a view of a realistic, credible, attractive future for the organisation, a condition that is better in some important ways than what now exists. Drawing from the findings, the Ministry of Health and Social Welfare does not have a clear organisational vision, nor an explicit vision for the restructuring process. As a result, the Ministry of Health and Social Welfare is not in a position to present its desired image of the future. This lack of vision for change has fostered confusion not only on the part of employees, but even on the part of some of the management and key stakeholders. Although all these parties are aware of the poor status quo of the health sector, in the absence of an explicit vision for change, they have the difficulty in understanding what exactly the restructuring programme aspires to achieve.

A comprehensive vision for change is a prerequisite for implementing the envisaged transformations. As the case remains, it is the responsibility of the team in charge of managing the restructuring programme to facilitate a participative process of developing a compelling vision for change. What is required is an initiative that explicitly articulates a vision, mission and value system that is broadly owned by all stakeholders in the health sector in order to mobilise and encourage support and commitment from the participants in their journey of improving the service delivery of the health sector.

4.3.3.2   Systems Thinking

The applicability of systems thinking was approached from two perspectives in this case. The first perspective focused on the Ministry as a system composed of different programmes that work together in addressing the identified problem situation of the health sector. The second perspective was focused on the interrelatedness of the Ministry with its external environment.

In the first perspective, the key focus of the process of enquiry was to find out if the problem situation of the health sector has been approached from the systemic point of view or not. Drawing from the literature reviewed, what this implies is that problems that prevail within the health sector are regarded as system's problems that are interrelated, interdependent and connected to other problems within the system. In resolving such problems, what is required is to apply integrated problem solutions rather than dealing with one issue at a time while other issues wait their turn. In that respect, the focus of the process of enquiry was to find out whether, in an attempt to improve the problem situation of the health sector, the Ministry of Health and Social Welfare applied integrated problem solution techniques (systems thinking), which considered the connections, interrelatedness and interdependence of the problems within the system, or whether the problems are addressed as isolated and independent.

In addressing the above questions, the findings revealed that systems thinking is not applied by the Ministry of Health and Social Welfare in its restructuring programme. Although the findings indicated that the problems within the health sector are interrelated, interdependent and connected to each other, in addressing them, they were treated as isolated and independent problems according to each area of concern. To strengthen this observation, a few examples are given as the following:

- The Health Planning Unit is working together with a group of consultants on the restructuring programme. These consultants have been commissioned to focus on the identified critical areas of concern as independent problem areas.

- Prior to the activity of the development of strategic plans, different needs assessment studies were undertaken in order to define independent requirements of each area of concern objectively.

- Strategic planning sessions were carried out independently in accordance with each area of concern. The approach adopted was exclusive of other areas of concern in spite of the points of interconnectedness between and among the areas of concern.

Drawing from the above examples, it is evident that although the problems within the health sector are connected to one another, the approach undertaken to resolve them is not aligned with the principles of systems thinking. Rather than dealing with the areas of concern as system's problems, they are addressed and dealt with as isolated and independent problem areas. By so doing, it will be very difficult to identify the key points of interconnectedness between the areas of concern, that if acted upon could lead to systems-integrated solutions, thereby improve the problem situation.

The second perspective of the process of enquiry was focused on the interrelatedness of the Ministry with its external environment. It is important to mention that, within the context of the study, the external environment refers to the external partners of the Ministry of Health and Social Welfare who provide different health care services (the private sector involved in providing health care services). The rationale for including this group of participants in the process of enquiry was influenced by the literature reviewed, which suggested that when organisations go through change, they must keep in mind that change requires fit between themselves and their environments in support of the overall objective of the whole system because there are points of relationships and interdependence that extent through and across systems with their environments linking them in various ways.

From the systemic point of view no action in an organisation stands alone, all actions are connected in systemic ways to other actions. In this case, the health sector in general is the system under the Ministry of Health and Social Welfare. The relationship of external partners with the Ministry of Health is embedded in a larger system of improving the delivery of health care services in the country. What is important to note is that both the Ministry and the external partners are two interdependent sub-systems within a larger system, of the health sector. Therefore, it was imperative to get an in-depth understanding of the role of the partners in the restructuring programme of the health sector.

In an attempt to understand the role of the external partners in the restructuring programme, the discussions with some key non-governmental organisations (NGOs) involved in the health

sector such as some of the Christian Health Association of Lesotho (CHAL) members, Red Cross, Blue Cross, Lesotho Aids Programme Coordinating Authority and the Lesotho Planned Parenthood Association were held. The participants acknowledged that they participate in general forums and meetings with the Ministry concerning their general responsibility of providing different health care services in the country. In those forums, the subject of the restructuring program of the health sector is occasionally discussed, and the Ministry has indicated that the private health care providers are expected to play a significant role in the restructuring programme of the health sector. However, despite the good intentions of the Ministry, concerned parties have not reached a comprehensive agreement with regard to what exactly is expected from the private health care providers in the restructuring programme. Although the external partners are committed to improving the problem situation of the health sector,, they are confused as to what their roles are to be. From the systemic point of view, it is the responsibility of both the Ministry together with all the key stakeholders to integrate various strategic worldviews and actions into strategic change in order to improve the problem situation of the health sector.

For this to happen, the stakeholders are of the opinion that the working relations between the Ministry and the private health care providers need to be strengthened. The greatest frustration of the stakeholders emanates from lack of consultations and poor communication with regard to the whole restructuring programme on the part of the Health Planning Unit, and this situation continues to impact negatively on the performance of the health sector.

Based on the above findings, a conclusion drawn is that, the Ministry of Health and Social Welfare is not applying systems thinking in its restructuring programme. Drawing from the findings, the problems or the critical areas of concern that are said to be responsible for the deteriorating performance of the health sector are addressed individually as isolated events or occurrences per programme, rather than trying to resolve them as integrated system's problems requiring integrated organisational solutions. This is a linear style of management based on the assumption that organisational problems have to be addressed per event, while others are to be addressed at a later stage.

The principle of systems thinking with regard to the participation of external stakeholders is that organisational change depends on the degree of support from key external stakeholders. However, it is evident from the findings that the participation of the key external stakeholders

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in the restructuring programme of the health sector remains weak. However, from the systems thinking perspective, what is required is an integrative and comprehensive approach to change that integrates various worldviews, suggestions, processes and actions emanating from the internal and external partners in pursuing the objective of the whole.

4.3.3.3   Complex Adaptive System

The concept of organisations as complex adaptive systems is based on the premise that organisations operate in an unpredictable and changing world, which requires organisations to develop adaptive strategies and vary their behaviours according to changing circumstances. In this case, the question that remains is whether the Ministry of Health and Social Welfare behaves like a complex adaptive system or not in pursuit of the restructuring programme.

In addressing the above question, the findings revealed that the actual implementation of the restructuring programme has not yet commenced. However, guidance as to how the Ministry should implement its strategies depends mostly on the recommendations made by the various studies that have been undertaken. An interesting point which was raised on the issue of adapting or changing organisational strategies when circumstances change was that, although public sector organisations have realised the need to be flexible in improving the efficiency and effectiveness of their service delivery, they are not able to be as dynamic as they may wish because most of their strategies are determined by the government policy. However, in the case of the restructuring programme, it was mentioned that the strategies that have been adopted and will be implemented during the implementation phase are in accordance with the activity and strategic plans, of which are based on the recommendations of the various studies undertaken as already mentioned. In that respect, the concept of complex adaptive systems was rejected by the team responsible for managing the restructuring programme of the health sector as not applicable in their situation.

Another reason that hinders the Ministry of Health and Social Welfare in behaving like a complex adaptive system is based on the fact that in the public sector, organisational structures still remain highly bureaucratic. In such structures, the decision-making authority is centralised, and the strategies and tasks at ministerial level are governed by instructions and decisions issued from the top. What this implies is that implementation of organisational plans is the responsibility of the top management. The implication of this practice is that it leads staff members or employees to carry out their allocated mandates and tasks within the

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constraints of the set rules. In this manner, it is clear that in such structures flexibility to adapt to changing circumstances is hindered, because unless the top decision-making authority realises and supports the idea of change, work continues as normal.

The management of the Ministry affirmed that, they wish they had the flexibility to adopt and apply certain market-oriented business models that may be applicable to their situation. However, they acknowledged that they remain restricted in many respects, mostly because of their organisational structure that remains highly bureaucratic.

A conclusion that can be drawn from the above findings is based on two dimensions. Firstly, in managing the restructuring programme of the health sector, the concept of complex adaptive systems is not applied by the Ministry of Health and Social welfare because the Ministry relies largely on the formally written strategic plans. It is important to note that the issue of strategic planning will not be discussed at length in this section because it has already been done so. However, its relevance in this section is in relation as to why the Ministry is not behaving like a complex adaptive system. A conclusion drawn is therefore based on the premise that the strategic decision making processes and actions in the restructuring programme are in line with the principles of the planning dimension. Due to that, the Ministry is not in a position to adapt to changing circumstances to ensure that it is in tune with changes in the environment, because its strategies are guided and routinely followed according to the plan.

An interesting perspective that was raised in the discussion is that in the public sector, such as the Ministry of Health and Social Welfare, strategic interventions are determined by the government policy. What this implies is that strategy is developed to fit the aspirations and the interest of the people in power. In such circumstances, it is difficult to adapt to the changing conditions, unless the top decision-making authority supports the idea of change and adaptability.

4.3.3.4 Organisational Learning

Another dimension of strategic thinking that facilitates or restrains organisational change is related to organisational learning. What this implies is that unless management and employees are well equipped with skills and knowledge required in their different areas of speciality, they may not be able to overcome various challenges in their working environments. Thus, in

an attempt to determine whether the environment conducive to learning is fostered within the Ministry of Health and Social Welfare, discussions were carried out with management of different programmes within the Ministry, as well as with a number of staff members.

What emerged from the discussions is that although training, development and learning are key for motivating both management and functional staff members to embrace change as well as to get involved in problem-solving activities, organisational learning within the Ministry of Health and Social Welfare remains a key area of concern. The current poor situation is attributed to a number of factors. Some of the mentioned barriers that appeared apparent are mentioned by management, and are also stipulated in a document of the Ministry of Health and Social Welfare (2000) as the following:

- Facilities and staff at National Health Training Centre (NHTC) are inadequate when compared with the number of personnel who require training. Most training has been shaped not by a national training strategy, but occurs mostly through pressure exerted by the donor community. There is also a tendency within the Ministry, for tutors who are highly qualified and efficient in their training posts at the institution to be re-deployed to positions at the Ministry itself.

- Two of the Christian Health Association of Lesotho (CHAL) facilities, also have training facilities for nurses as part of their offerings. In addition, two other CHAL facilities provide training for nurse assistants. None of these facilities are exempt from the problems affecting the NHTC in that they are also subject to high attrition rates. Other similarities are with respect to low intakes, and poor or inadequate supplies of training materials.

- At present, there are four key training-related functions that are lacking in the Ministry of Health and Social Welfare in Lesotho. These are curriculum development; training needs assessment; development of training methodologies; and the monitoring and evaluation of training programmes. If this is to be corrected, what is required is that the training section within the human resource development of the Ministry be strengthened considerably in order to be more efficient and productive.

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- Education in the basic sciences is an essential requirement for many health care professions but few secondary schools in Lesotho have science laboratories, and science teachers are a scarce commodity. The level of basic training and maintaining continuity is a problem in the country. At the moment, the training of laboratory technicians, pharmacists including other health-related professions remain a major concern.

The observations that emerged from the staff were supportive of the above-mentioned perspectives. In addition, the staff revealed that:

- To a large extent, the management style restrains organisational learning within the health sector. The given example is the exclusion of functional staff members in the initial change management training. According to staff, learning is an essential ingredient required by all in the process of organisational change. For that reason, other members should not be segregated because of their lower ranking level according to the management structure. In order for all to be able to resume new responsibilities in the restructuring process, management has to create a learning culture that enhances the collective talents of all within the health sector to enhance successful organisational change.

- The structure of the health sector by design inhibits organisational learning. What this implies is that, due to the rigid bureaucratic structure of the Ministry, there is lack of interaction between management and employees across the health sector. As a result, there is lack of dialogue (which is learning through conversation) in general between management and staff, and there is no free flow of information within and across the health sector.

- There is an apparent lack of connectedness among different programmes within the Ministry. This lack of connectedness among employees of different programmes does not foster learning within the health sector community. As the situation is, much knowledge within the health sector goes unshared and unused.

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Although the literature reviewed suggested that organisational learning is a strategic approach that is intended to enhance the capacity of knowledge in organisations, the findings of the research revealed that the situation is different in the case of the Ministry of Health and Social Welfare. Based on the findings, it is evident that within the health sector, the environment is not supportive of the learning culture. What this suggests is that unless both management and employees within the health sector have the required skills and knowledge, the restructuring process will not be successful, since organisational learning is one of the prerequisite elements required in facilitating change in organisation.

4.3.3.5   Scenario Planning

Drawing from the discussions with management, the Ministry of Health and Social Welfare developed a few scenarios of what the future of the restructuring programme may unfold. What is important though to mention is that the management did not have a formal forum for structuring and developing the said scenarios, but they were discussed and developed as part of their general agenda during their management meetings. What this suggests is that, although the future scenarios of the outcome of the restructuring programme were developed, this was done at a very superficial level. The people who participated were the management of different programmes within the Ministry. Based on the findings of the research, the general scenarios that were identified by management that are likely to have an impact upon the outcome of the restructuring programme are the following:

- *Scenario 1:* By increasing participation and involvement of NGOs, CHAL, community workers, and private doctors in decision-making processes, the service delivery will improve.

- *Scenario 2:* Engagement of private sector versus the government alone in delivering health services will result in increased challenges and more costs to the Ministry.

- *Scenario 3:* The restructuring programme will not get support from all the partners for various reasons.

- *Scenario 4:* Staff development will increase staff retention, thereby improving service delivery.

- *Scenario 5:* Staff development will not result in immediate performance improvement for various reasons.

The above are said to be the general scenarios of how the future of the restructuring programme of the health sector may unfold. However, although it was interesting to discover that the element of scenario planning was considered, the researcher is of the opinion that, the aforementioned scenarios are not in line with the principles of how the scenarios are developed, but rather, are the general statements of different factors that are likely to have a direct impact on the restructuring programme of the health sector. Based on the literature reviewed, the following approach could have been considered in developing the scenarios of the restructuring program:

- Scenario 1: the world will largely be the same as today, or slightly better.
- Scenario 2: the world will be significantly better than today
- Scenario 3: the world will largely be the same as today or slightly worse.
- Scenario 4: the world will be radically different from today.

The above given set of premises could have given a better more structured overview of how the restructuring programme of the health sector is likely to unfold. Nonetheless, it was interesting to discover that despite the fact that the Ministry of Health and Social Welfare applies the traditional planning approach to strategy, an element of scenario thinking was also considered when formulating strategy with regard to the outcome of the restructuring programme, even though it was applied to a very limited degree.

The interesting perspective that emerged from the discussions with management is that, even though they rely mostly on the traditional approach to strategy, which restrains them to adapt to changing circumstances, they considered scenario planning as a complementary approach, which helps in assessing the level of risk that may affect the future state of the restructuring efforts. What this suggests is that through the development of scenarios, management gets psychologically prepared for unpleasant surprises. Their problem though is related to their culture of doing things a certain way largely because of their management structure. This practice limits the flexibility of management to adopt other strategic approaches and techniques, which are likely to increase the likelihood and propensity to adapt to changing circumstances.

Based on the above findings, it is evident that the Ministry is aware that the use of multiple scenarios is a means of making sense of a large number of diverse, but inter-connected factors, which may affect the future direction of the organisation as the literature reviewed suggested. Notwithstanding the fact that scenario planning could be beneficial in the restructuring programme in terms of risk assessment, the researcher is of the opinion that due to a fact that the Ministry applies traditional approach to strategy, the benefits of scenario planning in the restructuring process may not be sustainable in the long term because of the following reasons:

- The theory of scenario planning suggests that the future is always uncertain, and it is only through strategic approaches like scenario planning that business management can maintain flexibility and preparedness in coping with unpleasant surprises. In contrast, the Ministry of Social Welfare by design and in practice applies the traditional approach to strategy. This approach is based on the assumption that organisations operate in stable and relatively predictable environments, whereby managers identify where change is required, with the ultimate goal of achieving order and stability. This train of thought restrains the flexibility of organisations to adapt to changing circumstances because it is a linear way of thinking based on stability and predictability, which unfortunately is not sustainable in the long-term because organisations operate in highly dynamic and unpredictable environments.

- Drawing from the literature, scenario planning encourages the construction of several possible alternative futures, instead of trying to make accurate predictions and the formulation of one optimal strategy. The findings of the research revealed that the strategic approaches adopted by the Ministry are the outcome of sequential process of strategic planning which is rational, analytical and follows a methodical procedure to achieve the optimum results. The main aim of scenario planning is to generate an alternative picture of what the future could be. On the other hand, the planning dimension approach is more focused on the obtaining the one optimum strategy for an organisation, which contradicts the purpose of scenario planning.

What emerged from the above discussions is that the two approaches to strategy (scenario planning and the traditional planning) are two approaches that fail to merge. Scenario planning is in line with the principles of non-linearity, characterised by uncertainty and

unpredictability. As the literature suggested, the concept of scenario planning is amongst other key approaches, which challenges management thinking to develop a more holistic understanding beyond a business-as-usual mindset. The significance of this scenario thinking lies in its ability to help overcome thinking limitations such as organisations thriving on stability and predictability, by developing multiple future scenarios. The process of considering alternative futures broadens thinking and opens minds to new possibilities. On the other hand, traditional approach to strategy is based on linear thinking, stability, predictability and control. As the two approaches stand, they are built on different management paradigms, and their focus is divergent.

In summary, the findings revealed that the problem situation of the health sector is attributed to a number of interrelated factors. To address such problems, the application of strategic thinking is a key requirement because of its flexibility in problem solving and its adaptability. Based on the findings of the research, it is evident that the Health Planning Unit, as the key role player in the restructuring programme, has not delivered the desired outcomes to date. In pursuing the activities required to improve the problem situation, the Unit relies mostly on the recommendations made by consultants. As a result, most of the strategic approaches employed are in accordance with the recommendation made in different feasibility studies. The dominant strategic approach adopted by the Unit is the prescriptive traditional approach to strategy, which has proved to be restrictive and overly linear. As the situation remains, the critical areas of concern requiring immediate attention are related to:

- District Health Problems
- Lack of skills
- Infrastructural problems
- Pharmaceutical problems
- Poor relationships of the Ministry with other health care partners

In an attempt to assess and to understand the participants' views as to how the aforementioned critical areas of concern could be improved, soft systems methodology, as the preferred methodology was used to guide the discussions. Various perspectives, suggestions and worldviews emerged, as presented in the following sections.

4.3.4   The Root Definition of the Health Sector

Following consideration of the problem situation as discussed in the previous section, the next stage of the process of enquiry, as determined by soft systems methodology, was to produce a root definition that expresses the activities and purposes of relevant systems deemed useful in addressing the problem situation (Checkland and Scholes). For Checkland and Scholes, root definitions are simply used to think about what is likely to make sense in addressing the problem situation, and as a step in conceptual modelling that leads to questions about how to better explore the real-world situation. In expressing activities that are likely to address the problem situation, the first step undertaken was to identify the key focal areas that are referred to as systems in this study. These systems are based on the problem situation with the key focus on the areas of concern as depicted below:

- **System 1:**   A system to improve management of the restructuring   programme of the health sector.
- **System 2:**   A system to improve the district health situation.
- **System 3:**   A system to improve skills development.
- **System 4:**   A system to address infrastructural problems of health facilities.
- **System 5:**   A system to address the pharmaceutical condition.
- **System 6:**   A system to strengthen the relationship of the ministry with its health care partners.

The mentioned systems were used as the key foundation from which six root definitions were developed. What is interesting is that the assessment phase identified System 1 as the key focal area of the study. However, due to its broad nature, it was logical to divide System 1 into smaller interdependent system to comprehend the discussion better. What this implies is that, System 2 through to System 6 are all dependent on System 1.

In developing the root definitions, the CATWOE analysis was undertaken, which contributed in describing the transformation process that could improve the current problem situation. A number of suggestions emerged, and there was a general agreement that the identified systems are likely to make a positive impact in addressing the problem situation of the health sector, as depicted below:

4.3.4.1 System 1: A System to Improve Management of the Restructuring Programme of the Health Sector.

Root Definition

The Ministry of Health and Social Welfare to employ effective strategic approaches in order to improve the overall service delivery of the health sector.

Customers

- All the people who get services from different health facilities in Lesotho.

Actors

- Ministry of Health and Social Welfare
- Medical staff
- Administrative staff
- CHAL and NGOs
- Community health workers
- Consultants and other partners

Transformation

The adoption and application of improved strategic management approaches can enhance and facilitate successful restructuring programme of the health sector.

Weltanschauung or worldviews

- Improved performance of the health sector depends on a combination of strategic approaches, which are responsive and dynamic.

Owner

- The Government of Lesotho

Environmental Constraints

- Budget constraints
- Donor support

4.3.4.2 System 2: A System to Improve the District Health Situation

Root Definition
A system to improve the overall delivery of the health care services nationwide by identifying both the key areas of concern and solutions through the participation of all the involved parties.
Customers
• District Health Care Facilities
• Community Health Care Facilities
• CHAL and NGOs Facilities
Actors
• The Ministry of Health and Social Welfare
Transformation
Decentralisation of the health care structures can enhance participative decision-making processes at the district level.
Weltanschauung or worldview
• Autonomous decision-making process at district level can facilitate improved service delivery.
Owner
• The Government of Lesotho
Environmental Constraints
• Limited financial support
• Although the Government is keen to improve district health facilities, its efforts remain insufficient and highly uncoordinated.

4.3.4.3   System 3: A System to Improve Skills Development

Root Definition

A system to address the prevailing problems associated with shortage of skills within the health sector in order to improve the efficiency, the quality of service and the overall performance of all the health care facilities throughout the country by strengthening the capacity of health training facilities in the country.

Customers

- Staff members of the Ministry of Health and Social Welfare (medical, management, administrative, technical etc.)
- CHAL staff members
- Community health workers

Actors

- Local health training facilities
- Health training facilities outside the country

Transformation

Skills development within the health sector could improve performance as well as to facilitate change.

Weltanschauung or worldview

- It is important to strengthen the capacity of local training institutions.
- Capacity-building is required in order to motivate and encourage people to get involved in problem-solving activities, as much as to improve service delivery.

Owner

- The Government of Lesotho

Environmental Constraints

- Financial support.

4.3.4.4 System 4: A System to Address Infrastructural Problems of Health Facilities

Root Definition

A system to address the poor state of health infrastructure in the country to ensure that health facilities are established, maintained and improved at all times by constructing and upgrading of health facilities to overcome the prevailing infrastructural problems.

Customers

- Government health facilities
- CHAL and NGOs health facilities

Actors

- Ministry of Works
- Private Contractors

Transformation

Improved infrastructural conditions are likely to increase the staff morale, thereby improve the quality of service delivery. On the other hand, the demand for the use of such facilities is likely to increase as well.

Weltanschauung or worldview

- The emphasis of the restructuring programme should be on improving the coverage and quality of health care provision in the country.

Owner

- The Government of Lesotho

Environmental Constraints

- Financial constraints

4.3.4.5 System 5: A system to Address the Pharmaceutical Condition

Root Definition

A system to facilitate and to enhance a better provision of pharmaceutical services nationwide in order to rectify the prevailing problem situation by strengthening both the ability and the capacity of the pharmaceutical system.

Customers

- Lesotho Pharmaceutical Corporation

Actors

- The Government of Lesotho
- Health training institutions

Transformation

Improved pharmaceutical conditions in the country can enhance a better provision of pharmaceutical supplies.

Weltanschauung or worldview

- Pharmaceuticals are considered to be fundamental in the treatment of illness. For that reason, it is imperative to ensure that pharmaceutical supplies are available at all times at health care facilities.

Owner

- The Government of Lesotho.

Environmental Constraints

- There are limited training institutions in the country.
- Financial budgets depend on the approval of the Ministry of Finance and Development Planning.
- Limited donor funding
- The model adopted by the Lesotho Pharmaceutical Corporation is not business-oriented. The Corporation does not operate as a profit-making entity, but governed by Government regulations.

4.3.4.6 System 6: A System to Strengthen the Relationship of the Ministry with its Health Care Partners

Root Definition

A system to enhance collaboration and to strengthen the relationship of the Ministry of Health and Social Welfare with the NGOs and other private sector organisations involved in providing health care services in order to improve health care services, as well as to encourage support and commitment of the external partners to embrace the restructuring program of the Ministry by adopting a more inclusive approach.

Customers

- CHAL
- NGOs
- Other Health Care Providers

Actors

- Ministry of Health and Social Welfare

Transformation

Strengthened relationship between the Ministry of Health and Social Welfare with its key external partners can improve the quality of health service throughout the country. This can be achieved through encouraging participation of all the external partners or stakeholders in the decision-making processes.

Weltanschauung or worldview

- Communication systems and processes must be strengthened.
- Regular feedback forums are informative.

Owner

- Ministry of Health and Social Welfare

Environmental Constraints

- Budget constraints
- Government support remains uncoordinated, inappropriate and insufficient.

4.3.5 Developing Conceptual Models

Although it is a common practice in soft systems methodology to merge the identified activities with arrows to show the points of interrelatedness, in this study, the preferred format of presentation was to make use of the bullet form instead. The decision to opt for this format of presentation was largely determined by the participants, who thought the other format was difficult and time-consuming. It is important to mention that, through this adopted format, the

researcher was able to make sense of the contributions made. In modelling the new possibilities of the restructuring programme of the health sector, a number of core activities, which are considered necessary to improve the situation have been identified as the following:

4.3.5.1   Modelling System 1: A System to Improve the Strategic Management of the Restructuring process of the Ministry of Health and Social Welfare.

- Appoint a strategic management team to provide relevant advice on the restructuring programme of the Ministry.

- Develop a shared vision for change to present a better flow of information with the desired outcomes of the future state of the restructuring programme (vision building).

- Develop comprehensive strategies and processes with the aim of integrating different departments of the Ministry.

- Allocate resources according to critical areas of concern to remain focused on priority areas requiring immediate intervention.

- Develop adaptive capabilities to change strategies to fit changing environmental conditions like complex adaptive systems.

- Develop future scenarios in order to be psychologically alert for any unpredictable events (scenario planning).

- Redesign structures at all levels within the Ministry where management, staff and stakeholders could interact, share ideas, perspectives and worldviews on how the restructuring programme could be improved.

- Develop policies and legislative frameworks supportive of change efforts.

- Support and encourage employee participation to minimise resistance to change.

- Establish implementation targets and have regular reviews to monitor progress.

- Strengthen communication systems and procedures to improve communication and a better flow of information within the Ministry and with stakeholders.

4.3.5.2 Modelling System 2: A System to Improve the District Health Situation

- Define priority services required at the district level to facilitate better channelling of resources.

- Introduce information management systems at district level to enable management and other practitioners to capture important information in order to facilitate a better decision-making process.

- Develop policies, guidelines and procedures for all priority health services.

- Strengthen operational research as to how best to provide health services nationwide.

- Support and facilitate a network of hospitals, health centres and clinics to share ideas and best practices as to how to improve the current situation as well as to improve the quality of service.

- Improve district health facilities to create demand for health care services at the district level.

4.3.5.3 Modelling System 3: A System to Improve Skills Development

- Create a learning environment to facilitate change by encouraging and supporting skills development and capacity building to improve competencies.

- Identify performance requirements and training needs to enhance performance.

- Increase the number of trained health personnel at district and community levels in order to meet the high demand of health care services in the country.

- Ensure that newly acquired knowledge and skills of the workforce are applied and used to fulfil the goals and objectives of the restructuring programme.

- Build an environment that encourages open dialogue between management and staff, whereby learning comes through strategic conversations.

- Identify and support the training needs of other stakeholders and partners to enhance their capacity in assuming and improving their competencies.

4.3.5.4 Modelling System 4: A System to Address Infrastructural Problems of Health Facilities

- Improve infrastructure of the health facilities in the country to improve the conditions of health facilities.

- Define financial and non-financial requirements, actions and functions required to improve the current situation.

- Establish a unit responsible for managing issues related to health infrastructure (such as buildings, equipment, biomedical equipment and vehicles).

4.3.5.5   Modelling System 5: A system to Address the Pharmaceutical Condition

- Develop new policy and legislative frameworks to ensure that:
  - ➢ The necessary structures are put in place so that safety and quality are assured.
  - ➢ Drugs coming into the country match the needs of the country.
  - ➢ Drugs coming into the country are compliant with government policy.
  - ➢ Drugs produced in the country or meet quality, efficacy, and safety standards.
  - ➢ Imported drugs meet quality, efficacy and safety standards.
  - ➢ Both imported or locally produced drugs meet WHO standards.

- Develop pharmaceutical skills in order to increase the number of pharmacy personnel to meet the required service delivery standard.
- Opt for other strategies such as privatisation of the Lesotho Pharmaceutical Corporation to improve its service delivery and its overall performance.

4.3.5.6   Modelling System 6: A System to Strengthen the Relationship of the Ministry with its Health Care Partners

- Create a collective understanding of the problem situation and how to improve it by facilitating regular dialogue-based forums between the Ministry and all partners and stakeholders.
- Redesign structures at all levels where management, staff and stakeholders interact and share ideas as to how to improve the current situation.
- Establish co-ordination mechanisms and guidelines with private sector partners to facilitate improved coordination of activities.
- Apply a holistic approach of ensuring that all the related partners and stakeholders work together with the Ministry to pursue and address the problem situation of the health sector.
- Strengthen communication channels, processes and procedures to facilitate a better flow of information between the Ministry and its partners.

In summary, the above are the conceptual models that were developed by the participants through the facilitation of the researcher. This was the last step of the process of enquiry, which identified the key activities required to improve the problem situation defined in the root definitions. According to soft systems methodology, another step that was supposed to follow after the completion of the development of the conceptual models was to compare the conceptual models with what is perceived to exist in the real world. The comparison was not pursued in this section because the general overview of what is perceived to exist within the health sector was discussed in the previous sections.

In concluding this section, the researcher would like to mention that the process of enquiry largely followed the soft systems methodology. This approach facilitated a process whereby the views of management, members of staff, stakeholders and the public were all considered important in developing the conceptual models. In so doing, a collective understanding of the situation was enhanced.

Although the attendance of the participants was less than anticipated, what was remarkable was the high level of participation, the dialogue and interaction between people from different backgrounds, with different worldviews and different perspectives with regard to the problem at hand. In short, despite the fact that people were reluctant to participate at the beginning of the session, the value of learning proved evident when the participants were sharing their different perspectives, observations and experiences concerning the restructuring of the health sector. It was also interesting to observe their high level of participation in developing the conceptual models that describe a transformational process required to improve the problem situation.

4.3.6 Conclusion

Managing organisational change through the application of strategic thinking was the key theme of the study. In the context of this study, a framework of strategic thinking was developed as a guide as to what strategic thinking entails. In an attempt to make sense and to understand how different organisations with diverse backgrounds manage change in their organisational settings, the Ministry of Health and Social Welfare was one of the chosen unit of analysis for this study. The rationale for choosing this Ministry was based on the premise that at present, the Ministry is undergoing a process of organisational change. In finding out

as to how the Ministry has approached its restructuring programme, reference was made to the framework of strategic thinking.

Given the above findings, the study concludes that the Ministry of Health and Social Welfare is not managing its restructuring programme through the application of strategic thinking. What is implicit from the findings is that in dealing with its restructuring programme, the Ministry is applying the planned change approach. As the literature suggested, planned change strategies fall within the framework of traditional planning to strategy. The traditional approaches to strategy are focused on a rational, top-down, planning approach that views strategic decision-making as a precise, step-by-step process to ensure strategies that are likely to be effectively implemented in practice. This approach is based on the assumption that organisations operate in stable and relatively predictable environments, in which managers identify where change is required, with the ultimate goal of achieving the pre-planned desired goals. As evidenced by the findings, it is clear that the Ministry see its restructuring programme to be successful through the process of clearly analysing its situation correctly, identifying all the possible alternative solutions and choosing the most appropriate ones with the objective of achieving the desired end state of the change process. Instead of improving the situation, at the time of the enquiry, this approach delivered very insignificant outcomes of the restructuring programme, for a number of factors, which were unforeseen during the strategic planning exercise.

Although there is empirical evidence that managers now find themselves faced with a non-linear and rapidly changing business environment, requiring them to take active initiatives to adopt new strategic techniques, it is clear from the findings that strategies adopted by the Ministry conform to the principles of linear thinking, which unfortunately become unsustainable when organisational conditions change.

In the context of the research problem of this study, it was stated that When we view organisations as complex systems, we effectively view them as highly dynamic, constantly changing entities where change occurs at all levels and all sections (Van Tonder, 2004). In order to survive, organisations must take active initiatives to adopt new management tools and techniques, which increase the likelihood and propensity to adapt to changing circumstances. Although this transition must be managed effectively if goals of the change effort are to be realised, some organisations seem to struggle with it because their adaptive strategic

responses are inadequate in many respects. As informed by the findings, another conclusion drawn complies with what the research problem suggests in that, organisational change has to be managed effectively if goals of the change effort are to be realised. However, the Ministry seems to struggle with the management of its restructuring programme.

As evidenced by the nature of the problem situation, it is clear that the Ministry is faced with a range of problems. There is evidence that the undertaken strategic approaches are inadequate in many respects. For example, the restructuring programme was to be implemented over a period of ten years as a multi-levelled process. In six years of operation, the Ministry has not been able to make any substantial achievements. What is intriguing is that, the strategic planning phase has taken a period of more than five years. The question that remains is how feasible and possible is it that the implementation phase will be completed within the remaining period of four years, taking into consideration the nature of the problem situation that the Ministry is faced with.

In systems language, the nature of the problem situation that the Ministry is facing is messy. For Pidd (2003:60), a mess is a system of problems with the following characteristics:

- Problems are interrelated, difficult to tackle, having serious implications and occur at large scales.

- Problem situations are too complicated to understand from one perspective.

- To work with messy problems requires the analyst to be able to see the links.

- Linear thinking is not applicable in addressing messy situations.

- Problem situations should be investigated from a variety of perspectives.

- Different perspectives and systems methodologies should be used in a complementary way towards addressing different aspects of the problem situation.

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In the context of the Ministry of Health and Social Welfare, it is evident that the nature of the problem situation faced by the Ministry is due to a range of interrelated problems. These problems are complex and complicated to understand from one perspective. Consequently, in addressing the problem situation, the Ministry, through its management and consultants is failing to see the links and the interrelatedness of the problems. Rather, they are dealt with as individual and independent departmental problems. A conclusion is drawn that, unless this range of problems are dealt with as systems problems that are interrelated and interconnected, the Ministry will not see much improvement in its restructuring efforts. What is required is to address them as systems problems through the application of strategic thinking in order to achieve systems-integrated solutions, and thereby improve the situation of the health sector.

Chapter 5
Conclusions and Recommendations

5.1   Introduction

The pressure on organisations to change is unavoidable, forcing organisations to respond to continuous change. This situation has presented a serious challenge to organisations as to how they address and effectively manage this transition. The aim of this study was to find out how this transition is managed, with the key focus on two organisations, namely, the Lesotho Electricity Corporation and the Ministry of Health and Social Welfare. This chapter therefore offers the conclusions and the recommendations drawn from the comparisons made between the two mentioned organisations under investigation.

5.2   Conclusions

A proposition was made initially that successful implementation of organisational change requires the application of strategic thinking. In the literature review chapter, a comprehensive strategic thinking framework was developed. This was used as a reference tool in conducting the enquiries. This framework was developed from a number of key strategic thinking elements. These strategic thinking elements are related to specific Principles, which were developed in Chapter 2. Interestingly, some of the Principles are in line with the various schools of thoughts on strategy formation, which are suggested by Mintzberg *et al.*, as noted in Chapter 2. The conclusions from this study are based on the relevance of the key strategic thinking elements, which in turn are based on the Principles. In general, the conclusions drawn from the study are largely based on the following specific aspects of strategic thinking:

5.2.1   Vision-Building

Within the context of this study, the concept of vision-building was developed from Principle 1, which suggested that organisational strategic intent through vision formulation is a prerequisite in change-related endeavours. According to this Principle, the purpose of a vision for change is to guide members to focus their efforts in the right direction. Seemingly, Principle 1 shares the same line of thought with the Entrepreneurial school of thought on strategy formation, which views strategy formation as a visionary process. According to the principles of strategic thinking, these two dimensions have a bearing on the success of organisational change management as they both suggest that the process of vision formulation guides the aspired future direction of any organisational change initiative. Consequently,

organisations that do not have a vision for change are likely to fail in visualising and guiding the future direction of their change-related efforts.

In the case of the Lesotho Electricity Corporation, it is evident that through the facilitation and management of the IMTF team, the vision of the desired future corporation was developed. This was a comprehensive process that was designed to move LEC from the poor status quo to the specific desired future. In this case, the process of ensuring effective organisational change required all the key stakeholders to develop a clear understanding of the need for change through the process of vision development. The key purpose of this process was to facilitate the strategic direction of the whole restructuring programme of the corporation. As a result, the study concludes that vision-building was applied as a significant element of strategic thinking in managing the restructuring process of the Lesotho Electricity Corporation.

Conversely, in the case of the Ministry of Health and Social Welfare, the findings showed that the Ministry does not have a clear organisational vision in general, nor an explicit vision for the restructuring process. Without an explicit vision for change, the Ministry is not in a position to present its desired image of the future. In that respect, the conclusion is that, in managing its organisational change, the Ministry of Health and Social Welfare has not applied the concept of vision-building.

5.2.2 Systems Thinking

Systems thinking was developed from Principle 2, which suggested that strategic thinking should take into account the interaction of the organisation's parts, as well as their relationship with the external environment. By so doing, strategic thinking encourages the participation of the internal and external stakeholders in change-related efforts. In the case of LEC, it is evident that various external stakeholders have been involved in the restructuring process. However, from the internal environment perspective, the findings reveal that the management of the different departments within the corporation preferred to address the problems that prevailed within the corporation as individual departmental problems. This style of management was reductionist in nature. As a result, the study concludes that the idea of systems thinking was partly applied.

In the case of the Ministry of Health and Social Welfare, it is evident from the findings that it has not been applying the systemic approach, which encourages the explicit involvement and participation of the key external stakeholders in the organisational change-related endeavours. The systemic approach encourages organisational problems to be addressed as systems problems or issues that require integrated solutions. However, in the case of the Ministry, systemic principles are not applied. Thus, a conclusion that is reached is that, systems thinking is not applied in the case of the Ministry of Health and Social Welfare.

5.2.3 Complex Adaptive Systems

The concept of complex adaptive systems was developed from Principle 3, which suggested that organisational change requires management to continuously develop adaptive strategies according to the changing circumstances. This concept of complex adaptive systems shares similar notions to that of the Learning and the Environmental school of thoughts. The Learning school views strategy formation as an emergent process, while the Environmental school considers strategy formation as a reactive process. The Learning perspective views organisational strategies as an outcome of emergent learning, which implies that organisational strategies emerge over time depending on the circumstances. By so doing, organisations become dynamic in changing their strategies altogether when necessary by adapting to the changing conditions. In addition, the Environmental school of thought is more concerned with how organisations respond to their environments. This school of thought views strategy formation as a reactive process to counteract the effects of the changing environmental conditions. The two aforementioned schools of thought both suggest that organisations must take active initiatives to adopt new management tools and techniques to enhance the likelihood and propensity of organisations to adapt to changing circumstances. This line of thought complies with the principles of the complex adaptive systems as shown in Chapter 2.

In the case of the Lesotho Electricity Corporation, the findings from the previous chapter revealed that, in its restructuring programme the corporation through the management of the IMTF team has been applying the principles of both the Learning and the Environmental schools of thought. In that case, the corporation has been behaving as a complex adaptive system in its endeavours towards successful organisational change. Although the findings in the previous chapter revealed that LEC also applied deliberate strategies, which fall under the umbrella of the Planning school of thought, it is indicated that when required, the corporation

applies adaptive strategic approaches to fit the circumstances. In other words, in its restructuring process, LEC applied a combination of both the deliberate as well as the emergent and adaptive strategies. In that sense, the idea of behaving like a complex adaptive system was reflected in this case. By so doing, LEC was able to be reactive, dynamic and adaptive when required.

However, in the case of the Ministry of Health and Social Welfare, it is evident from the findings that the concept of a complex adaptive system does not apply. At the time of enquiry, the implementation stage of restructuring was still pending. The findings revealed that the Ministry was not in a position to adapt to the changing circumstances due to its organisational structure and its excessive reliance only on the traditional approaches to strategy, which fall under the auspices of the Planning school of thought. Consequently, when applied alone, the Planning school of thought is restrictive in many respects as mentioned in Chapter 2.

5.2.4 Organisational Learning

Organisational learning was developed from Principle 4, which suggested that organisations operate in environments characterised by change. When organisational conditions change, there is a greater need for learning to enable quicker and more effective responses to the challenges facing organisations. Principle 4 draws from the Learning school of thought, which views strategy formation as an emergent process as mentioned initially. In the case of the Lesotho Electricity Corporation, the findings revealed that the IMTF team worked very hard to create a learning environment to enhance capacity building as well as to facilitate a learning culture within the corporation. The significance of this initiative has been to facilitate change within the corporation. However, in the case of the Ministry of Health and Social Welfare, it is evident that to a large extent, the restructuring programme of the health sector is restrained by poor and inadequate organisational learning efforts undertaken by the management. What this implies is that, unless both management and employees within the health sector have the required skills and knowledge, the restructuring process will not be successful.

5.2.5 Scenario Planning

Scenario planning was developed from Principle 5, which suggested that organisational change requires management to apply strategies that recognise that the future is always

uncertain, and it is only through strategic approaches like scenario planning that management can maintain flexibility and preparedness in coping with unpleasant surprises.

In the case of the Lesotho Electricity Corporation, scenario planning is not applied as a strategic tool to explore alternative futures in uncertain environments. Rather, the corporation applied the contingency planning approach. As mentioned in the previous chapter, the problem with this approach is that, by developing responsive plans and strategies prior to the occurrence of any emergency or disaster, suggests that the type and the impact of such events are known in advance or can be predicted. Unfortunately, organisations operate in the environments characterised by unpredictability and uncertainty. In such environments, the significance of scenario planning is to encourage the construction of several possible alternative futures rather than trying to make accurate predictions of how the business environment is likely to unfold. However, in the case of the Ministry of Health and Social Welfare, the findings suggested that scenario planning is applied, but to a very limited degree.

Based on the above observations, it is evident that in managing organisational change, there is a significant difference between the strategic approaches adopted and employed by the two organisations under investigation in this study. Table 5.1 presents an overall summary of the findings of the above discussions:

Table 5.1   Summary of the Findings

The Elements of Strategic Thinking	Lesotho Electricity Corporation	The Ministry of Health and Social Welfare
Vision-Building	Applied	Not applied
Systems Thinking	Partly applied	Not applied
Complex Adaptive Systems	Applied	Not applied
Organisational Learning	Applied	Not applied
Scenario Planning	Not applied	Partly applied

Based on the above table, the study concludes that in managing organisational change, the Lesotho Electricity Corporation is in a better position than the Ministry of Health and Social Welfare in many respects in terms of applying strategic approaches that fall within the framework of strategic thinking. However, even though the Lesotho Electricity Corporation is more astute in terms of applying a number of approaches that are in line with the principles of

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strategic thinking, there still remain other areas of strategic thinking that are not applied or not fully explored by management when addressing the problem situation of the corporation. In particular, systems thinking is one key element of strategic thinking that has been found partly evident in addressing the problem situation of the corporation, while scenario planning was found not applicable at all.

What is evident from the previous chapter, with regard to the progress made to date in the case of LEC is that, in their organisational restructuring journey, the IMTF team took active initiatives in facilitating and adopting approaches supportive of change, which increased the likelihood and propensity of the majority of participants to embrace the change. In particular, the IMTF management team focused their attention and energy on the key factors that have been cited as key problem areas. This required a series of actions on the part of management to prevent failure of the change initiative, which included:

- Introduced flexible strategic management efforts.

- Shown noticeable support and commitment.

- Encouraged participative decision-making processes and practices through ensuring participation at employee and stakeholder's level.

- Developed a vision of the change outcomes.

- Improved and enhanced communication practices.

- Encouraged a culture of learning within the corporation and provided necessary training throughout the organisation.

However, in the case of the Ministry of Health and Social Welfare, the conclusion is that, in managing its organisational change, the Ministry has not been applying strategic thinking. Based on the findings in the previous chapter, the one dominant school of thought in this case is the Planning school of thought, which views strategy formation only as a formal process based on analytical, intentional and sequential process of planning. This approach has

prevented the Ministry from realising its full potential in addressing the problem situation of the health sector that still persists. Furthermore, it is evident from the findings that other hurdles that constrain the Ministry from improving the current problem situation are related to the structure of the Ministry, which is highly bureaucratic in nature. In addition, there is a particular culture of operation within the Ministry, which is determined by the rules and the structure of the organisation. As the situation remains in this case, it is apparent that both the structure of the Ministry and the culture of operation have a direct, detrimental impact on the restructuring programme of the health sector.

5.3   Recommendations

Change remains the crucial challenge for organisations because the environment in which organisations operate is continuously changing. In order for organisations to cope with this increasing rate of change, it is essential that their management adopt adaptive strategic management approaches such as strategic thinking. Drawing from the previous chapters, the concept of strategic thinking refers to a distinct management activity whose purpose is to make it possible for organisations to drive change initiatives in different business settings successfully. In particular, the notion of strategic thinking suggests that:

- If strategy is to serve the purpose of driving organisational change, management of organisations have to think about strategy in different terms than when strategy was only the outcome of formal planning. In today's environment, it is imperative that, depending on each organisational case, organisations apply a combination of the traditional planning strategies with the emergent approaches to strategy, or when organisational conditions change, strategies can be adapted to fit the changing circumstances. What this implies is that organisations must make efforts to adapt to this fast-changing environment over and over again.

- In organisational change-related endeavours, the significance of strategic thinking is that it contributes to a shared understanding of problem situations in organisations. In such cases, organisational actions become easily integrated because different departments make decisions in the light of a shared understanding of the situation at hand. What is required is for management of organisations to develop competencies in strategic thinking.

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- Based on the information from the previous chapters, it is evident that a combination of strategic thinking elements will help management of organisations to develop practical strategic interventions required for improving organisational problems. In that sense, the integrated elements of strategic thinking are key towards driving change and success in organisations.

5.3.1 Recommendations for Lesotho Electricity Corporation

From reviewing the corporation's case, it is evident that in its restructuring process, the concept of systems thinking has not been fully explored, while the concept of scenario planning is found not applied at all. In the context of this study, these two elements of strategic thinking, together with other elements, form a framework of strategic thinking. As suggested in previous chapters, when integrated, all the elements of strategic thinking are essential in driving change and success in organisations. In this regard, the researcher's recommendation is that, the Lesotho Electricity Corporation should use this research as its reference and guide with regard to the significance of strategic thinking as a distinctive strategic tool required in organisational change-related initiatives. In particular, more emphasis has to be put on the significance of the two mentioned strategic thinking elements that appear to be underutilised in this case.

5.3.2 Recommendations for Ministry of Health and Social Welfare

The way in which change is implemented is an important determinant of the ultimate success of a change initiative. Most importantly, the transition from an existing condition to a future state is the responsibility of management. This transition is critical in that it significantly impacts on the quality of the future organisational condition. In the case of the Ministry of Health and Social Welfare, it is evident that in its restructuring program, the Ministry of Health and Social Welfare applies inadequate strategic management approaches that lack substance in many respects. As the case remains, the researcher recommends that possible strategic management interventions are required that could contribute towards improving the current problem situation. In particular, the Ministry could undertake a research study focused on improving the current situation. The researcher recommends that the Ministry should use this research as its base upon which future research can be developed. The future research could focus on the significance of the application of strategic thinking in managing change of the health sector.

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List of Annexures

Annexure 1

Key Events in the Study Time-Line

In the case of the Lesotho Electricity Corporation

Event No.	Events	Time-Frame
1	**Stage 1:** Meetings, Interviews and Consultations	Feb. –Mar. 2006
	Preliminary analysis	April - 2006
2	**Stage 2:** Group Meeting	May - 2006
	General overview analysis	May - June 2006
3	**Stage 3:** Follow-up Meetings	June - July 2006
	First comprehensive draft of the analyses	Aug. 2006

In the case of the Ministry of Health and Social Welfare

Event No.	Events	Time-Frame
1	**Stage 1:** Meetings, Interviews and Consultations	Sept. - Oct. 2006
	Preliminary analysis	Nov. - 2006
2	**Stage 2:** Group Meeting	January - 2007
	General overview analysis	Jan.- Feb. 2007
3	**Stage 3:** Follow –up Meetings	Mar. - April 2007
	First comprehensive draft of the analyses	May - 2007

In both cases

Event No.	Event	Time-Frame
1	Consolidation of the whole research paper	May - July 2007

Annexure 2

The General Questionnaire Used in Both Organisations

Questionnaire

The researcher is currently studying towards her Master of Commerce degree in Strategy and Organisational Dynamics. Amongst other requirements of her degree programme, is to complete a dissertation through undertaking a research study. Her dissertation work is focused on organisational strategic issues with a key focus on how different organisations manage change in their different business settings. For this reason, a humble request is made to accord her all the necessary information for the purpose of this research.

1. What were the reasons that led to the transformation?

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2. What are the desired outcomes of the transformation?

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3. How would you know that you have achieved the desired outcomes?

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4. Are there any achievements realised to-date brought by the transformation?

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5. If so, what are they?

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6. If not, what could be the reasons?

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7. If you think the current situation needs improvement, what would you do to improve the situation?

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8. How has the transformation affected people who get services from your organisation?

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9. Do you keep them informed about changes that your organisation makes?

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10. Were they informed about the transformation before it took place?

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11. Since the environment in which organisations operate is continuously changing, do you scan the environment constantly to see what is changing that is likely to affect the future of your organisation?

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12. If so, what strategic tools do you use to improve your organisation's alignment with the external environment?

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13. Does your organisation employ scenario planning?

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14. If you do, what scenarios do you have about the future of your organisation?

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15. Did your organisation engage employees before the transformation took place?

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16. Have you experienced any resistance to organisational change?

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17. If so, how did management deal with that situation?

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18. What initiatives were taken to ensure successful change in your organisation?

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19. If so, what are the key indicators showing success?

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The General Comments Made by Participants with Regard to Reasons that Led LEC To Restructure

Customer Service

The findings highlighted that responsibility for customer service resides principally in the commercial division. To a large extent, the commercial function is at the centre of the financial health and survival of any company or organisation. In short, a well-functioning commercial division should incorporate at least the following:

- Marketing services which address market analysis (including growth in demand and customers), tariff issues (products and features), product promotion (including energy efficiency, conservation and safety issues) and customer communication; and

- Responsive and accessible customer care services, including: the processing of new applications, maintaining existing supply arrangements, revenue collection facilities, resolving queries and complaints and providing advice on electricity matters.

However, the case with LEC was different. Through its commercial division, LEC only provided customer billing, revenue collection, billing queries, prepayment services, metering installation, testing and reading of meters and finally, handling of faults. Consequently, there was only one customer service centre, located at head office, which offered the full range of services. Other sites were only payment centres. This made access to services a cause for concern. The concept of offering partial services in some centres meant that customers had to make more than one call on LEC offices if they had other issues besides bill payment. On the other hand, there were a number of over-lapping computer systems used for recording of customer information and billing. This situation made the monitoring of customer accounts and production of management information on amounts owing or in arrears very difficult to track and prone to errors. As a result, customers lost confidence in LEC's ability to produce accurate bills and were often not inclined to pay. In that respect, the division was in urgent need of strengthening, given its vital role in the securing the success of LEC as a commercial utility.

Financial Management

The financial management of LEC had virtually been non-existent with severe lack of normal reconciliation procedures and an inability to provide both internal and external parties with basic information requirements. In particular, LEC had no regular management reporting procedures in place at the time the interim management took up its position.

What transpired was that, the latest available management accounts were subject to major uncertainties as no reconciliations had been undertaken. Also, none of the financial systems in use had IT support, and both the general ledger and supporting ledgers were kept manually. Also, a preliminary assessment of the staff complement in the finance division showed that very few had any formal training in accounting or record keeping, and only a few had experience of working with computers. As a result, significant financial management problems were experienced. Examples of ineffective and inaccurate work methods that were experienced include the following:

- Trial balances did not balance and the differences were not adjusted;
- Stock-take figures did not balance with the inventory records after adjustments had been put through;
- There were old and unknown items on bank reconciliation;
- Fixed assets posed a special problem, as supporting lists of individual assets with their relevant values in terms of cost and depreciation did not exist;
- Huge problems were experienced with electricity debtors. In many cases, payments were not posted to the appropriate accounts and outstanding amounts owed could only be reconciled with great difficulty; and
- It was virtually impossible to determine the actual performance against the budget.

Internal Audit

The discussion the researcher had with management revealed that, the Internal Audit function in electricity utilities generally provides an internal *watchdog* and an independent internal consulting-type service, which may or may not be restricted to financial matters. The function incorporates the auditing of management processes, adherence to policies, and the broader issues concerning business ethics and conduct. While technical audits are also sometimes included in this portfolio, that represents the exception rather than the rule.

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However, LEC's Internal Audit function did not meet the above description. While the department's task was severely hampered by the lack of clear LEC policies, standards and procedures against which to audit, there appeared to be no proper annual audit plan, or meaningful, comprehensive reports of findings and recommendations.

Human Resources Management

By making reference to the findings, due to many reasons, human resource management in LEC was not at an acceptable level. As a result, the following areas had been observed as the most critical and in need of urgent change:

- Critical skills shortages prevailed within the organisation;

- There was no Performance Management System in place

- The Personnel Regulations had not been kept current with changes in the Labour Code and other practices and guidelines;

- The Health and Safety function was non-existent; and

- LEC's vehicle fleet was centrally managed as part of the responsibilities of the human resources and administration department. The fleet management was far from satisfactory. There was no asset register available and very limited control was exercised over the usage of the vehicles by the different departments. Although there was a maintenance manual system in place, it was not in use because it was found to be very difficult to manage. It was therefore necessary that both fleet management and operational procedures had to be addressed.

Electricity network information

Very limited information (which was captured by hand) on the existing electricity networks was available. There was no distribution network information available for any town in Lesotho.

Stores

The main stores are located at LEC Head Office, while satellite stores are kept in the districts. The functions that were not performed satisfactorily by this department include:

- Decisions related to re-ordering of stock items, regarding usage levels and delivery times were not related to actual requirements;
- Minimum and maximum stock levels were not monitored;
- Obsolete stock was not being monitored;
- No policies were in place for stock valuation and write-off; and
- The general housekeeping and the way stock was physically organised needed to be overhauled.

Public Relations

Public relations function is responsible for both internal and external communication. As a matter of fact, good communication with staff and customers is critical for the image of any company or organisation. However, according to the information obtained from LEC, prior to the transformation process, no evidence was found with regard to proper communication policies and procedures, communication structures, channels or material that LEC employed. Generally, both the staff and the customers of LEC were ill informed with regard to relevant organisational issues. Consequently, staff in the rural areas was in a worse situation because of distance and poor telecommunication facilities.