HIGH-PERFORMANCE ORGANISATIONAL ASSESSMENT – A SOUTH AFRICAN CASE STUDY

By

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Promotor: Dr P Parsons
DECLARATION

I, Christiaan Arnoldus Hattingh, with student number 211232823, do hereby declare that:

• The work that forms this research dissertation is my own original work,

• All the sources used or referred to have been documented and recognised,

• The dissertation has been not submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised educational institution,

• This declaration is in terms of Rule G4.6.3

_______________________
CA HATTINGH
Signed at George on the 25th day of November 2013
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ABSTRACT

A fundamental shift occurred in the global economy during the last three decades and even more so in the period since the 2008 financial crises. As a result of the advancing technology, national economies no longer self-contained entities protected from international competition by geographical distances, time zones, languages barriers, government regulations and culture or business systems. The effect of globalisation has further manifested in the global economic slow-down since 2008, where spending is constrained and consumers have become more discerning in their value considerations. The dual challenge of globalisation of competition and global economic slow-down is increasingly forcing businesses to do some introspection not only in terms of their cost structures, but also in terms of their value propositions in search of sustainable organisational success.

Given the limited influence that businesses have over its external environment, an internal perspective is proposed where this problem is approached by means of a high-performance evaluation case study. The aim is to identify constraints that have resulted from more recent responses to market challenges and to establish which interventions to elevate in order to alleviate such constraints. It is proposed that if management and organisational practices that organisations employ in their daily functions affect the discretionary effort that employees contribute, then organisations should be able to gain insight into variations in organisational performance through evaluating and understanding these practices.

This treatise focusses on organisational characteristics that drive high performance and propose interventions to enhance the environment for the development of a high performance culture within a single organisation. The research topic fell within the quantitative paradigm with data being collected through the use of a questionnaire. The results were analysed and interpreted to ascertain how current practice aligns with the theory.

Recommendations are submitted within the context of the prevailing literature on the subject of high performance organisations and the related high performance characteristics of the organisation as based on the empirical data.
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CHAPTER 1
INTRODUCTION AND OVERVIEW OF THE STUDY

1.1. INTRODUCTION

This case study aims to assess the overall organisational performance of a service organisation within the security industry in South Africa. The organisation has seen a flattening out of its growth pattern since the start of the global financial crisis in 2008 and embarked on a programme of fundamental restructuring in 2012 to achieve improved organisational performance.

Whilst the impact of external forces on the organisation is expected to remain challenging, an internal perspective is proposed to evaluate the competitiveness of the internal culture of the organisation. The nature of the industry is such that only by operating more efficiently than localised niche competitors, will it be able to re-establish its growth path.

This study focuses on the concept of high performance organisations and the underlying processes and practices of such a system. The researcher intends to define the general management and people management processes and practices that constitute a high performance organisation based on the literature. The concept of a high performance organisation and the associated meaning and interpretation thereof will be explored, in order to derive a common interpretation of the concept.

Human performance will be explored as a concept in order to develop a common understanding of the management processes and practices that are regarded as paramount towards developing people as a differentiating factor. The research focuses on recent work on high performance organisations and the theoretical models that describes the elements that are fundamental to high performance organisations.
1.2. BACKGROUND OF THE STUDY

A fundamental shift occurred in the global economy during the last three decades. National economies are no longer self-contained entities protected by cross-border trade embargos, geographical distances, time zones, languages barriers, government regulations, culture or business systems. Whilst advances in transport and communications technology is shrinking perceived distances, material culture is becoming homogenous and sovereign economies are all merging into an interdependent, integrated global economic system (Hill, 2011).

This effect of globalisation has never been more evident than in the global economic slow-down since 2008. A sharp drop in profits of Citibank during January 2008 triggered a fall on the New York Stock Exchange as a result of under-secured lending, followed by a spectacular fall in share prices on all major world markets. Consumer confidence in the banking sector has since reached an all time low and banks have adopted far reaching, new risk averse approaches to doing business in response to new regulatory compliance standards. Various countries continue to drift in and out of recession and many governments are forced to adopt a range of austere measures to claw back deficits aimed at sustaining currency value. The result of a global monetary contraction directly impacts on consumer spending and resultantly on business results (Gokay, 2009).

In this new trading environment where spending is constrained and consumers are more discerning in their value considerations, business is increasingly forced to do some introspection in terms of their value propositions. The dual challenge of globalisation of competition and global economic slow-down leads more and more businesses toward self-analysis in search of factors that determine sustainable organisational success. According to Pfeffer (1994) the role of a skilled, motivated and flexible workforce has become more prominent since the traditional sources of competitive advantage such as technology, economies of scale etc. have diminished in value. This fundamental shift in search of competitiveness reversed the focus back towards the management of organisations.

Kienhe, Klein and Lachmeyer (2009) state that high performance characteristics could potentially provide the answers to corporations faced with complex and frequent changes in technology. Huselid and Becker (1997) conducted research
across 702 firms and found that the presence of a high performance work system has a profound impact on the effectiveness and alignment with firm competitive strategy. They estimated that one standard deviation increase in these factors is associated with a $42,000 increase in market value per employee per annum. As a result, increasing focus turned towards strategic human resource management and the constitution of organisational policies that may have this economically significant impact on performance.

1.2.1 Market forces – The private security industry in South Africa

This section will introduce the private security industry in South Africa and illustrate the current operating environment and market forces within which the study subject operates in order to provide further background to this case study.

The private security industry in South Africa originated in the 1970’s as a result of policies implemented by the apartheid government. The police force at the time was increasingly becoming focussed on addressing the political threats as the anti-apartheid movement gained momentum and embarked on an armed struggle against the regime. As the police force became increasingly engaged in addressing political unrest, the government encouraged the private security industry to fill the gap created in traditional police duties (Bodnar, 2012).

Bodnar (2012) holds further that the meteoric rise of the private security industry in South Africa can be ascribed to two post apartheid trends: the rising crime rates that are at least partly due to the proliferation of small arms and the increase in private property. The researcher would however suggest that growing unemployment, substance dependence amongst the youth and the absence of a long term overarching goal to improve policing, law enforcement and prosecution are further drivers of an increasing crime rate and resultantly, a fledging private security industry in South Africa.

As the historically white male dominated police and military forces made way for a new demographic representation in the government security forces after the birth of democracy in 1994, many of these ex-military and police servants joined the private security industry. Given the initial low levels of regulation within the industry and
business management experience of these new entrants to the industry, the industry underwent a period of rationalisation where many start-ups were absorbed rather quickly by larger established corporations who were looking at diversifying into a new growth industry. Several large national security companies soon resulted. Bodnar (2012) contends that the private security industry in South Africa is worth R 30 billion in 2012 and that it is employing more security officers than the police service.

1.2.2 ADTSA – A Brief Overview

ADT Security (Pty) Ltd (ADTSA) was formed through a long series of rationalisation through mergers, take-overs and acquisitions since 1990. ADTSA’s first significant traces within the South African private security industry can be found with Sandton Sentry (Pty) Ltd in Johannesburg who did various acquisitions in its own right before being eventually acquired by Sentry Security (Pty) Ltd, a subsidiary of the Klipton Group Ltd. Sentry Security (Pty) Ltd acquired various other conglomerates in major centres and later listed as Sentry Group Ltd, which was acquired by ADT LLC in 2001. Since then ADTSA has made further acquisitions and expanded its operational footprint to most urban areas nationally, especially in the period leading up to 2008. ADT LLC separated from Tyco International Ltd in 2012 after listing on the NYSE. ADTSA is now a wholly owned subsidiary of The ADT Corporation (ADT Corporation Annual Report, 2012).

The foreign investment and first world go-to-market initiatives implemented by ADTSA from the outset of its arrival in South Africa translated in unprecedented customer growth in its first 7 years, effectively resulting in market domination by 2008. As a dominating force in the private security industry in South Africa who largely preyed on smaller operators for growth, 2008 marks a significant slowdown in the growth curve of ADTSA.

As was the case for most businesses in the period after the subprime boom, ADTSA saw a flattening out of its growth pattern, driven largely by market affordability challenges. Increased regulation from the local banking industry saw constrained spending and new United States financial regulatory compliance amendments introduced an onerous transacting environment. These factors resulted in ADTSA coming under pressure from smaller niche players who were more nimble in decision making, enabling them to provide a stronger response to market needs and greater
price flexibility. ADTSA found its market responsiveness too slow to effectively shrug off the multitude of onslaughts from agile territorial competitors and its organisational structure too costly to continue delivering on the expectations of financial results.

A perfect storm erupted as the market decreased on the one side and affordability came under pressure on the other, whilst shareholder expectations on the NYSE kept the pressure on cash generation. In response to slowing growth, the focus shifted from recurring revenue to contracting revenue as a source of revenue in an attempt to increase the revenue per customer.

1.2.3 Background to the research

Despite stagnant client growth, the organisation managed to maintain revenue and EBIT growth over the same period. Basic mathematical fundamentals however dictate that positive financial growth in a stagnant client growth cycle cannot be sustained without some compromise to the greater system. Customer growth is a fundamental driver of revenue and without this variable contributing to growth, total revenue and EBIT growth can only be achieved through extracting increased revenue per client and increased output given existing resources. It is the contention of the researcher that there is a limit to the additional revenue per client and output per staff member than can be extracted, given the fact that the main drivers of this revenue remained stagnant over recent years. At some point certain constraints must result that would either prolong financial growth in the short term at significant cost to the organisation’s long term prospects, or obstruct further financial growth.

The above anomaly has however further been complicated by a wide spread rationalisation programme (Project Proudfoot in 2006) where especially back office staff were reduced significantly, followed more recently (2012) by a fundamental restructuring programme of the whole organisation in South Africa. Effectively ADTSA managed to increase EBIT and revenue in a downward market since 2008, with declining growth and a reduction in human resources. These human resources are now subject to further uncertainty and disruption as a result of the current restructuring programme that aims to change the organisation from a regional functional system to a matrix organisational structure. The 2012 restructuring compounded the already high anxiety levels of staff as a result of the changing reporting lines and wide spread re-alignment and standardisation of positions in
accordance with a new international standard. Many positions were terminated and even more moved to centralised national locations. The organisation is currently still in the process of centralisation and migration from a regional functional structure to a matrix structure. At the time of writing various consultation processes were still in progress with staff as centralisation involves moving their positions to national centres.

The researcher aims to approach this problem by means of a high-performance evaluation of ADTSA in order to identify which constraints have resulted from the more recent responses to market challenges and to establish which interventions to elevate in order to alleviate such constraints.

1.2.4 Current operating environment

ADTSA has not only seen a stagnation of growth as a result of the worldwide financial turmoil in recent years, but also an escalation in staff turn-over as onerous regulations of financial compliance, risk mitigation and procedural implementations have made transacting more cumbersome. Despite declining growth, profitability has been maintained through various interventions, many of which are considered to be at the cost of staff members. Increasing pressure to implement the Tyco International model of centralisation further prompted fundamental restructuring that resulted in notable disruption to the business and resulted in far reaching retrenchments of some, severe loss of job security and significantly heightened levels of stress and anxiety to others.

The industry seen exponential growth in small niche security operators which positioned themselves within self-demarcated geographical footprints, where they are not only able to provide exceptional service due to the efficiencies of scale, but are further more nimble in responding to market needs. The intention of the restructuring was to respond to this challenge by centralising non-geographically based services such as finance and monitoring services, whilst simultaneously decentralising management from customer fronting services such as sales, installations and security operations. The goal herewith was to enable service managers to focus strictly on core deliverables without the interruptions of back-office functions, thereby enhancing the customer experience.
It is the contention of the researcher that both the changing internal work environment and external market conditions have had a profound impact on the commitment and job security levels of the average staff member. The newly introduced matrix organisational structure is a year into its introduction and it is realistic to expect some dividends to start being derived from its implementation. The security industry in South Africa is changing fast for the reasons described above and ADTSA needs to ensure it adapts to the changing landscape. The nature of this new trading milieu is not tolerant of slow bureaucratic behemoths and a total organisational commitment to high performance might be one of the keys to staying relevant and competitive in the new dispensation.

It is clear from the above that a rapidly changing internal and external environment is impacting on the results produced by ADTSA. As the researcher contends that the above pattern of extracting more financial results from fewer customers and human resources is not sustainable, the intention with this study is to establish a sustainable way forward for the organisation. The approach of this study is to establish which organisational constraints have developed from the decisions that result from the external environmental pressures, its impact on the internal environment and how to resolve any of these constraints that are potentially obstructing high-performance. In summary the study aims to establish what constraints currently prohibit ADTSA from developing into a high-performance organisation.

1.3. RATIONALE FOR THE STUDY

As the pace of change accelerated in the business environment during the last two decades, workplaces specifically experienced wide ranged formal and informal changes too. Increased organisational restructuring efforts in an attempt to keep up with these changes, lead to new forms of work organisations, commonly known as “high performance work systems”. Factors regarded as contributors to a high performance work system are flexible job designs, teamwork, performance based compensation, greater information sharing, employee involvement in decision making and co-operative labour management relations to foster a participative organisational culture (Kumar, 2000).
These changes toward a strategic approach in human resource development and utilisation emphasise the need to develop a skilled, flexible and motivated work force, supported by a people management system that encourages commitment, creativity and initiative amongst the work force. This new approach aims at making organisations lean, cost efficient, flexible and more responsive to changing market and technology trends through making better use of employee skills and knowledge. This is achieved through “pay for performance” systems that promise workers more challenging, satisfying and secure jobs, that translate into higher wages and greater opportunities for autonomy, control and participation (Kumar, 2000).

In order to survive in the increasingly competitive world economy, organisations are becoming more reliant on the creativity, ingenuity and problem solving abilities of employees. This requires organisations to provide workers with information, skills, incentives and the appropriate responsibility to make the decisions that are essential for innovation, quality improvement and rapid response to change. These organisations are often referred to as “high performance work organisations” (King, 1995).

A survey of Fortune 100 companies that use a minimum of one people management practice aimed at increasing employee responsibility of business processes (i.e.) skills training or employee involvement in decision making) found that 60 percent of these organisations reported an increase in productivity and 70 percent reported an increase in quality. According to Pfeffer (1998) this evidence suggests that employee involvement in decision making and cooperative labour practices foster a participative culture.

The interest in this new form of work organisation and its effect on employee welfare and organisational performance dates back to the early 1900’s. This current wave of workplace change is however distinguished from the past by the broad based support amongst employees, unions, employers and governments and driven by the new market realities and organisations’ pursuit to improve their economic and financial performance, as opposed to the initial approach aimed at humanising the work environment (Kumar, 2000).
It is however acknowledged that the effective management of people is not solely the basis for competitive success, nor do variations in management practice in themselves account for all the variation in organisational performance. Innovative human resource practices are only likely to contribute to improved economic performance when all three of the following conditions are met “employees possess the knowledge and skills that managers lack; employees are motivated to apply this skill and knowledge through discretionary effort; organisation’s business or production strategy can only be achieved when employees contribute such discretionary effort” (Pfeffer, 1998, p.32).

If it is true that management and organisational practices that organisations employ in their daily functions affect the discretionary effort that employees contribute, then organisations should be able to gain insight into variations in organisational performance through evaluating and understanding these practices.

1.4. PROBLEM STATEMENT

The following problem will be addressed by the research:

What are the shortcomings in pursuit of high performance characteristics that a security service provider in South Africa currently exhibits and how can these internal constraints be alleviated in pursuit of competitive advantage?

The main problem is complex in nature. In order to break it down into manageable focus areas, it needs to be considered in terms of logical sub-problems. These identified sub-problems are:

a) Which high performance characteristics are revealed in the literature that could enhance competitive advantage?

b) Are the internal practices of the organisation aligned with the recommended characteristics of a high performance organisation?

c) What are the suggested high performance priority interventions required to alleviate competitive advantage constraints within a security service provider operating in South Africa?
This treatise will focus on organisational characteristics that drive high performance so as to identify and alleviate potential constraints that compromises the competitive advantage of the organisation. The aim of this study is to determine what the current literature reveals are prevalent high performance characteristics within the organisation and thereby propose interventions to enhance the environment for the development of a high performance culture within the organisation.

It is the intention to evaluate the current organisational culture and systems as well as management styles of a security service provider in South Africa. Strategies will be determined for this organisation to enhance high performance characteristics towards greater competitive advantage, through the alleviation of operational constraints on the one hand and capitalisation on its strengths and opportunities on the other.

1.5. DEFINITIONS

Some definitions of key concepts are recorded below for the purpose of introduction to the reader to aid discussions which follow:

According to De Waal (2012, p.5) a high performance organisation is “an organisation that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of time of five years or more, by focussing in a disciplined way on that what really matters to the organisation”

Blanchard (2010, p.9) states: “High performing organisations are enterprises that over time continue to produce outstanding results with the highest level of human satisfaction and commitment to success”.

Kirkham, Lowe and Young (1999, p.8) believe that a high performance organisation is best defined as “an organisational system that continually aligns its strategy, goals, objectives and internal operations with the demands of its external environment to maximize organisational performance”.

Competitive advantage: According to Hough (2011, p.7) “a company achieves competitive advantage when an attractive number of buyers prefer its products or
services over the offerings of competitors and when the basis for this preference is durable”.

1.6. DELIMITATION OF THE RESEARCH

The limitation of the research topic is defined by the purpose of creating a manageable, yet representative research structure. The exclusion of particular topics does not imply that there is no need for them to be researched.

1.6.1 Industry

The study will focus on one private security industry company operating in South Africa.

1.6.2 Geographic delimitation

The research will be conducted within ADT Security (Pty) Ltd in South Africa (ADTSA) only, as a separate entity to the global organisation. The research is therefore not purported to be representative of ADT Corporation LLC or Tyco International, of which the organisation is a wholly owned subsidiary.

1.6.3 Subject of evaluation

The study will be limited to evaluation of only the high performance characteristics of ADTSA as the organisation within South Africa and be exclusive of ADT Kusela, the black empowerment arm of ADTSA.

1.6.4 Levels of employees

The external environmental changes necessitate change in organisations and this is likely to affect the functions, roles and job commitment levels of all employees within the organisation. The study is therefore aimed at determining the high performance characteristics of employees on all levels within the organisation.

1.6.5 Size of the organisation

Whilst the global organisation employs more than 51000 people, the employees of ADTSA (excluding ADT Kusela) within which this research is focussed, amounts to 7904 at the time of conducting the research.
### Table 1.1: Hierarchical breakdown of the organisation, Workday, 2013

<table>
<thead>
<tr>
<th>Staff Allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADT field staff</td>
<td>5682</td>
</tr>
<tr>
<td>General admin staff</td>
<td>1580</td>
</tr>
<tr>
<td>Supervision and junior management</td>
<td>378</td>
</tr>
<tr>
<td>Middle management</td>
<td>190</td>
</tr>
<tr>
<td>Senior management</td>
<td>66</td>
</tr>
<tr>
<td>Executive management</td>
<td>8</td>
</tr>
<tr>
<td>Total for ADTSA</td>
<td>7904</td>
</tr>
</tbody>
</table>

| ADT Kusela                              | 2227  |

1.7. PRIOR RESEARCH ON THIS TOPIC

New global challenges and the shift in the profile and preferences of the workforce are creating increased pressure on organisations to survive. High performance organisations are the new organisational design aimed at realising the potential of people to create organisational capabilities that result in sustainable high performance outcomes (Grace, 2009).

Early research on high performance organisations resulted in the Security, Employee Involvement and Training (SET) system. Brown, Reich and Stern (1992) hold that these three elements interact and reinforce each other. As job security reinforces the involvement of employees, they become more confident that their contributions to the organisation will secure their jobs. As a result of employment security, the firm becomes more willing to invest in training whilst the employee involvement is improved by the firm’s interest in developing the skills of the employees. It was found that this model is dependent on the external economic environment as employees reciprocate job security with loyalty, productivity and involvement.

Peters and Waterman (1982) used McKinsey’s 7-S framework as the starting point for defining excellence and the drivers behind it. They observed real change in large organisations where managers were getting more done if they understood and handled the complexities that involve people, in addition to the traditional focus on structure and strategy. The 7-S framework was ground breaking work in
organisational effectiveness when it was released in the 1970’s as it suggested the first consideration for co-ordination as organisations became more complex.

Jim Collins (2001) and his team of researchers embarked on a process to identify a group of eleven elite companies that not only successfully made the leap from good to great, but sustained that greatness for a period of fifteen years. They found distinct patterns of behaviour by concerned, disciplined people, achieving through the leaders and followers within these organisations. One of the most significant findings of their research was the type of leadership behaviour required to turn a good company into a great one. They developed the term “Level 5 Leadership” which combines extreme personal humility with intense professionalism and the will to channel their ambition toward the goal of building a great company.

Schemberhorn, Hunt and Osborne (2003) regard intellectual capital as the fundamental construct of a high performance organisation and proposed a simple model to rationalise the high performance organisation concept into five components:

- employee involvement
- self-directing work teams
- integrated production technologies
- organisational learning
- total quality management

They therefore regard a high performance organisation as a firm with a responsive design to the external environment, founded in the realisation of peoples’ competencies.

Buynendijk (2006) used a corporate performance management approach to identify the common traits in high performance organisations as:

- clear mission and ambitious targets
- shared internal and external values
- impeccable execution
- agility and
- a common business model across the organisation.
This business model must be communicated throughout the organisation and performance indicating data must be shared with all to enable a common understanding of the strategy (2006).

Kaliprasad (2006) proposes five success factors as the basis for the creation of a high performance organisation:

- the perception of the marketplace by senior leaders
- shared vision, mission, values and strategies
- leadership practices
- employee attitudes and behaviours
- enabling infrastructure.

Kaliprasad (2006) suggests evaluation of the performance gaps between the components of the model to interpret marketplace signals and the use of internal capabilities to respond to these signals. This principal is supported by Robbins and Judge (2010) who suggest that firms must be ready to deal with an unpredictable environment, be willing to become networked organisations and nurture a work environment that is orientated towards positive organisational behaviour. The concept of positive organisational behaviour is a new concept that proposes the development of positive thoughts and perceptions about the organisation amongst employees which appears to be a central theme to all constructs of high performance organisations (Roberts, Button, Spreitzer, Heapy and Quinn, 2005).

Probably one of the most significant works prior to De Waal’s work (2012), was that of Blanchard (2010) who developed the HPO SCORES model, an acronym which highlights the six elements evident in high performing organizations:

- shared information and communication
- compelling vision
- ongoing learning
- relentless focus on customer results
- energising systems and structures
- shared power and high involvement.
His research was focused on organisations that were able to illustrate the triple bottom line concept of being the provider, employer and investment of choice over extended periods, which is achieved through:

- Setting sights on the right target and vision
- Treating your customers right and
- Treating your people right

He defined high performance organisations as enterprises that over time continue to produce outstanding results with the highest level of human satisfaction and commitment to success (Blanchard, 2010).

The most recent publication in the field of high performance organisations culminated in De Waal’s (2012) high performance framework which he developed through a review of 290 research studies into high performance and subsequent testing in 1470 organisations worldwide. From this he derived 35 characteristics grouped into five factors that positively correlated with high performance and appears to be generic across all organisations. These factors of continuous improvement and renewal, openness and action orientation, management quality, workforce quality, long-term orientation seem to resonate with Blanchard’s (2010) that leadership is largely underlying of the level of organisational performance. Leigh Goessl (2008) states that organisations that position themselves to emerge as high performance organisations, redesign themselves to produce sustainable results by specifically concentrating on bringing the best out of people.

Willcoxson (2000) makes the point that despite prevalent literature suggesting that high performance be associated with a given organisational model, it is not a construct free of value judgements. It is rather dependant on the measurement criteria selected, which in turn are derived from the underlying philosophy of management. Even though the implementation of certain strategies and structures are more likely to produce high performance than others, performance is subject to a variety of factors which are not just internal in nature, but also from far less predictable external elements. High performance therefore depends on the alignment of internal systems with the larger ecosystem within which the organisation operates, irrespective of the management approach adopted.
1.8. SIGNIFICANCE OF THE RESEARCH

The significance of this quantitative case study about ADTSA resides in the analysis of the traits that characterize the operation, organizational behaviour, and performance of the organisation, to explain if it reflects the components of a high performance organisation. This study will analyse the organizational behaviour, organizational culture, and strategic leadership, because it provides a theoretical approach to the assessment of ADTSA as a high performance organisation.

In the field of leadership, this treatise hopes to identify characteristics of strategic leadership that could lead ADTSA to be recognized as a successful national organization, based upon the 35 characteristics (grouped into five factors) of high performance organisations proposed by De Waal (2012). Moreover, the study seeks to identify organisational constraints towards further development into a high performance organisation. The findings of this case study could provide management and scholars with knowledge about business practices that might be applicable in their organizations and fields of research, respectively.

1.9. RESEARCH METHODOLOGY

The research design will consist of a literature study, the analysis of an empirical research questionnaire that was conducted by the researcher, the identification of areas for improvement and a strategy and implementation plan to transform the leadership behaviour and organisational culture of the organisation, based on the leadership and culture interventions described in the literature.

The following procedure will be adopted to solve the main and sub-problems:

1.9.1 Literature study

The aim of the literature study will be to identify the organisational characteristics that lead to a high performance culture. More specifically, the literature study conducted will determine:

- The benefits of implementing a high performance culture;
- The management principles organisations could implement in order to successfully develop a high performance culture.
1.9.2 Empirical study

The empirical study will consist of:

- Survey

A survey will be conducted amongst employees of ADTSA. The questionnaire probes the high performance characteristics, in an attempt to identify the areas that require change in order to alleviate high performance constraints within the organisation.

- Population and sample

Sampling will be done by a natural sampling process. The researcher will only have influence on the selection of the population, but no influence on the composition of the sample. Employees within all levels will be included as subjects of the survey.

- Measuring instrument

A comprehensive questionnaire will be used for this research project. The instrument is based on extensive research done in the field of high performance organisations by De Waal (2012).

- Statistical analysis of data

The statistical procedures to be used in analysing and interpreting the data collected will be determined in consultation with a statistician.

1.10. THE STRUCTURE OF THE TREATISE

The study will be divided into the following structure:

This chapter provides an initial introduction to the study consisting of a background overview, problem statement, theoretical framework and rationale for the study, whilst the objectives of the study and an overview of the research methodology are also presented.

In Chapter 2 a literature study is undertaken to determine what high performance means and what constitutes a high performance organisation. The approach to
creating a high performance organisation is analysed in an attempt to understand the theoretical concepts underlying of high performance organisations.

Chapter 3 looks at the methods used in obtaining the data and the analysis thereof. This study takes the form of quantitative case study in order to evaluate the organisation’s high performance characteristics against the theoretical characteristics of a high performance organisation.

Chapter 4 contains the descriptive statistical analysis of the questionnaire data and interprets and analyses this in order to establish the level of high performance characteristics currently displayed by the organisation. These findings will be aimed at identifying the departure point towards a high performance evolution within the organisation.

Conclusions and recommendations are made in Chapter 5. Recommendations in pursuit of high performance characteristics and areas for further research will be discussed. This chapter also contains the limitations of the study and its relevance to the interpretations.

1.11. CONCLUSION

The last chapter served to identify the main and sub-problems that the research aims to address. It explains some key terms and introduces the reader to the topic of study. The focus now turns to the topic of high performance organisations and the role of the theoretical frameworks in alleviating organisational constraints towards developing further competitive advantage.
CHAPTER 2

THE CHARACTERISTICS OF HIGH PERFORMANCE ORGANISATIONS AND ITS IMPACT ON ORGANISATIONAL PERFORMANCE

2.1. INTRODUCTION

In Chapter 1 the aim with this treatise was set out as an attempt to establish the level of high performance characteristics of an organisation and how this research can be used as basis to alleviate organisational constraints in achieving competitive advantage.

In this chapter the researcher aims to address this question by looking at the characteristics of high performance organisations and its impact on organisational performance. In order to illustrate how high performance as an organisational imperative fits into the management paradigm, a historic perspective on management thought is presented. Consideration is then given as to how the changing business environment drives the underlying philosophy to improve organisational performance. Thereafter the focus turns to the origin of the high performance organisation approach and the rationale thereof within the modern business environment. An overview of the latest research as done by de Waal (2012) and others, which also forms the construct of the empirical research of this treatise, will conclude this chapter.

2.2. THE EVOLUTION OF MANAGEMENT THEORY

As the economic environment evolves, so has the approach to management. High-handed tactics of the industrial age have progressively made way for servant leaders who are expected to set the example by living the values and principles they wish their followers to achieve.

2.2.1 The origins of the high performance organisation approach

Even though the concept of high performance organisations is relatively new to management theory, its origins can be found as far back as the beginning of the
industrial revolution. During this time employers were perplexed as to how to change workers’ attitudes from an Agrarian mind set to instil new habits such as punctuality, regular attendance, pacing of work effort and standardisation. Whilst most observers held a dim view of the prevalent work ethic, cotton manufacturer Robert Owen encouraged his colleagues to improve their understanding of the human element as far back as the early 1800’s. From these early viewpoints, theories about how to produce more or better products in factories and the dichotomy between focussing on people versus tasks and structures, became the roots of the high performance organisation approach (American Management Association, 2007).

2.2.2 Early scientific and other management theories

The Egyptian pyramids, the Great Wall of China, the Colosseum in Rome and the Taj Mahal in India are all very early examples of management in practice, but it is only in the late 19th century that we started to see any formal study of management (Bosman, 2009). The early 19th century transition from “entrepreneurial capitalism” to “managerial capitalism” is regarded as the development point of management as a science according to Smit & Cronje (2002). The first capitalists are considered as business owners who used their own capital to fund organisations they managed themselves. “Managerial capitalism” however evolved with industrialisation and the formation of large organisations funded by the capital of outsiders. The resultant widening gap between owners or shareholders and management brought on new challenges (Bosman, 2009).

2.2.3 Scientific management

According to the American Management Association (2007) one of the early theories on improving productivity came from Fredrick Taylor during the late 1800’s. As he placed the responsibility for productivity on management rather than on workers, he proposed that the principal object of management should be to secure maximum prosperity for the employer and employees Believing that it was management’s task to design jobs and provide incentives to motivate workers towards higher productivity, he conducted studies into measuring and analysing both human and machine performed tasks. This scientific approach eventually revolutionised managerial thought and formed the foundation of many future management systems (Bosman, 2009).
2.2.4 The administrative approach

Gilbreth conducted motion studies in manufacturing during the early 1900’s and is known to have brought the human element into management (Wren, 2005). The American Management Association (2007) holds that around the same time Max Weber and Henry Fayol also offered their perspectives and the growing interest in increasing productivity. Whilst Weber held the bureaucratic view that management is underpinned by its office rather than the person, Fayol stressed the importance of managerial ability which amounted to the following attributes:

- Physical qualities such as health and vigour;
- Mental qualities such as the ability to understand, learn and adapt;
- Moral qualities such as energy, firmness and the willingness to accept responsibility;
- A general education that encompasses matters that do not only belong to the function performed;
- Special knowledge particular to the function i.e. technical, commercial, financial etc.
- Experience of both the work itself and personal experience.

He concluded that management was an activity central to all human endeavour and identified five basic administrative functions that apply to any of these:

- Planning
- Organising
- Commanding
- Coordinating
- Controlling

Fayol developed the above into the “principles of management” which he argued was an all encompassing activity and since it is a skill that can be acquired if its principles are understood, it should be taught in schools, colleges and universities (Bosman, 2009). These principles included division of work, authority, discipline, unity of direction, subordination of individual interest, remuneration, centralisation, stability of tenure of personnel and a common cause (Wren, 2005).
2.2.5 The bureaucratic approach

The approach that management was based on organisational structure with clear hierarchies of authority and control was proposed by Max Weber. Managers were given “legal authority” to enforce rules and apply policy. Whilst the bureaucratic system did allow large organisations to function in a more organised and systematic manner, it also stifled original thinking and slowed down adaptation to changing environments and challenges (Smit and Cronje, 2002).

This new thinking spread beyond mere factory thinking into general management, resulting in influence beyond the business world and into the academia. The first undergraduate schools of business opened its doors in the 1890’s in Pennsylvania and California, followed by Harvard that created a business curriculum aimed at teaching managers how to manage organisations for greater productivity. Along with education came research into management and a growing interest in productivity improvement (American Management Association, 2007).

2.2.6 The human relations movement

Elton Mayo is credited with forming the Human Relations Movement in 1933 which emphasized interpersonal relations, listening, communication and social-human skills as leadership criteria (this statement must be referenced). During this period, the focus shifted from the workers to the managers as a source of productivity. Understanding of the source of productivity developed from exploitation of workers for maximum output to the social input required by managers to stimulate the output derived from workers. A new social contract developed in the workplace that became the subject of study in the academic institutions (American Management Association, 2007).

According to the American Management Association (2007) Mayo proposed that the emotional factors in pursuit of productivity were far more important than any logical factors, after conducting experiments in the workplace and incorporating the findings of the Hawthorne Studies. Through his conclusion that participation in social groups and group pressure, rather than organisational demands from management, has the greater influence on worker productivity, he revolutionised the role of managers in organisations.
According to Wren (2005), Mayo argued that productivity is enhanced by work that satisfies the worker's personal, subjective social needs, as well as the company's productive requirements. This movement called for managers to accept a new role in their relationship with workers, develop a new concept of authority and help develop a new social order in the workplace. This resulted in managers who consulted workers regarding change, considered their input and viewpoints and had sympathy for worker’s physical and mental health.

2.2.7 Servant leadership

First found in the Bible, the concept of servant leadership was first proposed as management approach by Peter Greenleaf (Smit and Cronje, 2002). Caroll (2005) explains that servant leadership originates from a natural feeling to serve, followed by an inspiration to lead. This marks a complete departure from the traditional role of managers in organisations as it first proposes a differentiation between leadership and management and specifically for leaders to place the needs of followers before their own and that of the organisation. Hartley (2006, p.288) holds that servant leadership “encourages collaboration, trust, foresight, listening and the use of power and empowerment as a way of improving the lives of the individuals and/or the organisations”.

Management theory has evolved in the last 100 years from the heavy-handed bosses during the period of entrepreneurial capitalism, to the bureaucrats whose authority rested in the organisational hierarchy, to leaders who have to find new ways to solicit following in a fast changing information age. The challenges and opportunities for leaders are now more than ever.

2.2.8 Management theory in the modern age

The Human Relations Movement pioneered the inquiry into group dynamics, participation in decision making, leadership and motivational appeals to group members in the 1950’s, which initiated the search for analytical tools and conceptual models to explain the interaction between formal and informal aspects of organisations. Rapid economic growth after World War II prompted management scholars to shift focus to general management theory, from a mere shop-level orientation (Wren, 2005,).
The American Management Association (2007, p4) credits Perry with having defined management as “the activity which plans, organises and controls the operations of the basic elements of men, materials, machines, methods, money and markets, providing direction and coordination, and giving leadership to human efforts, so as to achieve the sought objectives of the enterprise”. The American Management Association (2007) further attributes the idea of measuring success against market potential to Drucker, who focussed on innovation of products and studied related performance factors, including productivity, profitability, physical and financial resources, manager performance and development, as well as worker performance and attitude.

Not everybody however agreed on the human relationship approach as the key to improving performance. Lawrence and Lorsch (1969) proposed that organisational structure is critical to performance and embarked on theory development around the rate of change in the business environment and the relative certainty of business related information. They found that more successful firms were the ones that were more able to adjust to their relevant environments. As more theories developed managers became increasingly perplexed as two camps developed, being the organisational behaviourists and those who clustered their interests around business policy and strategy. Organisational behaviourists focussed on leadership, motivation and group behaviour within organisations, whilst policy and strategy theorists looked at work process and measurement. To a certain extent this position amounts to the original two trains of thought, being the people approach versus the tasks and structure approach. As both areas advanced, a wealth of data emerged that showed the impact of individual worker behaviour on factors such as turnover and unhealthy lifestyles which lead to the acceptance of wise management of employees as a way of boosting productivity and decreasing operating expenses (American Management Association, 2007)

The American Management Association (2007) accredits the quality movement to Deming who argued that 95% of errors in organisations are a result of the systems under which people work, rather than the people themselves. Following the quality movement, organisations adopted various tools and technologies to develop and maintain high performance, such as Six Sigma and “just-in-time” inventory management to reduce cost, improve time-to-market or customer satisfaction. In the
future it is likely that many more high performance studies will emerge as the business environment evolves and the science of analysis improves.

2.2.9 Comparing and measuring performance

Peters and Waterman (1982) led the way towards comparing, identifying and analysing best performing organisations. Since then various other studies such as Jim Collins (1994) have attempted to crystalise what sets high performance organisations apart. The above is no easy feat since maintaining high performance is a difficult challenge for any organisation to achieve. A strong case is made by Foster and Kaplan (2001) that many of the profiled companies in Collins (1994) and Peters and Waterman (1982) were unable to sustain high performance in the decades following the respective publications (American Management Association, 2007).

The debate between economists, consultants and business professionals in the search for the right measure to determine high performance amongst corporations continues. Kaplan and Norton (1992) coined the phrase “What you measure is what you get”. They created the “balanced scorecard” as a system to measure and drive performance. Davenport and Harris (2007) suggested that organisations will increasingly use data as competitive advantage. They argued that data usage can serve the purpose of measuring performance. They also identify the most profitable customers and determine the right price, accelerate product innovation, optimise supply chains and identify the true drivers of financial performance.

Julia Kirby (2005) points out that as management experts continue to build on each other’s work, more sophisticated instruments and richer data with better tools emerge, creating improved theories with greater explanatory powers on high performance. There is therefore currently no single factor or metric identified that drives organisational success as high performance is constructed from many things (American Management Association, 2007).

2.3. MODELS UNDERLYING HIGH PERFORMANCE

In order to further analyse the components of high performance organisations, it is necessary to look at the some of the underlying models and principles that high
performance is based on. For the purpose of this review, the following models are discussed:

- Lear’s Seven Elements of High Performance Organisations (2009);
- Blanchard and Hershey’s Situational Leadership (SLII) (Blanchard, 2010);
- Carew, Kandarian, Parisi-Carew’s HPO SCORES model (Blanchard, 2010);

2.3.1 Lear’s seven elements of high performance organisations

Lear developed his seven elements of high performance organisations based on Collins and Porras (1997) and Collins (2001). These elements are distinguished as core elements, cardinal elements and foundational elements, which are all interrelated (2009).

![Lear's Seven Elements of High Performance Organisations](image)

Figure 2.1: Lear’s Seven Elements of High Performance Organisations, Lear, 2009, p.1

2.3.1.1 The Core Element

Lear (2009) contends that in addition to the three constituencies of people that make up the heart and soul of any organisations namely shareholders, customers and employees, another important constituent is management. He contends that
successful organisations focus on all of these in order to find a balance amongst the needs of shareholders, whilst also ensuring the needs of employees are met, whilst customers are getting the highest quality products and services and managements objectives are also met. A challenge faced by many organisations is the conflict between short term shareholder value or management incentives, at the expense of customers and/or employees. Lear (2009) further contends that the higher the engagement of employees, the better they perform and a higher level of customer service is achieved.

2.3.1.2 The Four Cardinal Elements

Surrounding the core element of people are the four cardinal elements of vision, innovation, strengths and leadership. Each of these elements is directly related to people and the people are the origin of the four cardinal elements, with the resultant effect that these cardinal elements can only exist as people allow such. Lear (2009) cautions that a joint focus on all four cardinal elements is central to creating balance in achieving high performance.

a) Vision

Lear (2009) contends that a compelling vision motivates employees to give their discretionary effort to the success of the organisation as it creates the emotional connection with the organisation. Vision comprises three sub-elements namely purpose, values and goals.

Purpose is regarded as the core or passion of the organisation that engages employees and customers toward long-term success of the organisation. Values provide the boundaries within which people in the organisation operate and serve their customers every day and as a result makes the requirement for an extensive bureaucracy of rules and regulations unnecessary. Goals serve to unite people and serves as a key component toward exciting people toward the overall organisational vision (2009).

b) Innovation

Innovation is regarded as one of the keys to organisational success through preserving the core (people), but stimulating progress. As much as purpose and
values need to be preserved, it is also important not to stagnate, but to pursue new methodology, technology and creativity in order to maintain relevance in a changing environment. Because innovation has people at its core, the organisation has to encourage risk taking and receptiveness to new ideas. Ultimately innovation is paramount in driving continual growth of the organisation (Lear, 2009).

c) Strengths

Whilst the traditional approach was to accept strengths and focus on interventions in weaknesses, new research indicates that these should be leveraged. This thinking is based on the premise to accentuate the positive. The result is that organisations inadvertently decrease the number of wrong things happening by focusing on making more right things happen (Lear, 2009).

d) Leadership

Whilst managers are focussed on keeping things steady and ensuring problems are overcome with the minimum amount of change, leaders are specifically aiming to create change and innovation, whilst preserving the purpose and values of the organisation. Lear (2009) refers to servant leadership or Level 5 leadership as proposed by Collins (2001) when he proposes that these leaders put self-interest aside and help people to use the power of their emotions to create bonds between them and the organisation. This serves to reach the emotions of their customers and create the kind of service that connects customers to the organisation.

2.3.1.3 The Foundational Elements

The four cardinal elements are not able to exist without the core element of people, nor can they exist without the foundational elements of trust and personal responsibility (Lear, 2009).

a) Trust

Lear (2009) holds that trust is the foundation upon which all the elements are built and consists of straightforwardness, openness, acceptance and reliability. Straightforwardness means to tell it like it is. It requires a certain amount of boldness and candour, which can be perceived as being brutal, unless it is tempered by a culture of acceptance and this is applied consistently. Openness requires a
willingness to listen to the views and beliefs of others, especially when involving one’s own behaviours. Acceptance requires a tolerance of others’ beliefs and respect for their self-worth, regardless of what they have to offer. Reliability is a quality that suggests a person can be counted upon to follow through with agreed commitments. Lear (2009) contends that it is only in discussing how these factors impact on the daily interaction between the organisation and its customers that trust can actually be built within the organisation. It takes many acts to build trust, but it can be destroyed with a single action.

b) Personal responsibility

Personal responsibility is the over-arching element that allows everything to function within an organisation and without which trust cannot survive. Without personal responsibility, values will not be lived, purpose will not be pursued, innovation will cease to happen and people will not step forward to lead and no direction will be followed (Lear, 2009).

Personal responsibility requires discipline and self leadership. It stems from people who recognise and acknowledge that they have made a choice and are willing to accept the consequences. Failure in personal responsibility leads to resentfulness and a feeling of being controlled, which leads to a shirking of responsibility, seeking to lay blame and avoidance of the real problems. This is termed being other-directed. It is therefore clear that this is to be avoided and that leaders should encourage a culture of personal responsibility where people are engaged and taking ownership of their responsibilities (Lear, 2009).

2.3.2 Situational leadership (SLII)

Initially developed by Blanchard (2010), Situational Leadership (SLII) is fundamentally underpinned by the notion that the most effective leadership style is task relevant and adapted to the maturity level of the individual or group that is being influenced. The SLII Leadership Model is based on two fundamental concepts namely the leadership style and the individual or group’s maturity level.
a) SLII Leadership Styles

Blanchard (2010) proposes that effective leadership is able to adopt its style according to the audience that it is aimed at, which is determined by the maturity level of that audience. The four leadership styles are summarised as follows:

- **S1: Telling** - Characterized by one-way communication. The leader defines the roles of the individual or group and provides the what, how, why, when and where to do the task;

- **S2: Selling** - The leader is only providing the direction. Using two-way communication and providing the socio-emotional support to allow the individual or group being influenced to buy into the process;

- **S3: Participating** - Shared decision-making. The task is accomplished and the leader is providing less task behaviours while maintaining high relationship behaviour;

- **S4: Delegating** - The leader is still involved in decision making. The process and responsibility has been passed to the individual or group. The leader merely monitors the progress.

b) SLII Follower Maturity Levels

Blanchard (2010) proposes that effective leadership is able to adapt its style according to the audience that it is aimed at, which is determined by the maturity level of that audience. The four follower maturity levels are summarised as follows:

- **M1** – Followers lack the specific skills required for the job and are unable and unwilling to do or to take responsibility for this job or task.

- **M2** – Followers are unable (novices) to take on responsibility for the task being done. They are willing (enthusiastic) to work at the task.

- **M3** – Followers are experienced and able to do the task but lack the confidence or the willingness to take on responsibility.
• M4 - Followers are experienced at the task and comfortable with their own ability to do it well (Blanchard, 2010, p. 350).

**Figure 2.2**: Situational leadership (SLII), Blanchard, 2010, p. 182

### 2.3.3 The HPO SCORES model

Blanchard (2010) developed the (HPO) SCORES model, an acronym which demonstrates the six elements evident in high performing organizations:

**S**: Shared information and communication must be readily available to people in order to make informed decisions.

**C**: A compelling vision supported by all team members creates a deliberate and highly focussed culture that drives the desired business results.

**O**: A constant pursuit of on-going learning and continuous improvement builds knowledge capital and transfers learning throughout the organisation.
R: A relentless focus on customer results maintains the highest standard for quality and service from a customer perspective.

E: Aligned energising systems and structures support the organisational vision, strategic decisions and goals.

S: Shared power and high involvement in decision making are distributed throughout HPOs and not guarded at the top of the organisation.

Figure 2.3: The HPO SCORES model, Blanchard, 2010, p.12
2.3.4 The American Management Association’s Model of High Performance Organisations

The American Management Association (2007) commissioned the Institute for Corporate Productivity to conduct a study to determine the impact of today’s challenges on organisations and the best practices associated with successful organisations. The result was The High Performance Organisation Survey 2007 which asked 1369 respondents about a series of organisational characteristics that the literature associated with high performance. The survey also probed revenue growth, market share, profitability and customer satisfaction. Their research aided the development of a model of performance that centres around five major characteristics of organisations.

- **Strategy**: Consistency of strategic approach is measurable by the standards of achievable plans and leadership’s according behaviour.
- **Customer focus**: Customer focus is exhibited by clear approaches to customer interaction and supporting infrastructure.
- **Leadership**: Leadership sets clear goals and behaviour standards to guide performance.
- **Processes**: Processes and structures support and reinforce strategy pursuits.
- **Values**: Values and beliefs are the deep drivers of behaviour towards strategy execution.

All these characteristics interact and influence the others in order to create an interactive system of continual flux that can affect the others both positively and negatively (American Management Association, 2007).
2.4. CHARACTERISTICS OF HIGH PERFORMANCE ORGANISATIONS

It is evident from the preceding literature review that considerable history and theory underpins the notion of high performance organisations. The most recent publication by De Waal (2012) presented a meta-analysis of high performance organisations. For the purpose of discussing the characteristics of high performance organisations, the researcher will use these five high performance factors and position these against five other recent publications on the subject. The summary below aims to align and position the high performance characteristics of these five sources against each other. The sixth factor of market and/or customer orientation was absorbed by De Waal (2012) under his discussion of the strategic or long term orientation characteristic.
1. LEADERSHIP
   - Management quality
     - Leadership: Shared power and high involvement
   - Leadership: creating emotional connections
   - Leadership Approach
   - Self managing work teams / socio-technical systems

2. CULTURE
   - Openness and action orientation
     - Culture: Shared information and open communication
   - Trust and personal responsibility
   - Values and beliefs
   - Employee involvement/participation/empowerment

3. STRATEGY
   - Long-term orientation
     - Strategy: Compelling vision
   - Vision: aligned purpose, values and goals
   - Strategic Approach
   - The learning organisation

4. INNOVATION
   - Continuous improvement and renewal
     - Ongoing learning and: Energising systems and structure
   - Innovation: good enough is not enough
   - Process and structure
   - Total quality management

5. TALENT
   - Employee quality
     - Talent: Treat people right
   - People is central

6. MARKET
   - Market: Treat customers right
   - Strength: Accentuate the positive
   - Customer Approach
   - Integrated production technologies

Table 2.1: High performance organisational surveys: factor comparison
Based on the model above we can see that recent publications on high performance organisations seem to largely agree on the components thereof. Even though these authors have slightly different terminology for their high performance characteristics, a very strong correlation of themes emerges and is discussed below. Three exceptions appear at face value, but correlate with the model when considered in context:

- Whilst the Institute of Corporate Productivity (2011) does not specifically mention continuous improvement and renewal as a separate characteristic to high performance organisations, they consider innovation to be a pertinent cultural aspect of high performance organisations, as discussed under 2.6.3.
- The American Management Association (2007), as well as Kirkham, Lowe and Young (1999) do not explicitly mention employee quality as a high performance factor. They do however consider people to be central to the cultural aspect of high performance organisations, as discussed under 2.6.3.
- Whilst De Waal (2012) does not indicate the customer or market approach as separate factor, he considers this to be a sub-section of his long term orientation or strategic characteristic as discussed under 2.6.2.

The research indicates that the six factors are the major drivers of organisational performance. Interaction amongst these appears so that a change to any one of these factors, appears to affect the others. This interaction is illustrated in the model above. The rest of this literature review will be structured around the following five internal high performance characteristics and one external factor, which the literature seems to indicate the authors cited mostly agree on.

- Management quality (Leadership): Leadership and quality of management stands central to organisational behaviour as the above table indicates. Leadership has a profound effect on the organisational climate and culture. High performance does not come without concerted effort and is dependent on the quality and integrity of the tone that is set by the leadership of the organisation. Further discussion follows under 2.6.1.
• Openness and action orientation (Culture): All of the explored models indicate that high performance is dependent on a definitive culture that abides within the organisation. An inclusive value and belief system enhances performance through trust and empowerment which in turn cultivates personal responsibility and employee involvement. Further discussion follows under 2.6.2.

• Long-term orientation (Strategy): All the referenced publications indicate that a long term strategic approach is fundamental to high performance. A high performance strategy should be aligned to purpose, values and goals to form a compelling vision that drives all activity. Further discussion follows under 2.6.3.

• Continuous improvement and renewal (Innovation): Also referred to as continual improvement and renewal, or energising systems and structures, all authors regard innovation as central to high performance organisations. Whilst the Institute of Corporate Productivity does not specifically mention innovation as a separate characteristic for high performance organisations, they do refer to innovation as a pertinent cultural aspect of high performance organisations. Further discussion follows under 2.6.4.

• Employee Quality (Talent): Talent and people is another central theme of high performance organisations. Whilst the American Management Association does not identify talent as a separate characteristic, it stresses how the organisational leadership, process and structure, as well as values and beliefs attract and encourage people to deliver on high performance aspirations. Further discussion follows under 2.6.5.

• Market (The external environment): De Waal (2012) does not explicitly list the customer and market approach as one of his five main factors of high performance, but does consider the other factors as ultimately aiming at facilitating the most appropriate customer approach. According to De Waal (2012) several high performance studies give clear indications that these organisations have higher customer satisfaction, higher customer loyalty amongst other qualities such as higher employee satisfaction, quality product and services and reputations, than non high performance organisations. Further discussion follows under 2.6.6.
2.4.1 Management quality (Leadership)

According to the Institute for Corporate Productivity (2011), their research findings regarding leadership practices indicates that the three strategies of communication, supporting the culture and adopting innovative practices emerged as factors that have the highest influence on performance. Blanchard (2010) describes leadership as the engine that drives the organisation towards a high performance destination. In a high performance organisation the role of a leader shifts from the traditional privileged power and status to a more complex participative and long-term perspective. Once leaders establish the vision for the organisation, they assume the role and behaviour of a servant leader, which practices support, collaboration and involvement at every level within the organisation. These leaders live the organisational values, embody and encourage a spirit of inquiry and discovery and help others think systematically. They are visible in their leadership and show conviction towards their focus on strategic decisions, which ultimately results in the emergence of leaders throughout the organisation. This is affirmed by Lear (2009) that every large scale study on high performance referred to leadership as being at the heart of the matter.

Leadership as discussed here refers rather to acts of leadership as opposed to leadership positions of authority. Even though De Waal (2012) uses the term “management quality” for one of his high performance factors, the researcher contends that it can be translated to the meaning of leadership if considered within the context as cited by Lear (2009):

<table>
<thead>
<tr>
<th>Manager</th>
<th>Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning and budgeting:</strong> setting targets and establish detailed plans and allocating resources to accomplish those plans.</td>
<td><strong>Establish direction:</strong> developing a vision for the distant future, along with strategies for producing the changes needed for to achieve that vision.</td>
</tr>
<tr>
<td><strong>Organising and staffing:</strong> establish an organisational structure and set of jobs for accomplishing the planned requirements. Staffing communicating and delegating responsibility for executing the plan and implementing monitoring systems.</td>
<td><strong>Communicating direction</strong> to those whose cooperation are required and creating coalitions that understand the vision and are committed to its achievement.</td>
</tr>
<tr>
<td><strong>Controlling and problem solving:</strong> monitoring of results, identifying deviations and planning appropriate interventions to solve related problems.</td>
<td><strong>Motivating and inspiring:</strong> keeping people on track despite barriers to change by appealing to human needs, values and emotions.</td>
</tr>
</tbody>
</table>

Table 2.2: Manager/Leader comparison, Lear, 2009, p.6
De Waal (2012) identified the following thirteen elements of leadership in his research on high performance organisations. Following here is a parallel analysis of the other five considered authors on high performance organisations of these elements as illustrated by De Waal (2012).

2.4.1.1 Trust

Trust is defined as the firm belief in the reliability, truth or strength of a person. De Waal’s (2012) research indicates that trust is the most prominent characteristic for a manager to become a true high performance manager. He further contends that an organisation cannot become a high performance organisation without a trusted management. There is such a connection between trust and the other leadership characteristics of high performance that managers who work on any of these characteristics, by default improve employee trust in them. High performance managers maintain individual relationships with employees by being honest and forthright, showing respect, listening, learning, asking for help, showing trust themselves and in general exhibition of fairness (De Waal, 2012).

Lear claims that of all the things leaders do, the creation of an environment where the foundational elements of trust and personal responsibility can flourish, is possibly the most important (2009). He continues to state that trust cannot survive without personal responsibility and values and these can be destroyed by poor leadership or failing to find a purpose in what one is doing (Lear, 2009) and sums up the power of trust by stating that when your rob people of their ability to be trusted, they stop being personally responsible (2009).

This is supported by Lorenz (1992) whose article proposes that Japanese and German manufacturers have traditionally been more successful than others due to their ability to create systems that institutionalise labour-management consultation. The essential ingredient that flows from flexibility that cannot be codified into third-party contracts is trust between management and labour. He maintains that this trust building process is achieved through joint consultation and where social norms encourage the exercise of power with benevolence. The author suggests that a system of joint consultation, rather than the unilateral execution of managerial authority, can serve towards developing large gains in trust.
Blanchard (2010) states that open communication and sharing of information builds trust and encourages people to act like owners of the organisation. He contends that providing people with more complete information communicates trust and a sense of responsibility that mobilises people to appreciate how their contribution impacts on the greater organisation. Another factor that builds trust according to Blanchard (2010) is a compelling vision that creates a strong culture in which the energy of everyone within the organisation is aligned. The vision that is created by leadership generates energy, excitement and passion as people believe they are making a difference. Conversely, trust is eroded in the absence of a commitment to organisational values, and without trust it is impossible for any organisation to function effectively.

2.4.1.2 Integrity

Integrity is defined as “moral uprightness” (De Waal, 2012, p.67). High performance organisations best exhibit strong ethics and values by consistently practicing what they preach. This is achieved through a commitment to maintaining these by all people of a morally intelligent organisation that treats everybody in the same way, all of the time (De Waal, 2012). Blanchard (2010) contends that leaders generally fail to assess the extent to which members of their organisation are living espoused organisational values, in which case these values are not aligned with the live values within an organisation. This translates into undesirable behaviour that undermines the success and integrity of the organisation. Blanchard (2010) reminds us of this anomaly if one considers that integrity was in fact an Enron value. Kaliprasad (2006) underlines the importance of integrity by stating that one of the contributing factors towards business excellence in the context of a high performance culture is when fairness, caring and integrity is consistently demonstrated by all.

2.4.1.3 Strong role model

De Waal (2012, p70) defines a role model as “a person looked to by others as an example in a particular role”. He continues that most people over the age of 30 have a role model in business, who is more likely a direct supervisor. Because of this influence on employees’ motivation, loyalty, commitment and performance, the responsibility rests on all managers at all organisational levels to be a good role model. According to De Waal (2012) high performance leaders set the example by
always being committed, engaged, enthusiastic and positive. These leaders act boldly in times of crises and lead from the front by taking on the hard challenges themselves. According to research by the Institute for Corporate Productivity (2011) on leadership competencies, one of the few competencies that were found to have a positive correlation with both leadership success and market performance, was found to be that of a being a role model for organisational values.

2.4.1.4 Fast Decisions

According to de Waal (2012) decision making is defined as a process during which a conclusion or resolution is reached. Research has found four distinct decision making styles:

- Decisive: emphasis on speed, efficiency and consistency, not flexible.
- Flexible: emphasis on speed and adaptability, more flexible.
- Hierarchical: emphasis on process and analysis, more long term implications.
- Integrative: emphasis on available options, leaving courses of action open.

As leaders move up the organisational ladder, they change their style from a decisive style to a more flexible and integrative style, since their decision making requires more listening and understanding in order to solicit cooperation and buy-in. This is however only true for high performance leaders who are able to make decision quickly and without over-analysis. The American Management Association (2007) holds that leadership’s most important decisions are the strategic ones and the higher the level of management that a leader find himself in, the more of these he has to make. It is therefore clear that high performance leaders do not have the luxury of dwelling on decisions and therefore have to be clear on what they are doing and why, in order to be consequent in their decisions.

Blanchard (2010) links decision making to the requirement for shared information and open communication, in order to achieve informed decision making. He suggests that this access to information, together with shared power and high involvement by leadership drives participation and collaboration that acts as enablers to good decision making. This sense of personal and collective power however can
only exist within high performing organisations. According to Blanchard (2010) this view is exhibited by South-West Airlines who empowered all staff to make decisions. They believe that by allowing people to use their brains, they could all contribute toward changing customers into raving fans.

2.4.1.5 Fast actions

De Wall (2012) maintains that action taking is the process of doing. As the purpose of management is to get things done, fast action-taking is crucial. Whilst many managers are very active in the undertaking of various activities, remarkably few engage in purposeful action that is conscious and intentional in pursuit of achieving something meaningful. Those who do make a concerted effort not to be overcome by the daily organisational demands, but manage their environment to maintain their focus on their overarching goals. High performance managers therefore question their own actions for adequacy and continuously learn from the actions, whilst having the courage to reverse decisions that did not have the desired outcomes.

Blanchard (2010) states that every action that aims at influencing the thoughts of others toward goal accomplishment is an act of leadership. He continues that it is estimated that a leader’s actions are at least three times as important as his or her words. People assess leaders on what they do and inconsistent or uncommitted action will result in the loss or commitment in the follower.

Lear (2009) states that change begins with insight, takes shape through action, is intensified by focus and is fuelled by ongoing success. The Institute for Corporate Productivity (2011) states that culture is made up of values, actions, beliefs and ethics. As high performance organisations tend to be the best in the world in providing value and exceeding customer expectations, neither change, nor productive culture would be functional in the absence of fast action. Ultimately leadership is responsible for creating an environment where fast action becomes a culture.

2.4.1.6 Coaching

Blanchard (2010, p.150) defines coaching as “a deliberate process using focussed conversations to create an environment that results in individual growth, purposeful action and sustained improvement”. Coaching amounts to the leadership input that
encourages deliberate, purposeful alignment of individuals with organisational objectives. This coaching can take on any of the applications below:

- **Performance coaching:** helping individuals to get their performance to acceptable standards.
- **Development coaching:** Preparing high performing individuals to become more rounded in their current role.
- **Career coaching:** helping employees to prepare for the next career move.
- **Coaching to support learning:** supporting reports to sustain recent training and turn learning into action.
- **Creating an internal coaching culture:** Leadership focus on creating a culture of developing others.

As business anticipates a leadership shortage ahead, it is important for current leaders to focus on developing the next set of leaders (Blanchard, 2010).

Managers of a high performance organisation coach their people through a facilitation process during which they support their staff and guide them through the challenges they face. This is not an instructive process where staff are being told how to achieve their goals, but an exploratory one where members are given feedback on their progress toward their goals. Mentoring may be part of this process where employees are developed for the next level of their careers. Mentoring is aimed at developing the competence and capacity of an individual by a mentee that has in depth experience and expertise in a specific area. Mentoring therefore promotes personal growth and development and has a specific professional development focus towards building a career for an employee in a particular field (De Waal, 2012).

Unfortunately most organisations spend more time on the performance review, and the least amount of time on the actual coaching and development of people. Yet it is during coaching that the most important aspects of managing peoples’ performance such as praising progress and correcting inappropriate behaviour, transpires (Blanchard, 2010).
2.4.1.7 Results orientation

High performance organisations have a clear strategy in managing people to extract specific behaviour required to execute organisational and departmental strategies. Their leaders set clear goals and understand employee abilities in order to guide them to the desired performance (American Management Association, 2007). De Waal (2012) calls it the attitude of wanting to achieve outcomes. According to him high performance leaders are strongly results orientated which is evident from their persistent focus towards achieving results and goals set by the organisation. They actively pursue opportunities to achieve competitive advantage and streamlining the organisation to become more effective. High performance leaders are intolerant of mediocrity and wasting of time and money. They reject bureaucracy and embrace simplicity.

Blanchard (2010) states that result orientation is what high performance organisations are ultimately all about. They are enterprises that over time continue to produce outstanding results with the highest level of human satisfaction and commitment to success. One of the letters in the Blanchard (2010) HPO SCORES™ model underpins this notion: R = “Relentless focus on customer results”. He continues that the high performance approach to partnering for results includes self-monitoring by all involved. Since goal clarity and access to information is fundamental to the high performance approach, everybody in a high performance organisation can check their own results and make the appropriate interventions as they need to stay on track toward their goals. This differs fundamentally from a hierarchical organisation where individuals do what they are told for the sake of compliance, even when they know there is a better way of achieving a result. In a high performance organisation leaders allow people to take the risk of challenging procedures and tasks as they are driven by a sense of pride in their jobs and a feeling of ownership of their organisation. People think about what makes sense in particular situation and act in ways that serve both the customer and achieve the organisational goals He concludes that the number one motivator of people is feedback on results (Blanchard, 2010).

Lear (2009) cautions that a results orientation must be holistic. A strictly financial results orientation results in a strictly historic results perspective as these are only
available in hindsight. This will result in the organisation being constantly behind in adjusting their behaviours to enhance performance. He suggests that a holistic focus on the high performance indicators as guides, allows organisations to be ahead of the curve.

2.4.1.8 Effectiveness

De Waal (2012, p82) defines effectiveness as “the ability to achieve the desired result”. What makes high performance leaders highly effective is their relentless ability to share the vision and strategy of the organisation with employees and then explain the goals they are trying to achieve, until it is understood and supported by all employees. They achieve this through very clear lines of accountability and ensuring the availability of all the required information in pursuit of this goal. High performance managers are further good at resolving conflict in a constructive way and have an ability to spot both threats and opportunities and act on these. They pay appropriate attention to details but are able to ignore irrelevant details that impede progress, whilst remaining focussed on their goals (De Waal, 2012).

Blanchard (2010) contends that effective leadership starts on the inside, specifically servant leadership, which is not based on false pride or fear, but grounded in humility and focused on the greater good. Effective leaders should be able to use all four Situational Leadership II® (SLII) styles.

2.4.1.9 Strong Leadership

De Waal (2012) maintains that strong leadership is “the ability of leading a group of people or an organisation, which is not easily damaged or overcome, able to withstand opposition and has determination”. High performance leaders are able to exhibit this strong leadership in difficult times through their ability to maintain course, yet able to be flexible as circumstances require. These leaders are not averse to confrontation as they regard the pursuit of their goals as more important than maintaining harmony within the organisation. This requires calling both colleagues and employees to account when appropriate, whilst remaining calm and never making a personal attack on any individual. Their approach is focussed on the conduct of others, rather than the personalities and always founded on the best interest of the organisation (De Waal, 2012).
According to the Institute for Corporate Productivity (2011) strong leadership is clear, fair and talent-orientated. Such leaders are more likely to promote the best people for a job and will ensure performance expectations are well communicated, and in accordance with the organisational strategy. High performance organisations therefore have leaders and employees who behave consistently with the strategic plan and company philosophy. Research results show that leadership behaviour that is consistent with organisational strategy and values creates an environment that allows high performance organisations to outstrip low performers in terms of high performance itself, as well as strategy.

Blanchard (2010) refers to self-leadership as the power behind empowerment. As leaders move from command and control to partnering for performance, so must those who follow move from waiting to be told to taking the initiative and to start leading themselves. This requires a very strong leader to develop individuals to solve problems and make decisions themselves, which is one of the key elements of a high performance organisation. Even though research indicates that 70 percent of organisational changes fail due to ineffective leadership, Blanchard (2010) maintains that pro-active leadership has the ability to vastly increase the probability of success. This primarily involves walking the talk as effective leaders need to display as much, or more commitment than the people they lead.

Lear (2009) refers to the large scale studies Collins and Porras (1997) and Collins (2001) and how each of them talked about strong leadership being at the heart of creating high performance.

2.4.1.10 Confidence

“A feeling and showing of reliance, certainty and self-assuredness” is how De Waal (De Waal, 2012, p.86) describes confidence. High performance leaders are aware of their strengths and weaknesses and recognise their limitations, but remain confident enough to exhibit humility and professional will to lead whilst also developing themselves. These leaders are authentic, self-conscience, self-disciplined and modest, though emotionally robust and not arrogant. Even when they are uncertain about a matter, they are able to respond in an ethically responsible way and have a people centred approach. Because many leadership decisions need to be made without all the facts, high performance leaders must have the ability to show more
confidence than they may feel. De Waal (2012, p.86) calls it the “belief follows behaviour effect” where employees act according to the confidence that the leader inspires.

Heskett and Schlesinger (1997) found in their research to determine commonality in the leadership across thirty high performance organisations that each of these leaders showed extremely high levels of confidence that far outweighed their egos. The recurring themes included (1) leaders are keepers of their values, (2) leaders are constantly living and communicating their values, (3) setting very high performance standards, (4) ensured wide latitude for front-line employees, (5) demonstrating by constant example, (6) walking the fine line between desirable pride in their organisation and undesirable arrogance toward other organisations, (7) becoming personally involved in hiring decisions and designing selection systems and (8) believing the customer is always right

2.4.1.11 Accountability

Accountability can be explained as taking responsibility for one’s action and results. High performance leaders do not only hold employees and junior managers accountable for results, but also colleagues, superiors and themselves. By making expected results very clear, ensuring all have the power and resources to accomplish goals and everybody is clear about the consequences of non-performance, they draw very clear lines of accountability. It is important here that people are made accountable for their results, not their efforts. High performance leaders make themselves visibly accountable for their own results and take responsibility for mistakes and failures without excuses (De Waal, 2012). This approach is also reflected by Blanchard (2010) who regards accountability, together with defining of performance standards, as the two criteria for effective goal setting.

Blanchard (2010) also makes the point of accountability to the customer. In high performance organisations everything starts and ends with the customer. This is a significant shift from organisations whose design puts the customer as the end receiver in the chain. In pursuit of this goal, high performance organisations design work processes from the customer backwards to ensure a flow that remains customer focussed. In this way a high performance organisation also achieves
greater accountability from direct reports as opposed to a hierarchical culture, whilst the same drives a sense of fulfilment that invigorates both reports and leaders alike.

2.4.1.12 Decisiveness toward non-performers

High performance leaders have the ability to decide quickly and effectively how to deal with low or non-performers. They are intolerant of mediocrity and don’t allow the bad apple to become contagious. These leaders have a strict results focus, thoroughly assess performance and the reasons behind such, but do not shy away from the tough decisions if people repeatedly fail to achieve targets. Non-performers are rapidly moved on to other assignments where their talents are of better use to the organisation, which simultaneously motivate other employees who take notice that this is not tolerated (De Waal, 2012).

2.4.2 Openness and action orientation (Culture)

According to De Waal (De Waal, 2012, p.111) high performance organisations have a strong openness and action orientation. Their motto is “a day not learned is a day not lived”. They spend a lot of time on dialogue, knowledge sharing and learning, as they have an incurable curiosity as to how its people and processes can be improved. Their ongoing focus is about developing oneself and the organisation.

High performance organisations have a well-established set of values that drive employee behaviour. This value and belief system is well understood by employees, embedded within the organisation and consistent with the company’s approach to leadership (American Management Association, 2007). According to research by The Institute for Corporate Productivity (2011) it is critical that culture is aligned with vision, mission and strategy as culture will override everything else. The culture of a high performance organisation must be strong in all the right ways as its employees do not only adapt well to change, but they embrace it with a readiness to meet new challenges and show a commitment to innovation.

Blanchard (2010) states that culture underlies everything an organisation does. Every organisation has a culture, whether it is by default or design. The organisation’s culture can enable the organisational performance and employee passion, or erode it. Kaliprasad (2006) states that as long as the culture supports the strategy and is appropriate to the current marketplace, it is beneficial to the
organisation. Because stronger cultures are more resistant to change, the challenge therefore lies in creating a culture where perpetual change is one of the stable elements. This will enable the culture to maintain its strength whilst simultaneously adapting to the shifts in the environment. De Waal (2012) considers the culture characteristic of high performance organisations within the following six dimensions:

2.4.2.1 Dialogue

Dialogue is a two-way process of communication, but not all communication is two-way. High performance managers are aware that circulating information does not equal effective communication and they don’t confuse regularly structured operational meetings with dialogue. High performance leaders use dialogue for creating commitment, spreading conviction and driving deep clarity into the organisation. This process starts with first listening in order to shape the message with consideration of input provided by employees. These leaders have humility in the sense that they acknowledge that they do not have all the answers and use dialogue as a way of collecting collective intelligence from within the organisation. Only once the message has been shaped is it presented with infectious passion whilst remaining receptive to further suggestions. High performance managers don’t rely on the “open-door” policy as its way of promoting dialogue, but makes the effort to go to the proverbial production floor to stimulate dialogue (De Waal, 2012).

Blanchard (2010) states that effective leaders not only tolerate open expression of concerns, they actually reward people for sharing honest and constructive criticism. According to him it is critical for leaders to provide opportunities for two-way communication because concerns cannot be surfaced and resolved without give-and-take dialogue. According to Blanchard (2010) encouraging dialogue lessens the danger of territoriality and keeps the organisation healthy, agile, flexible and fluid.

According to Schein (1993) organisational learning cannot take place until leaders acknowledge that they in themselves need analysis and channels for dialogue. He continues to state that executive dialogue is not enough and that intra-hierarchical level dialogue must be established because it is so easy for the higher levels to overrun any meaningful across-level dialogue at lower organisational levels.
2.4.2.2 Knowledge sharing

Knowledge sharing involves an activity through which the understanding of a subject is exchanged with others. Whilst De Waal (2012) states that knowledge is considered one of the most valuable assets of today’s organisations as it embodies best practices, routines, lessons learned, problem solving methods and creative processes that are often difficult to replicate. Blanchard (2010) regards it as the key to developing people and creating great organisations.

Leaders in high performance organisations ensure the availability of knowledge sharing infrastructure within the organisation in order to collect and disseminate knowledge across the organisation. It’s a deliberate process to cultivate new ideas and innovation from anywhere within the firm. As organisational boundaries such as departments or geographical separation have a negative impact on collaboration, these processes do require leadership’s active support to prevent organisations from becoming a collection of separated silos (De Waal, 2012).

Organisations were traditionally reluctant to share financial information. These days high performance organisations have realised the benefits of sharing previously sensitive data. As access to information is a fundamental principal towards making informed decisions in high performance organisations, sharing and facilitation of open communication enhances this through building trust and encouraging people to act responsibly (Blanchard, 2010). Blanchard (2010) regards this as one of the keys to empowering people.

Kirkham, Lowe and Young (1999) caution that organisations in general appear to be much more proficient in knowledge sharing, (dissemination of what has been learned) than knowledge utilisation (integrating information into organisational memory for broad availability and generalisation to new situations). They suggest that a philosophical and operating shift helped HP Consulting to move from sharing knowledge through informal and serendipitous encounters to recognising that managing and leveraging knowledge was a key for organisational success. The knowledge processes were integrated into the way works gets done on a daily basis and measures were defined to reinforce the message that knowledge sharing is part of everyone’s work.
2.4.2.3 Employee involvement

De Wall (2012) holds that employee involvement occurs through co-workers sharing an experience through participation. Recent research indicates that one of the top differentiators between winning or no-winning organisations was that the contributions of employees to organisational success were always recognised by winning organisations. It is further significant that this recognition went beyond mere monetary terms, but also in the feelings of the employees that they were taken seriously by the leadership. This mostly results from leaders that allow employees to execute their ideas and the efforts from management to include these employees in every quality initiative undertaken in the organisation. Greater commitment is created amongst employees because they are allowed to have their say. Employees experience a sense of co-ownership of the decisions taken and greater commitment is created amongst employees. According to De Waal (2012) the following conditions however are required in order for involvement to be effective:

- Participants must have adequate knowledge to make meaningful contribution.
- Participants must be aware that their participation is for the greater good of the organisation.
- Participants must be able to deal with the uncertainty and ambiguity that their involvement may not always influence the process in the way they would like it to.

Blanchard (2010) states that people’s health and well-being are directly affected by the amount of involvement they have in the workplace. It was found that twelve thousand male Swedish workers that were studied over a fourteen year period, who felt isolated and had little influence over their work, were 162 percent more likely to have fatal heart attacks than those with greater influence. Data like this, combined with the fact that complementary teams can be far more productive than individuals functioning alone, provides a compelling argument for creating high-involvement workplaces.

Blanchard (2010) argues that involvement especially rings true when it comes to managing change. He argues people do not resist change outright, as is popularly believed, but that people resent change when they have no involvement in how it
should be implemented. Leaders in high performance organisations expand people’s involvement to enhance buy-in. When leaders expand opportunities for involvement, they get a chance to hear people’s concerns, which affords them an opportunity to resolve these. This builds trust and increase the credibility of the leadership team.

2.4.2.4 Allowing mistakes

Research has shown that organisations learn more effectively from their mistakes than from their successes and that the knowledge from mistakes depreciates slower than knowledge from successes. Whilst people generally find it hard to own up to mistakes, this is even more so higher up the organisational ladder. High performance managers however set the right example by owning up to mistakes. They permit employees to take risks, are willing to take risks themselves and convey mistakes as an opportunity to learn. High performance managers have a tolerance for failure and setbacks, do not play the blame game and focus on corrective intervention. Mistakes therefore become an opportunity for learning and employees do not have to cover up mistakes. Messengers of bad news are rewarded for their courage to own up. The focus is on how to fix the mistake and prevent a recurrence, rather than why it occurred. It is a critical factor therefore that in high performance organisations, learning from mistakes serves as improvement opportunities (De Waal, 2012).

Blanchard (2010) states that high performance organisations treat mistakes and failures as important data. He refers to Hewlett Packard’s “HP Way” that determines that they reserve the right to make mistakes as these often lead to important breakthroughs.

2.4.2.5 Welcoming change

The American Management Association (2007) found in a survey that companies that perform better in the marketplace are also more likely than their low performing counterparts to view themselves as resilient and agile. This is unlikely to change as these companies view themselves as inducing change and forcing others to follow. There are just too many organisations that see change as a competitive advantage and therefore agility and resilience are likely characteristics of organisations that sustain high performance over long periods of time. The American Management Association (2007, p.11) calls resilience “the ability to absorb, react to and even
reinvent who you are as a consequence of change” and agility as “the ability to move quickly, decisively and effectively in anticipating, initiating and taking advantage of change”.

Resistance to change is human nature. High performance leaders however welcome change by actively encouraging self-reflection within the organisation, which develops flexibility and the capability to change. High performance leaders are active change leaders through their personal involvement and even adapt their leadership style if the change process requires such (De Waal, 2012). Kaliprasad (2006) recommends a culture where perpetual change is one of the core elements in order to better adapt to the shifts in the environment.

The Institute for Corporate Productivity (2011) states that high performance organisations do not only effectively manage change, but embrace it. Change in these organisations is not only a management prerogative, but employees also have more liberty to change processes or procedures to improve outcomes.

**2.4.2.6 Performance drivenness**

High performance organisations have a strong orientation to do things well and achieve results. They do not assume that success is permanent and realise that they need to fight complacency and continue to challenge the status quo. They focus on achieving the highest level of excellence in every endeavour and stimulate each other in this pursuit. They have a strong discipline in execution, whilst they remain realistically resilient in the face of setbacks. This attitude serves them well towards eventually accomplishing their agreed upon targets (De Waal, 2012).

Most organisational leaders view sales, productivity and profits as the primary performance metrics for their organisation, because that is how they are evaluated. Unfortunately this produces a single minded focus on short term results at the expense of longer term outcomes that drive performance such as employee passion, customer service and consistent quality. This is why a high performance culture is so important to maintain a balanced view of all that matters to the longer term sustainability of the organisation (Blanchard, 2010).
2.4.3 Long-term orientation (Strategy)

In all twelve survey attributes that measure consistency of strategic approach during the High Performance Survey 2007 conducted by the American Management Association (2007), the high performance organisations out-scored their peers. All twelve of these attributes were found to positively correlate with performance. In addition to consistency of leadership, consistency of the organisational philosophy statement and performance measurements’ consistency with strategy, were cited as the most widely cited practices amongst high performance organisations.

It is proposed that an organisation’s consistency of strategic approach helps to determine its success, which can be measured based upon how well the organisation walks the talk (American Management Association, 2007). Since high performance organisations establish clear visions that are supported by flexible and achievable strategic plans, these translate into clearly articulated philosophies that set the benchmarks for all individual behaviour. This results in leaders and workers who behave consistently with organisational strategy and philosophy. De Waal (2012) identified the following elements of the strategic characteristic:

2.4.3.1 Stakeholder orientation

De Waal (2012, p.146) defines stakeholder orientation as “the aim to benefit all parties that are affected by the future success or failure of the organisation”. High performance organisations go beyond shareholder thinking and also consider long-term relationships with all stakeholders as paramount to the future wellbeing of the organisation. They stay close to all stakeholders by creating win-win relationships through continuously aligning stakeholder interests with that of the organisation. This includes the development of a good corporate reputation through corporate social responsibility initiatives such as demonstrating financial commitment to the societies and environments within which they operate.

Blanchard (2010, p.9) calls this “The right target: The triple bottom line of being the provider of choice, the employer of choice and the investment of choice”. He states that leaders in high performance organisations know that the difference between mediocrity and greatness depends on their customers, their people and their investors. This holds true as more discerning consumers, investors and employees
are making responsible choices in not only where they invest their money, but also where they invest their time and spend their money, especially in the information age where irresponsible corporates find it increasingly hard to hide their dirty business (Marquez and Weber, 2011).

2.4.3.2 Customer orientation

Customer orientation amounts to the attitude of an organisation towards the people who buy their goods and services. High performance organisations learn from their customers and understand what they want from direct contact with them. They build relationships with customers by engaging them and by being responsive to their questions, concerns and needs. Customer loyalty is paramount and they obtain regular customer satisfaction feedback in order to pursue customer loyalty. High performance organisations put this feedback into practice by delivering products and services that consistently meet customer expectations and even anticipating unarticulated needs (De Waal, 2012).

Blanchard (2010, p11) talks about “relentless focus on customer results”. High performance organisations understand who their customers are and what their needs are. They then measure their results through an almost obsessive focus on their performance from a customer’s viewpoint. This links in with Blanchard’s (2010, p.9) “triple bottom line” principle of treating customers right and the accountability concept towards customers (as described above under 2.4.1.11, where high performance organisations also hold themselves accountable to their customers.

The High Performance Survey 2007 conducted by the American Management Association (2007) included twelve questions about how respondents view their customers, treat customers and how they are organised to meet the needs of customers. The data did not only reveal that all the questions were positively correlated with high performance, but also indicated that all high performance organisations tend to be more attuned to the current and future needs of their customers. High performance was also found to be associated with stronger emphasis on customer service, including vigorous efforts to serve customers better than industry rivals. Because high performance organisations have better foresight in regard to their customers, they also understand that different customers have different needs. This results in an outward customer focus that allows for different
customer categories which makes high performance organisations more attuned to
shifts in the market demands. This customer approach can be divided in three major
categories:

- External focus: High performance organisations are more receptive to hear
  what is best for the customer, rather than the organisation.
- Philosophical approach: High performance organisations are able to put in
  action their strategic approach in providing value and exceeding customer
  expectations.
- Internal design: The processes within high performance organisations are
  better aligned to meet the needs of customers and are flexible enough to
  leave room for employees to use their judgement in meeting customer needs.
  (American Management Association, 2007).

High performance organisations have clear standards to obtaining new customers,
as well as treating and retaining current customers. Adequate infrastructure and
processes provide the platform to support their customer approach.

2.4.3.3 Longevity

Longevity is the duration of the term with the organisation. High performance
managers stay with their organisations for a long time, become very knowledgeable
about the industry and its customers, as well as the organisational mechanisms and
employees. As these managers stimulate an enabling climate, so does the climate
cultivate an enabling environment for them to adequately implement new ideas and
continually add value. They exercise careful stewardship of the organisation and
focus on the long term survival of the organisation by avoiding short term gains at
the expenses of long term sustainability. High performance managers balance
organisational interest with self-interest and act as role models of how to put the
interests of the organisation first. Others are encouraged by their examples to stay
with the organisation for a long time (De Waal, 2012).

2.4.3.4 Promotion from within

Internal promotion is an organisational strategy to reward employees with career
opportunities in exchange for loyal performance. Whilst many organisations believe
that new talent is beneficial to the proliferation of new ideas, history has shown that outside chief executives often fail in this expectation. Studies have however shown that organisations with home-grown leaders far outperform organisations that hire new leaders from the outside. High performance organisations at least endeavour to develop leaders internally in order to encourage employees to take on leadership roles. Leaders that are brought in from the outside are carefully selected on fit for purpose, energy, stamina and their ability to inspire others. High performance leaders create leadership development opportunities through job rotation and professional enrichment programmes and identify talented high potential and emerging leaders whilst putting them into critical business opportunities to test their leadership competence (De Waal, 2012).

2.4.3.5 A secure workplace

A secure workplace is a stable workplace untroubled by danger and fear. High performance organisations create a secure workplace by giving people a sense of psychological safety where people are not laid off unless it is really required. An open atmosphere provides an environment where management hears employees and where they can raise concerns and put forward ideas. High performance organisations strive for a low staff turnover through creating a workplace that looks after its employees, in turn for which they pursue organisational goals. High performance organisations rely less on rules and procedures, but rather on commitment of employees as a result of their enhanced confidence. This is achieved through an organisational commitment to take corrective interventions to pursue goals (De Waal, 2012).

According to Kumar (2000), high performance organisations in the literature underscore co-operative labour management relations to foster a participatory enterprise culture. The new approach is also intended to make organisations lean, cost efficient and flexible in order to be more responsive to changing markets and technologies. He argues that whilst the positive effects of high performance work practices on the economic and financial performance of organisations are well documented, the effects of this on workers and the work environment is less well known. The evidence suggests that high performance work practices may in fact create insecure and stressful work environments that could result in deteriorating
quality of life and increased health and safety risks for employees as a result of hidden costs such as heavier workloads, loss of control over working conditions and increased demands on workers. It is suggested that more research is required in this area.

2.4.4 Continuous improvement and renewal (Innovation)

High performance organisations arrange their work processes, policies and procedures to support and execute strategy by enabling employees to most effectively meet internal and external needs. A wide variety of metrics are used to gauge the work for the department and entire organisation.

2.4.4.1 A unique strategy

High performance organisations have a plan of action which is different from all others. Whilst this is no easy feat in many industries that sell similar products or services, their differentiator lies in the manner they do their selling or their attitude to customers. High performance leaders therefore find uniqueness in the content and execution of their strategy. They therefore continuously ponder the question what makes them different to solicit themselves as the choice above any competitor. They build this strategy consequently and constantly create widespread opportunities and breakthroughs as they develop new options and alternatives to compensate for dying strategies. Whilst strategies in general become elaborate and difficult to execute, high performance organisations focus strictly on the distinguishing factors to facilitate easy comprehension (De Waal, 2012).

Kaliprasad (2006) holds that an organisations long term success depends on its ability to sustain the delivery of quality products and services. The following top three reasons however account for why organisations fail to sustain high performance:

- Because management has an inaccurate understanding of the marketplace, the vision, mission strategies are inappropriate.
- The required behaviour to successfully implement the business strategy could be misaligned with customer or marketplace requirements.
- Organisational systems and processes fail to support the organisational vision and strategy.
The American Management Association (2007) claims one of the areas where high performance organisations outperform other organisations is in their ability to use their skills, knowledge and experience to create unique solutions for customers.

2.4.4.2 Process improvement, process simplification and process alignment

High performance organisations continue to work on making internal business operations better. Process simplification is aimed at making internal business operations easier, whilst process alignment serves to improve on synergy amongst business processes. Unnecessary procedures and all forms of excess or waste is cut out. They guard against information overload and re-engineer processes to improve efficiency and speed. Continuous process optimisation is achieved through connecting the entire value chain based on efficiency models. They use a strong systems perspective, think lean about every aspect of the organisation and become adept at designing and installing new ways of doing things (De Waal, 2012).

Lear (2009) links process improvement, simplification and alignment back to innovation. He states that it is important that the high performance organisation guards against stagnation in its ideas, methodology, technology and creativity. This requires these organisations to aim continuously to making things better by reacting to the change in the environment and finding ways of getting things done. Ultimately this depends again on the organisation’s people and culture. High performance organisations are receptive to new ideas, every person is willing to learn and improve on their learning.

The American management Association (2007) links the above not only to people and their ability to innovate, but also to an organisational culture that allows people to exercise free judgement by stating that high performance organisations grant employees more freedom in their discretion to change processes or procedures to improve outcomes.

2.4.4.3 Performance management

High performance organisations steer the organisation through systematic definition of their mission, strategy and objectives. They make these measurable through critical success factors and key performance indicators that maintain visibility on their
progress. Performance management contains two high performance characteristics namely performance reporting and organisation-wide reporting. They make sure that they develop a model to measure what is important to the organisation by linking overall goals to specific items that the organisation needs to measure in order to keep their goals within their sight. These models are then rigorously monitored and honestly confront the reality in order to understand where goals were not reached. These facts and measurements are regarded as more important than intuition and opinion with the effect that people in high performance organisations focus on results and not output or input. These measures are always objective, timely, understandable and easy to calculate. Finally they ensure all information that is required to drive improvement is reported to everyone in the organisation (De Waal, 2012).

The Institute for Corporate Productivity (2011) maintains that high performance organisations integrate the various components of talent management such as recruiting, on-boarding, training and development, succession planning, rewards etc. in both their processes and technology. This is affirmed by Kirkham, Lowe and Young (1999) who state that high performance organisations organise workflow around key business processes and often create teams to carry out those processes. These include a number of human resource policies such as hiring, training, performance management and compensation intended to enhance employee skills, knowledge motivation and flexibility. Buytendijk (2006) suggests that any organisation that wishes to pursue high performance should take a methodical approach to performance management. This requires an initial gap analysis in order to identify the areas in its reporting, business cases, scorecards and dashboards that closely correlate amongst the organisations’ different stakeholder groups in order to establish the existence of any disconnections. The organisation should then determine what its internal values and the values of its customers are and focus on correcting any misalignments between the two.

2.4.4.4 Innovation of products, services, processes and innovation of core competencies

The pursuit of new methods and ideas to drive innovation is central to any high performance organisation to maintain or develop their competitive advantage. This is
achieved through creativity as a result of cultivating an environment of learning, openness to change and challenging of old methods. High performance organisations have an obsession with disruptive innovation through continuously seeking improvement of current activities, as well as generating new ideas and excellence in execution. They stick to what they is good at, keep core competencies inside the organisation and outsource non-core activities (De Waal, 2012).

Organisations that adopt innovative work practices may be more productive and lead workers to work more efficiently. Based on the reasoning that workers often have better information than management about how to do their work more effectively, greater participation permits a variety of views that contributes to a better coordination of workers efforts. Whilst working groups may encourage workers to work harder and smarter, flexible job assignments can reduce the cost of communication. Training in problem solving, statistical process control and computer skills can increase the benefits of new information technologies (Kumar).

According to Lear (2009) an organisation that has failed to innovate is no longer good. As it has failed to grow in the area of innovation, it has diminished its performance. He regards the element of innovation as the most important driver of growth and balance within any organisation. Innovation is the forward-looking thinking that so many organisation lack and results in them burning out very fast.

2.4.5 Employee quality (Talent)

High performance organisations rely on its people. In order to become a high performance organisation it is critical to hire people with incurable curiosity, that want to be challenged, need to have responsibility and at the same time ask to be held accountable and want to perform better. High performance employees perform better than the average employee and as a result contribute more to the organisation (De Waal, 2012). Culture plays an important role when it comes to people. The Institute for Corporate Productivity (2011) holds that organisations will not only be facing greater challenges to attract talent in the future, but they will also need to represent and express their culture via online worlds as employees are more geographically dispersed. In doing so organisations will need to adopt stronger values related to sustainability, diversity, resilience and agility.
2.4.5.1 Inspiration

High performance organisations make their employees enthusiastic and the employees want to be inspired by their leaders to achieve extraordinary results. This requires quite some focus from high performance leaders to continuously keep employees challenged and on their toes. This is achieved by interesting and challenging assignments, increased responsibilities and encouraging pride in their own and the organisational achievements. These leaders stimulate self-confidence, an entrepreneurial attitude, firmness, a can-do attitude and a winning mindset as they raise the bar of performance by setting themselves and their employees high standards and stretch goals. High performance organisations win people over through inspiring, crusading enthusiasm and making people feel part of the greater organisation (De Waal, 2012).

This view is shared by Kirkham, Lowe and Young (1999) who state that leaders play an important role in inspiring their employees. Research within Fortune 500 organisations found that subordinates who view their supervisors as empowering also saw them as more innovative, upward influencing and inspirational. Lear links inspiration to vision as vision should be the motivating factor to give their discretionary efforts to the success of the organisation. He suggests that rather than inspiring employees through individual leaders, the vision of the organisation should inspire them to do great things, whilst the leader helps to create the emotional connection between the employee and an inspiring vision (2009). The impact of vision is affirmed by Blanchard (2010) to the effect that a compelling vision should inspire people and provide direction. Such a vision should provide significant purpose, a picture of the future and clear values.

2.4.5.2 Resilience and flexibility

High performance organisations are not only adaptable, versatile and variable, but also have a strong ability to recover easily and quickly from setbacks. These organisations do not easily give up, but remain persistent until their goal is achieved. This is made possible by their continuous self-development through both formal education and taking on new jobs and responsibilities through job rotation systems. They also work on the resilience and flexibility through mentoring and coaching programmes. On the job training is done as an essential part of how they do
business and prepare employees to embrace change. This process already commences at selection of new recruits based on the flexibility and resilience that they exhibited at their previous assignments (De Waal, 2012).

The American Management Association’s (2007) research found that agility and resilience are likely to be the characteristics of organisations that sustain high performance over long period of time. According to an analysis of self-reports of organisations that saw themselves as performing better in the marketplace than their lower performing counterparts, and also viewed themselves as agile and resistant. This means that organisations see change as an opportunity, as well as view themselves as having better change capacities at individual, team and organisation levels. Amongst other factors such as quality of leadership and people, products and services and management practices, organisational resilience is an important viability consideration for investors, according to Blanchard (2010).

2.4.5.3 A diverse and complementary workforce

Research have shown that organisational productivity is enhanced by a workforce who differs widely from one another as they collectively have all the strengths organisations need. The different experiences, perspectives and mindsets generated by such diversity lead to new ideas and enhance problem solving capacity and strength within the organisation. High performance managers therefore assemble diverse and complementary teams to give the organisation all the skill, experience and creativity needed to face its challenges by hiring people with different abilities, backgrounds, personalities, experiences and skills (De Waal, 2012).

According to McInnes (1999) workforce diversity refers to policies and practices that seek to include people within a workforce who are considered to be different from those of the prevailing constituency in some way. In the information age the greatest asset of organisations is its people and no organisation can afford to restrict its ability to attract and retain the best talent possible. The motivation for a diverse and complementary workforce is summarised as follows:

- Since many beneficiaries of good diversity practices are from previously disadvantaged communities, this practice amounts to good corporate responsibility.
• This practice amounts to economic payback by widening the tax base through offering productive opportunities to communities previously excluded.

• It is a legal requirement to comply with specific legislation like the Broad-Based Black Economic Empowerment Act 53 of 2003 and the Employment Equity Act 55 of 1998 to contribute to restitution of discriminatory policies of the past.

• Since buying power in today’s economy affects all walks of life it is paramount that products and services are designed to appeal to a diverse customer base and that organisational constitution reflects such.

• Organisations are seeing growing diversity in workforce make-up. Failure to stay in touch with this trend will result in ineffective external interactions and communication.

• Probably the most significant justification for a diverse and complementary workforce is the impact on capacity building. Companies that prosper have the capacity to effectively solve problems, rapidly adapt to new situations, readily identify new opportunities and quickly capitalise on them. This capacity can be measured by the range of talent, experience, knowledge, insight and imagination contained within the workforce.

Successful companies therefore recognise conformity to the status quo as a distinct advantage as, in addition to their job-specific capabilities, employees are increasingly valued for their unique qualities and perspectives that they can contribute to competitive advantage.

2.4.5.4 Partnership

High performance organisations create partnerships and value creating networks to achieve their goals. They stimulate cross-organisational collaboration by making teamwork a top priority with suppliers, customers and partners throughout the enterprise. They strive to create high performance partnerships that consist of organisations that are high performance organisations themselves and high world-class collaborative processes. In order to do this successfully they embrace the
vision of virtual integration with these parties in the value chain and therefore redesign and streamline inter-enterprise processes in pursuit of this. All people in high performance organisations consciously and consistently look for opportunities to partner with external parties as they acknowledge that they can learn from others (De Waal, 2012).

Nicoleta, Liana, and Maria (1989) contends that these partnerships are aimed at improving competitive positioning for entry into new markets and sharing major risks and costs of development through support and strengthening the competitive advantage of all partners. Important success factors include:

- Individual excellence in competence by each partner;
- Strategic importance of the partnership to each partner;
- Interdependence amongst partners for joint and individual success;
- Exhibited commitment by investing in each others success
- Transparency on sharing information
- Integration of common activities
- Institutionalisation of a formal structure to manage objectivity and inclusive interests
- Integrity and trust is essential to maintain course towards the aligned interests.

2.4.6 The external environment (Market)

De Waal (2012) does not list the market approach as one of the five main factors to high performance, but he does elaborate extensively on the customer or market orientation as a sub-section of the strategic consideration or as he labels it, long-term orientation.

The external factors that influence performance are dynamic and range from the skill level of the labour force to the business environment. Whilst the external factors fall outside the ambit of the internal approach to high performance organisations for the purpose of this treatise, a brief summary thereof follows here for the purpose of providing an overall perspective of the factors that influence high performance.
2.4.6.1 Workforce talent and skills

The point was made earlier that employees must possess the appropriate skills, abilities and mindset in order for a business to become a high performance organisation. Research conducted by British Council (2013) indicates that finding qualified candidates is the most pressing challenge faced by South African business today. It further specifies that finding candidates with the right formal qualifications and the issue of retaining good employees are the top two challenges for Human Resources departments. This dilemma is affirmed by Appel (as cited in the American Management Association, 2007) who states that talent shortages exist in both developed and developing countries due to an evolving workforce as a result of the ageing Baby Boomers and extensive growth in developing countries. Nearly three out of ten employers worldwide expressed the opinion that they would have hired more people in 2007 if they were able to find more suitable candidates (American Management Association, 2007).

The influence of the workforce on organisational performance is further illustrated by the following research by the American Management Association (2007):

- A study of 100 large US firms by Hewitt Associates in 2006 concluded that those with formal programs in place to develop skilled workers and high performance talent generally achieved higher rates of shareholder return;
- Executives polled by Accenture in 2006 confirmed finding and keeping skilled workers as a primary driver of their financial performance;
- The Institute for Corporate Productivity’s 2007 talent management survey found the need to execute strategies, staying competitive in the market place, serving customers well and the drive for innovation as the most important drivers of talent management. These are all elements inherent to high performance.

2.4.6.2 Global competition

In 2007 the Society for Human Resource management declared that the global economy grew faster since 2001 than during any point in the preceding 45 years (Smith, 2007). The benefit of hindsight now informs us that even though the aggressive growth curve was due to level out very shortly afterwards, global
competition was only about to get more severe. The post 2008 recession impaired
global economy sees organisations in an even more competitive environment where
spending is constrained worldwide on the back of a much reduced level of financial
liquidity.

The Global Competitiveness Report (2012) proclaims that the outlook for the world
economy remains fragile. As global growth remains historically low in specifically
large emerging economies, key advanced economies are also expected to slow in
2012 to 2013. This affirms the belief that the global economy is troubled by a slow
and weak recovery. Growth remains unequally distributed as emerging and
developing countries are growing faster than advanced economies and are steadily
closing the income gap such as the case of Brazil, the Russian Federation, India,
China and South Africa. The danger of a property bubble in China, a decline in world
trade, and volatile capital flows in emerging markets holds further threats to a frail
global economy. The persistent sovereign debt crises and the risk of the global
banking system meltdown in Europe, coupled with high levels of public debt and
stagnating growth and insufficient competitiveness is undermining consumer
spending.

As business continues to expand across international borders, new competitors
emerge, creating a double edged sword for organisations competing for scarce
consumer resources. Organisations face the challenge that intangible assets such as
knowledge, workers and research and development are playing an increasing role in
organisational success. The fact that these resources are dispersed worldwide, is
driving companies to align both physical and intellectual resources better around the
world (American Management Association, 2007).

2.4.6.4 Political and Regulatory Changes

Second only to the scarcity of resources, the American Management Association
(2007) Strategy Execution Survey 2006 reported laws and regulations as having the
largest barrier to execution of strategy. A 2006 Accenture survey found that 36% of
global leaders who participated, called their firm’s responses to regulations a top
driver of financial performance.
Businesses are also increasingly affected by socio-political issues. As a result of globalisation, political issues are more dynamic today than they were several decades ago and the media brings this to the world’s attention much faster. Similarly the relations between nations have become more complex in recent times. The challenge for executives is for companies to incorporate socio-political awareness of issues more systematically into their decision making processes. They need to recognise that such issues present both risks and opportunities that can be managed through pro-active planning, strategic alliances, as well as staying informed about social and political trends (Bonini, Mendonca and Oppenheim, 2006,).

2.4.6.5 Ethical Influences

The American Management Association (2007) holds that companies with a strong public commitment to ethics had a higher market value than organisations with a low commitment to ethical conduct. Companies with no ethical policy had the lowest market value. According to Shaw (2006) research conducted by Baylor University professors in 2006 confirmed that an ethical atmosphere contributed to efficiency and the bottom line. It is proposed that ethical attitudes tend to translate into ethical behaviour and in turn foster trust in the organisation with those who deal with the organisation. Lack of trust also contributes to costs due to the requirement to monitor transactions more closely.

The American Management Association (2007) insists that organisations need to work hard to create a shared vision and value structure amongst its people in order to deliver effective performance. According to them, mission statements and strategic decrees from on high are not enough as people need to feel that a sense of purpose is reflected within a positive environment. Organisations will therefore only solicit discretionary behaviour from individuals within a supportive culture which encourages innovation and performance.

This is affirmed by Weber (2005) who maintains that a reputation for being an ethical company serves as an attraction for top talent, potentially further enabling socially responsible organisations to achieve high levels of performance.
2.4.6.6 Environmental changes

The proposition that the natural environment impacts on organisational performance is still rather new and controversial. Derived from the triple bottom line concept, the sustainability paradigm holds that companies should be financially, environmentally and socially sustainable. This means that in a highly integrated global business system, the long term performance of organisations will depend on the long term health of the societies and natural environments that they rely upon (Blanchard, 2010).

There is the more rigid consideration that failure to comply with environmental regulations can have financial, operational and reputational implications, regardless whether organisations subscribe to the socio-moral argument. Thus far research has not yet found causality between better performing business results from compliance with environmental regulations. This however does not mean that environmental issues will not become more important over time. As carbon tax and pollution compliance standards gain momentum, social pressures on the other hand, especially in the social media of the information age where reputational damage may easily result from environmental neglect, can have significant impact on the performance of organisations (Vaughan and Mulliken, 2007).

2.5. CONCLUSION

It was decided to utilise De Waal’s (2012) structure approach to high performance organisations for the following reasons:

- It is the most recent publication on the subject;
- It is constructed based on an extensive meta-analysis of the subject;
- It encompasses similar dimensions as most recent publications on the subject;
- De Waal (2012) has published extensive empirical research based on his measuring instrument.

Following the literature discussion based on De Waal’s (2012) five factors of high performance organisations, the researcher will now use De Waal’s (2012) measuring instrument to establish the level of high-performance characteristics of the organisation based on the following five characteristics:
• Management quality;
• Openness and action orientation;
• Long term orientation;
• Continuous improvement and renewal;
• Employee quality.

These findings then need to be developed in order of organisational priorities and in accordance with the principles identified in the literature. It is paramount to understand which of these characteristics are to be prioritised to generate quick wins, whilst medium and long term objectives are determined for an ultimate high performance culture. The sixth factor of the market approach is considered an external factor to the organisation and falls outside the ambit of this internal evaluation.
CHAPTER 3
RESEARCH METHODOLOGY

3.1. INTRODUCTION

In Chapter 2 the characteristics and role of high performance in the achievement of organisational goals were discussed. The purpose of this chapter is to describe the research methodology employed to solve the following two sub-problems:

- Are the internal practices of the organisation aligned with the recommended characteristics of a high performance organisation?
- What are the suggested high performance priority interventions to alleviate competitive advantage constraints within a security service provider operating in South Africa?

The solving of the two sub-problems will result in the main problem being addressed. The primary objective of this treatise is to evaluate current performance by evaluating it against high performance characteristics. In pursuit of this objective, the results of the high performance evaluation will be used to develop an action plan for the organisation.

3.2. RESEARCH APPROACH

The research paradigm is the philosophical framework that determines how the research should be conducted. It is based on people's philosophies and assumptions about the world and the nature of knowledge (Collis and Hussey, 2009).

3.2.1 Quantitative and qualitative research

Quantitative and qualitative are the two main methods of research approaches. A combination of these methods can be used within a research study. Quantitative approach is based on the “identification of statistical relationships between dependent and independent variables” also known as hypothesis testing, whilst the qualitative approach is based on “understanding the way in which the world is socially constructed and understood, non-numerical” (Geldenhuys, 2010). The tools used in the research are determined by the approach as quantitative methods require an empirical approach, whilst qualitative methods require obtaining
knowledge through social interaction (Geldenhuys, 2010). Flick (2002) contends that whilst qualitative studies were developed to critique quantitative methods and strategies, qualitative methods have now become an independent method.

The research envisaged for this case study will be located in the quantitative paradigm. Collis and Hussey (2009) hold that the foundation of positivism is the belief that reality is independent of us and that its goal is to discover theories based on empirical research through observation and experiment. The high-performance evaluation of ADTSA involves a deductive process that aims to provide an explanatory theory of the social phenomena that are currently at play within the organisation. The intention is to obtain an explanation of the likely causal relationships between variables that impact on high performance within the organisation.

3.2.2 Case study

The definition of a case study has evolved over time and consists of two parts. The first part relates to the scope of the study whilst the second part relates to the technical characteristics: “An enquiry that investigates the phenomenon in depth within real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident” (Yin, 2009).

Case study methodology is used to explore a single phenomenon (the case) in a natural setting using a variety of methods to obtain in-depth knowledge. The context of the study is very important in understanding the dynamics that are present within a single setting and it must be constructed within that context in order to be sensitive to the management behaviour that takes place.

According to Yin (2009), the characteristics of a case study are as follows:

- Research not only aims to explain certain phenomena, but also to understand them within its particular context.
- Research does not commence with a set of questions and notions about the limits within which the study takes place.
- Research uses multiple methods for data collection, which may be both qualitative or quantitative.
This case study takes the form of an explanatory case study since existing theory is being used to understand and explain what is happening. Since the subject of high performance organisations is a relatively new concept, there are only a few theories available and no one theory is considered to be exhaustive and conclusive on the subject. By its nature this study lends itself to further research.

3.3. RESEARCH DESIGN

Smith (2002) holds that research design is established by the solution of the problem statement or the answer to the research question, whilst according to Fisher (2007) the research design presents the research approach and methodology. Zikmund (2003) further states that research design is a master plan which details the method for collecting and analysing the collected data.

An essential component of good research according to Denscombe (2007) is to ensure that the research approach is appropriate for the type of investigation that will be conducted. According to Zikmund (2003) it is essential to understand the objective of the study to achieve research that is causal, descriptive or explanatory. He continues that exploratory research has three purposes:

- Diagnosing the current situation;
- Evaluating alternative possibilities and;
- Generating new ideas.

In pursuit of these purposes, the aim with this case study is to establish the current levels of high performance within ADTSA, consider alternatives to current structures and behaviours where appropriate, to stimulate high performance and to generate recommendations to stimulate high performance within the organisation.

3.3.1 Population and sampling

Fisher (2007) states that the purpose of a sample is to obtain results that are representative of the whole population being sampled, without having to ask the whole population. A sample can thus be seen as a subset of the population. The consideration whether such a sample is representative of the entire population is therefore dependent on the manner in which the sample data is used.
Sampling can be done on a random or non-random basis. Random sampling is used when every member of the population has the same probability of being chosen. Such a sample will be seen as an unbiased portion of the population and results considered as a generalisation of the entire population (Collis and Hussey, 2009).

Non-random sampling occurs when the researcher selects the participants to the questionnaire. Networking, judgemental and natural sampling are forms of non-random sampling. In the case of network sampling the researcher selects participants on the grounds of their experience within the phenomenon being studied and then inviting additional participants based on the feedback received from the original participants. Judgemental sampling is similar to network sampling, but participants are selected prior to commencement of the study and no further participants are pursued following that. In the case of natural sampling the researcher has very little influence on the composition of the sample, but only certain employees are invited to participate due to factors such as experience and availability (Collis and Hussey, 2009).

In this case study natural sampling was used as the questionnaire was circulated to all office based employees within the organisation. Due to research limitations it was not possible to reach the entire population as field workers and mobile staff was explicitly excluded due to access constraints. The total population of this study was the 2222 office based staff within the organisation who represent 28% of the total organisation. ADT Kusela, the black empowerment guarding arm of the organisation, was excluded from this study in order to limit the scope of the study to the main business unit of ADTSA. The sample is however inclusive of employees from all levels within the organisation under study. A summary of the sampling against the entire organisation is illustrated below:

<table>
<thead>
<tr>
<th>Staff Allocation</th>
<th>Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>General admin staff</td>
<td>1580</td>
</tr>
<tr>
<td>Supervision and junior management</td>
<td>378</td>
</tr>
<tr>
<td>Middle management</td>
<td>190</td>
</tr>
<tr>
<td>Senior management</td>
<td>66</td>
</tr>
<tr>
<td>Executive management</td>
<td>8</td>
</tr>
<tr>
<td>Total for ADTSA</td>
<td>2222</td>
</tr>
</tbody>
</table>

Table 3.1: Population of the office based staff of ADTSA
3.3.2 Methods of data collection – the case study

Primary data was collected by circulating survey questionnaires on a sample of employees within the organisation. Zikmund (2003) states that survey investigations attempt to describe what is happening or to learn the reasons for a particular activity. They provide a quick, inexpensive, efficient and accurate means of assessing information and are quite flexible and valuable when properly conducted.

Leedy (1997) explains that paper-based questionnaires can be sent to a large number of people over vast distances and could potentially save the researcher significant travel expenses and postage or email is typically cheaper than a long distance phone call. Participants can further be assured that their responses will remain anonymous which enhances the truthfulness of the answers. Respondents further have enough time to think about questions where the stimulus being provided to each respondent is identical in all cases, since the questionnaire is the only means of communication. Questionnaires are usually highly structured and the use of open-ended questions are limited, which makes capturing of feedback relatively easy (Emory and Cooper, 1991).

The questionnaire drawbacks however are that the majority of people who receive them fail to return them and responses are reflective of the participants' reading and writing skills, which may include misinterpretation of one or more questions (Leedy, 1997). Wegner (1999) adds the following disadvantages to the use of questionnaires:

- Response rates are low;
- Respondents cannot obtain clarity on questions;
- The possibilities of probing or further investigation are limited;
- Data collection takes a long time;
- There is no control over who actually answers the questionnaire;
- The questionnaire will be limited with regards to length and scope as the respondent can lose interest or become tired and;
- The research sample is limited to participants who are literate.
In accordance with De Waal’s (2012) high performance framework, the researcher remained with using a questionnaire that produces quantitative results for the purpose of this study.

3.3.3 Research questions

The researcher will use the research instrument that was designed by De Waal of the High-Performance Centre at the Maastricht School of Management in the Netherlands. De Waal (2012) designed this instrument after reviewing 290 research studies into high performance and testing it in 1470 organisations. Answers are structured around a ten-point Likert scale to produce interval-scaled data which allows the data to be statistically measureable and therefore quantitatively analysable.

De Waal’s (2012) research established the following five factors that were found to correlate positively with high performance:

3.3.3.1 Management quality

Does the management exhibit integrity through a strong set of ethical standards, maintain trust relationships with people on all organisational levels through treating people fairly and foster consistent, decisive and action focussed decision making through coaching and guiding employees towards better results? De Waal (2012) regards management quality as the second most important factor for achieving high performance with a .248 correlation to relative performance and .289 correlation to historical performance. Managers in high performance organisations value employees, act as role models to instil commitment, enthusiasm and respect, whilst holding people accountable for results through clear communication of the appropriate values and ensuring the strategy is embraced by all.

3.3.3.2 Openness and action orientation

Does the organisation provide an open and action orientated culture through a management that values opinions of employees through dialogue and involvement in important business decisions and organisational processes? De Waal (2012) found openness and action orientation the weakest of his four high performance organisation factors with correlations to competitive performance of .165 to relative
performance and .137 to historical performance. Even though this factor is relatively less important than other factors in correlation to competitive performance, people in a high performance organisation do allow for risk taking and perceive mistakes as learning opportunities. Communication, knowledge exchange and learning in pursuit of new ideas are considered appropriate to obtain new ideas to drive performance.

### 3.3.3.3 Long-term orientation

Does the organisation stimulate a sense of long term commitment to all stakeholders of the organisation through the creation of mutually beneficial opportunities through a balance of common purpose and self-interest? De Waal (2012) found long term orientation the most important factor for achieving high performance with a correlation of .327 with relative performance and .333 with historical performance. A high performance organisation actively pursues the creating of customer value by learning and understanding what enhances customer value. The management of a high performance organisation is therefore committed to the organisation for the long term and nurtures a culture of putting the needs of the organisation first. A safe and secure workplace is created by growing new management and development of leaders from within the organisation.

### 3.3.3.4 Continuous improvement and renewal

Does the organisation adopt a unique strategy that distinguishes it from others through the continuous pursuit of new initiatives to replace outdated ones? De Waal (2012) found that continuous improvement and renewal showed a correlation of .212 with relative performance and a stronger correlation of .299 with historical performance. The research found that organisations that adopt a strategy of ongoing improvement and innovation will be relentless in their pursuit of this strategy by continuously simplifying, improving and aligning its processes. This allows them to improve efficiency through elimination of unnecessary procedures and workloads and to develop a moral obligation amongst employees to pursue the best results. All measuring and reporting remains restricted to fulfilling the organisational goal of responding to market changes through the creation of sources of competitive advantage.
3.3.3.5 Employee quality

Does the organisation attract a diverse and complementary workforce with the appropriate flexibility that helps detect the complexities in its operations and harness creativity in resolving them? De Waal (2012) found a correlation of .227 with relative performance and .333 with historical performance in terms of workforce quality’s correlation with competitive performance. This factor is therefore slightly less important than management quality for achieving high performance, but nonetheless develops its workforce to be resilient and flexible and inspire them to develop skills towards accomplishing extraordinary results.

3.3.4 Method of data analysis

The data analysis procedures determine how the researcher will order and present the findings. There are a few methods of analysing collected data by means of interviews and questionnaires (Fisher, 2007). The following steps of data analysis of a case study are recommended by Leedy and Ormrod (2001):

- Organisation of data: Arrange facts in a logical order.
- Categorisation of data: Arrange data into meaningful groups as identified by the researcher.
- Evaluation of single instances: Specific instances of data must be evaluated and interpreted in relation to the meaning they have to the case.
- Identification of patterns: Collected data and associated interpretations must be assessed for themes and patterns.
- Synthesis and generalisations: Conclusions must be developed that may have implications on the case study.

Thereafter the empirical data from the questionnaires will be analysed and compared against the benchmarks for each of the high performance characteristics as published by De Waal (2012). This thematic analysis will assist to identify specific high performance characteristics which exhibit deviations from international benchmarks. The researcher will therefore be able to evaluate each high performance characteristic on its own merit and use this information to prioritise appropriate interventions where required and highlight current desirable practices.
3.4. ETHICAL CONSIDERATIONS

Derman (2008) states that ethics in the sciences provides constructs as to what may be deemed moral behaviour. It is the researcher’s duty to behave morally correctly when collecting data and conducting analysis. The following, all of which were complied with as contained within Annexure A, are regarded as requirements of ethical considerations of a study.

- Participants will be informed by means of a letter that the research has been approved by the management of the organisation.
- All methods of data collection must first be approved by the Human Resource Department to ensure no harm will come to the participants.
- Participants will be informed of their right to privacy, right to refrain from participation and the right to withdraw from the study.
- Participants will also be able to view the research findings.

The researcher took every effort to follow the below ethical considerations as recommended by Zikmund (2003):

- A high standard of data accuracy needs to be maintained to ensure objectivity.
- Discussing research findings with the management of the organisation will serve to ensure data accuracy.
- In a qualitative study, the researcher must remain objective during interviews and take care to avoid bias or to impose subjective views on participants. This is not applicable to this study.
- To avoid misrepresentation of research findings, all findings disseminated must be genuine conclusions from the study.

3.5. CONCLUSION

This chapter serves as an overview of the research methodology. It explains the processes that will be followed during the conducted empirical research in order to adhere to scientific best practices to ensure compliance with ethical considerations, objectivity and validity of the data.
CHAPTER 4

PRESENTATION AND ANALYSIS OF THE RESULTS: AN EVALUATION OF THE LEVEL OF HIGH PERFORMANCE CHARACTERISTICS CURRENTLY DISPLAYED BY ADTSA

4.1. INTRODUCTION

In Chapter 3 the research methodology that was applied in pursuit of obtaining the quantitative data and the analysis thereof was discussed. In this chapter the researcher embarks on the presentation of the results of the analysis of the data. The empirical research was aimed at obtaining mean scores for the following five high performance factors through the use of a series of 35 questions as tested by De Waal (2012) to determine whether these factors correlate positively with high performance:

- Management quality
- Openness and action orientation
- Long-term orientation
- Continuous improvement and renewal
- Employee quality

This discussion will firstly review the demographics of the respondents and the overall view of the results, where after each of the above five factors will be evaluated within the context of the literature review as contained in Chapter 2, given the underlying demographics of the respondents.

4.2. DEMOGRAPHICS OF THE RESPONDENTS TO THE SURVEY

Questionnaires were sent to 2222 employees that represent all office based ADTSA employees throughout South Africa. Of the 261 responses, 46 responses were rejected due to incomplete results which amounted to an overall 9.68 percent response rate. The inclusive nature of the hierarchical make-up of the responses is indicated in Table 4.1. below. The response rate from supervision and junior management staff was a mere 2.9 percent and therefore not representative enough to draw any conclusions from this group.
The survey constituted representation from all the regions within South Africa. More than a third of the responses were received from head office, whilst only 20 percent were received from the Central and Northern regions. The remaining 43 percent was received from the Western Cape and East Coast regions combined as indicated in Figure 4.1 below.

The sample appears to be fairly representative of all departments within the organisation as Figure 4.2 below indicates. The fact that the smallest contribution of responses was received from general management is just a factor of the proportional number of these positions within the organisation and not indicative of a lack of responses from this demographic group.
Most respondents are based in large regional offices and only 20 percent of respondents indicated that they operate from the smaller branch offices. The remaining 10 percent are not based at any specific office as indicated in Figure 4.3 below.

The majority of the responses were received from people from European descent, followed by African, Coloured and Indian origins respectively. As indicated by Figure 4.4, two respondents did not answer this question and another 10 percent did not make a distinguished selection. The sample appears to represent the diverse make-up of the employee base within the organisation.
Only 7 percent of respondents have tenures of less than one year with the organisation. The remaining respondents represent a fairly equal distribution of the tenure durations as indicated within Figure 4.5 below.

The majority of respondents indicated that their positions were not directly impacted by the restructuring of the organisation over the last 18 months. Only 37 percent of respondents indicated that they were affected by the restructuring as illustrated in Figure 4.6 below.
4.3. STATISTICS FOR QUESTIONNAIRE ITEMS

The mean scores for each questionnaire item are depicted in Figure 4.7. The questionnaire items are coded according to its related factor i.e. Management Quality (MQ), Openness and Action Orientation (OA), Long-term Orientation (LO), Continuous Improvement and Renewal (CI) and Employee Quality (EQ) and ordered according to the mean score per factor. This illustrates the influence individual questionnaire items have on the factor mean due to its relative strength or weakness.

In order to establish a ranking of the various questions that were used to calculate the scores of each high performance factor, the researcher embarked on a process of inferential ranking of these, from most positive to least positive, based on the observed sample mean scores for the relevant questionnaire items. The process allowed the researcher to identify questions or issues that could potentially influence each factor mean positively or negatively.
<table>
<thead>
<tr>
<th>Item</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>MQ7: Management focuses on achieving results.</td>
<td>6.92</td>
</tr>
<tr>
<td>MQ10: Management is confident.</td>
<td>5.71</td>
</tr>
<tr>
<td>MQ2: Management has integrity.</td>
<td>5.47</td>
</tr>
<tr>
<td>MQ9: Management applies strong leadership.</td>
<td>5.37</td>
</tr>
<tr>
<td>MQ11: Management is decisive with regard to non-performers.</td>
<td>5.24</td>
</tr>
<tr>
<td>MQ3: Management is a role model for organizational members.</td>
<td>5.23</td>
</tr>
<tr>
<td>MQ1: Management is trusted by organizational members.</td>
<td>5.15</td>
</tr>
<tr>
<td>MQ8: Management is very effective.</td>
<td>5.11</td>
</tr>
<tr>
<td>MQ6: Management coaches organizational members to achieve better results.</td>
<td>4.94</td>
</tr>
<tr>
<td>MQ12: Management frequently engages in a dialogue with employees.</td>
<td>4.93</td>
</tr>
<tr>
<td>MQ4: Management applies fast decision making.</td>
<td>4.80</td>
</tr>
<tr>
<td>MQ5: Management applies fast action taking.</td>
<td>4.72</td>
</tr>
<tr>
<td>OA5: The organization is performance driven.</td>
<td>6.56</td>
</tr>
<tr>
<td>OA4: Management welcomes change.</td>
<td>5.51</td>
</tr>
<tr>
<td>OA6: The organization maintains good and long-term relationships with all...</td>
<td>5.46</td>
</tr>
<tr>
<td>OA3: Management allows making mistakes.</td>
<td>4.93</td>
</tr>
<tr>
<td>OA1: Organizational members spend much time on communication, knowledge...</td>
<td>4.67</td>
</tr>
<tr>
<td>OA2: Organizational members are always involved in important processes.</td>
<td>4.62</td>
</tr>
<tr>
<td>LO3: Management has been with the company for a long time.</td>
<td>6.62</td>
</tr>
<tr>
<td>LO2: The organization grows through partnerships with suppliers and/or...</td>
<td>5.78</td>
</tr>
<tr>
<td>LO4: The organization is a secure workplace for organizational members.</td>
<td>5.67</td>
</tr>
<tr>
<td>LO1: The organization is aimed at servicing the customers as best as possible.</td>
<td>5.49</td>
</tr>
<tr>
<td>LO5: New management is promoted from within the organization.</td>
<td>5.37</td>
</tr>
<tr>
<td>CI8: The organization continuously innovates its products, processes and...</td>
<td>5.93</td>
</tr>
<tr>
<td>CI5: In the organization everything that matters to performance is explicitly...</td>
<td>5.62</td>
</tr>
<tr>
<td>CI2: In the organization processes are continuously improved.</td>
<td>5.49</td>
</tr>
<tr>
<td>CI7: The organization continuously innovates its core competencies.</td>
<td>5.46</td>
</tr>
<tr>
<td>CI1: The organization has adopted a strategy that sets it clearly apart from other...</td>
<td>5.45</td>
</tr>
<tr>
<td>CI6: In the organization both financial and non-financial information is reported...</td>
<td>5.26</td>
</tr>
<tr>
<td>IC4: In the organization processes are continuously aligned.</td>
<td>5.23</td>
</tr>
<tr>
<td>C13: In the organization processes are continuously simplified.</td>
<td>4.91</td>
</tr>
<tr>
<td>EQ1: Management always holds organizational members responsible for their...</td>
<td>6.34</td>
</tr>
<tr>
<td>EQ4: The organization has a diverse and complementary workforce.</td>
<td>6.11</td>
</tr>
<tr>
<td>EQ2: Management inspires organizational members to accomplish...</td>
<td>5.41</td>
</tr>
<tr>
<td>EQ3: Organizational members are trained to be resilient and flexible.</td>
<td>5.21</td>
</tr>
</tbody>
</table>

**Figure 4.7: Mean questionnaire item scores**
4.3.1 High performance factor – management quality

Management’s focus on results (MQ7) does not only emerge as the strongest inferentially ranked questionnaire item within its factor, but also as the question with the highest overall mean of 6.92. This is followed by the level of management’s confidence (MQ10), management’s integrity (MQ2) and thereafter the strength of management’s leadership (MQ9) ranked second, third and fourth respectively, implying significant differences between the mean scores for the first four items in Table 4.2. Grouped together and ranked fifth were management’s decisiveness with non-performers (MQ11), strength of leadership (MQ3) and the trust of leadership by organisational members (MQ1). Ranked at the sixth significance level is the effectiveness of management (MQ8). Descending below the scale average mean of 5.00, management’s coaching towards better results (MQ6), engagement in dialogue with employees (MQ12) and speed of decision making (MQ4) all reside on a significance ranking of seventh. Finally management’s speed of decision making (MQ4) and action taking (MQ5) rank as the lowest significance group.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>MQ7</td>
<td>1</td>
<td>1</td>
<td>6.92</td>
<td>2.46</td>
<td>6.59 - 7.24</td>
</tr>
<tr>
<td>MQ10</td>
<td>2</td>
<td>2</td>
<td>5.71</td>
<td>2.45</td>
<td>5.38 - 6.03</td>
</tr>
<tr>
<td>MQ2</td>
<td>3</td>
<td>3</td>
<td>5.47</td>
<td>2.29</td>
<td>5.16 - 5.77</td>
</tr>
<tr>
<td>MQ9</td>
<td>4</td>
<td>4</td>
<td>5.37</td>
<td>2.50</td>
<td>5.04 - 5.71</td>
</tr>
<tr>
<td>MQ11</td>
<td>5</td>
<td>5</td>
<td>5.24</td>
<td>2.44</td>
<td>4.92 - 5.57</td>
</tr>
<tr>
<td>MQ3</td>
<td>5</td>
<td>5</td>
<td>5.23</td>
<td>2.44</td>
<td>4.91 - 5.56</td>
</tr>
<tr>
<td>MQ1</td>
<td>5</td>
<td>5</td>
<td>5.15</td>
<td>2.24</td>
<td>4.85 - 5.45</td>
</tr>
<tr>
<td>MQ8</td>
<td>8</td>
<td>6</td>
<td>5.11</td>
<td>2.43</td>
<td>4.78 - 5.43</td>
</tr>
<tr>
<td>MQ6</td>
<td>9</td>
<td>7</td>
<td>4.94</td>
<td>2.45</td>
<td>4.62 - 5.27</td>
</tr>
<tr>
<td>MQ12</td>
<td>9</td>
<td>7</td>
<td>4.93</td>
<td>2.54</td>
<td>4.59 - 5.27</td>
</tr>
<tr>
<td>MQ4</td>
<td>9</td>
<td>7</td>
<td>4.80</td>
<td>2.62</td>
<td>4.45 - 5.15</td>
</tr>
<tr>
<td>MQ5</td>
<td>12</td>
<td>8</td>
<td>4.72</td>
<td>2.53</td>
<td>4.38 - 5.05</td>
</tr>
</tbody>
</table>

Table 4.2: Inferential ranking of MQ variables (n = 215)

The following questionnaire items for factor Management Quality returned the largest difference from the factor mean (DFM) and ranked in the highest and lowest significance groups respectively:
Highest significance group:

MQ7. Management focuses on achieving results (DFM +1.62).

Lowest significance group:

MQ5. Management applies fast action taking (DFM -0.58).

It is therefore proposed that the most significant constraint of the high performance factor management quality is the perceived lack of speed in action taking by management, whilst management’s focus on results serves as the pertinent driver of this factor.

4.3.2 High performance factor – openness and action orientation

In accordance with the Management Quality questionnaire item of managements’ results focus (MQ7), the performance drivenness of the organisation emerges as the highest ranked Openness and Action Orientation questionnaire item (OA5). This is followed by similar significance ranked questions being management’s attitude to change (OA4) and long-term relationships with all stakeholders (OA6). Finally management’s tolerance of mistakes (OA3), organisational time spent on communication, learning and knowledge exchange (OA1) and inclusiveness of important processes (OA2) are the lowest ranked significance group, all scoring below a mean of 5.00.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>Low</th>
<th>95% Confidence Interval</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>OA5</td>
<td>1</td>
<td>1</td>
<td>6.56</td>
<td>2.56</td>
<td>6.22</td>
<td>6.90</td>
<td></td>
</tr>
<tr>
<td>OA4</td>
<td>2</td>
<td>2</td>
<td>5.51</td>
<td>2.47</td>
<td>5.18</td>
<td>5.84</td>
<td></td>
</tr>
<tr>
<td>OA6</td>
<td>2</td>
<td>2</td>
<td>5.46</td>
<td>2.37</td>
<td>5.14</td>
<td>5.78</td>
<td></td>
</tr>
<tr>
<td>OA3</td>
<td>4</td>
<td>3</td>
<td>4.93</td>
<td>2.32</td>
<td>4.62</td>
<td>5.24</td>
<td></td>
</tr>
<tr>
<td>OA1</td>
<td>4</td>
<td>3</td>
<td>4.67</td>
<td>2.22</td>
<td>4.38</td>
<td>4.97</td>
<td></td>
</tr>
<tr>
<td>OA2</td>
<td>4</td>
<td>3</td>
<td>4.62</td>
<td>2.38</td>
<td>4.30</td>
<td>4.94</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3: Inferential ranking of OA variables (n = 215)
The following questionnaire items for factor Openness and Action Orientation returned the largest difference from the factor mean (DFM) and ranked in the highest and lowest significance groups respectively:

**Highest significance group:**

OA5. The organization is performance driven (DFM +1.27).

**Lowest significance group:**

OA3: Management allows making mistakes (DFM -0.36).

OA1. Organizational members spend much time on communication, knowledge exchange and learning (DFM -0.62).

OA2: Organizational members are always involved in important processes (DFM -0.67).

It is therefore proposed that the most significant constraint of the high performance factor Openness and Action Orientation to be managements’ low tolerance of mistakes, the limited time spent on communication, knowledge exchange and learning, as well as the proposition that organizational members are not always involved in important processes. The strong performance driven perception of the organisation serves as a main positive driver of the factor mean and ranks at the first significance group.

**4.3.3 High performance factor – Long-term orientation**

Only two significance groups exist for the factor Long-term Orientation. The fact that management has been with the organisation for a long time stands (LO3) alone as the highest rank significance group with a mean of 6.62. This is followed by the questions that the organisation grows through partnerships with suppliers and customers (LO2), the organisation is a secure workplace (LO4), the organisation aims to serve its customers as best possible (LO1), and that management is promoted from within the organisation (LO5). The latter are all scored at similar means and rated as the second significance group.
Table 4.4: Inferential ranking of LO variables (n = 215)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>LO3</td>
<td>1</td>
<td>1</td>
<td>6.62</td>
<td>2.08</td>
<td>6.35</td>
<td>6.90</td>
</tr>
<tr>
<td>LO2</td>
<td>2</td>
<td>2</td>
<td>5.78</td>
<td>2.46</td>
<td>5.45</td>
<td>6.11</td>
</tr>
<tr>
<td>LO4</td>
<td>2</td>
<td>2</td>
<td>5.67</td>
<td>2.47</td>
<td>5.34</td>
<td>6.00</td>
</tr>
<tr>
<td>LO1</td>
<td>2</td>
<td>2</td>
<td>5.49</td>
<td>2.78</td>
<td>5.12</td>
<td>5.86</td>
</tr>
<tr>
<td>LO5</td>
<td>2</td>
<td>2</td>
<td>5.37</td>
<td>2.44</td>
<td>5.04</td>
<td>5.69</td>
</tr>
</tbody>
</table>

The following questionnaire items for factor Long-term Orientation returned the largest difference from the factor mean (DFM) and ranked in the highest and lowest significance groups respectively:

Highest significance group:

LO3. Management has been with the company for a long time (DFM +0.89).

Lowest significance group:

LO2: The organization grows through partnerships with suppliers and/or customers (DFM +0.05).

LO4: The organization is a secure workplace for organizational members (DFM -0.06).

LO1: The organization is aimed at servicing the customers as best as possible (DFM -0.24).

LO5: New management is promoted from within the organization (DFM -0.36).

It is therefore proposed that the most significant constraints of the high performance factor Long-term Orientation to be the organisations weaker ability to grow through partnerships with suppliers and/or customers, provide a secure workplace, aim to serve its customers as best possible and to promote management from within the organisation. The latter are all scored at similar means and rated as the second significance group. The ability to retain its management skills for a long time serves as a pertinent driver of this factor and ranks at the first significance group.
4.3.4 High performance factor – continuous improvement and renewal

The inferential ranking of the factor Continuous Improvement and Renewal is limited to three significance levels, based on the mean scores. The questions whether the organisation continuously innovates its products, processes and services (CI8) and that key indicators are explicitly reported (CI5) are ranked at the first significance level. This is followed by the questions whether processes are continuously improved (CI2), core competencies are continuously innovated (CI7), a differentiation strategy is adopted (CI1), adequate reporting of information to organisational members (CI6) and whether processes are continuously aligned at the second significance level (CI4). At the third significance level resides the question whether processes are continuously simplified (CI3).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>Low 95% Conf. Interval</th>
<th>High 95% Conf. Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI8</td>
<td>1</td>
<td>1</td>
<td>5.93</td>
<td>2.26</td>
<td>5.63</td>
<td>6.23</td>
</tr>
<tr>
<td>CI5</td>
<td>1</td>
<td>1</td>
<td>5.62</td>
<td>2.43</td>
<td>5.29</td>
<td>5.94</td>
</tr>
<tr>
<td>CI2</td>
<td>3</td>
<td>2</td>
<td>5.49</td>
<td>2.41</td>
<td>5.17</td>
<td>5.81</td>
</tr>
<tr>
<td>CI7</td>
<td>3</td>
<td>2</td>
<td>5.46</td>
<td>2.24</td>
<td>5.16</td>
<td>5.75</td>
</tr>
<tr>
<td>CI1</td>
<td>3</td>
<td>2</td>
<td>5.45</td>
<td>2.23</td>
<td>5.15</td>
<td>5.75</td>
</tr>
<tr>
<td>CI6</td>
<td>3</td>
<td>2</td>
<td>5.26</td>
<td>2.29</td>
<td>4.95</td>
<td>5.57</td>
</tr>
<tr>
<td>CI4</td>
<td>3</td>
<td>2</td>
<td>5.23</td>
<td>2.26</td>
<td>4.93</td>
<td>5.53</td>
</tr>
<tr>
<td>CI3</td>
<td>8</td>
<td>3</td>
<td>4.91</td>
<td>2.40</td>
<td>4.59</td>
<td>5.23</td>
</tr>
</tbody>
</table>

Table 4.5: Inferential ranking of CI variables (n = 215)

The following questionnaire items for factor Continuous Improvement and Renewal returned the largest difference from the factor mean (DFM) and ranked in the highest and lowest significance groups respectively:

Highest significance group:

CI8. The organization continuously innovates its products, processes and services (DFM +0.51).

CI5: In the organization everything that matters to performance is explicitly reported (DFM +0.20).
Lowest significance group:

CI3. In the organization processes are continuously simplified (Variance from factor mean -0.51).

It is therefore proposed that the most significant constraint of the high performance factor Continuous Improvement and Renewal is the organisations weaker ability to simplify its internal processes. The reporting of matters relating to reporting on performance and the innovation of its products, processes and services serve as the pertinent drivers of this factor and rank at the first significance group.

4.3.5 High performance factor – employee quality

The factor Employee Quality ranks its four questions within two significance levels. The question that management hold members responsible for results (EQ1) and the diverse and complementary nature of its workforce (EQ4) is rated at the first significance level. Management’s ability to inspire members to extraordinary results (EQ2) and training toward flexibility and resilience (EQ3) are rated at the second significance level.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQ1</td>
<td>1</td>
<td>1</td>
<td>6.34</td>
<td>2.26</td>
<td>6.04 - 6.64</td>
</tr>
<tr>
<td>EQ4</td>
<td>1</td>
<td>1</td>
<td>6.11</td>
<td>2.32</td>
<td>5.80 - 6.42</td>
</tr>
<tr>
<td>EQ2</td>
<td>3</td>
<td>2</td>
<td>5.41</td>
<td>2.47</td>
<td>5.08 - 5.74</td>
</tr>
<tr>
<td>EQ3</td>
<td>3</td>
<td>2</td>
<td>5.21</td>
<td>2.33</td>
<td>4.90 - 5.52</td>
</tr>
</tbody>
</table>

Table 4.6: Inferential ranking of EQ variables (n = 215)

The following questionnaire items for factor Employee Quality returned the largest difference from the factor mean (DFM) and ranked in the highest and lowest significance groups respectively:

Higher significance group:

EQ1. Management always holds organizational members responsible for their results (DFM +0.57).

EQ4: The organization has a diverse and complementary workforce (DFM +0.34).
Lowest significance group:

EQ2: Management inspires organizational members to accomplish extraordinary results (DFM -0.35).

EQ3: Organizational members are trained to be resilient and flexible. (DFM -0.56)

It is therefore proposed that the most significant constraint of the high performance factor Employee Quality to be the organisations weaker ability to train the organisational members to be resilient and flexible, as well as inspire members to extraordinary results. Managements’ ability to hold organisational members responsible for their results and its diverse and the complimentary workforce serve as the pertinent drivers of this factor and ranks at the first significance group.

4.4. INTERNAL CONSISTENCY OF HIGH PERFORMANCE FACTOR SCORES

In order to establish the internal consistencies of the high performance mean scores derived from the responses to the questionnaire, Cronbach’s alpha coefficients were calculated. This is a statistic that measures the reliability (internal consistency) of responses to see how closely they are related as a group. The higher the score, the more reliable the sample scores are as estimates of the scores for the entire population and therefore an unbiased estimate of the generalisation of the data. Generally a Cronbach’s alpha of greater that 0.70 is acceptable as a reliable internal consistency indicator (Institute for Digital Research and Education, 2013). The data revealed very good Cronbach’s alpha scores, all in excess of 0.8, making the high performance mean scores of the high performance factors of ADTSA general across the entire population.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Quality</td>
<td>0.96</td>
</tr>
<tr>
<td>Openness &amp; Action Orientation</td>
<td>0.86</td>
</tr>
<tr>
<td>Long-term Orientation</td>
<td>0.82</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>0.94</td>
</tr>
<tr>
<td>Employee Quality</td>
<td>0.84</td>
</tr>
<tr>
<td>High Performance (Total)</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Table 4.7: Cronbach’s alpha results
### 4.5. STATISTICS FOR HIGH PERFORMANCE FACTOR SCORES

A summary of the inferential ranking and mean scores of the high performance factors of ADTSA is summarised in Table 4.8 below. The factors Long-term Orientation and Employee Quality is rated at a higher inferential ranking group, implying significant differences between the mean scores of these factors, as opposed to the factors Continuous Improvement and Renewal, Management Quality and Openness and Action Orientation, which are rated at the second significance group.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Rank</th>
<th>Significance Group</th>
<th>Mean</th>
<th>SD</th>
<th>95% Conf. Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Orientation</td>
<td>1</td>
<td>1</td>
<td>5.79</td>
<td>1.87</td>
<td>5.54 - 6.04</td>
</tr>
<tr>
<td>Employee Quality</td>
<td>1</td>
<td>1</td>
<td>5.77</td>
<td>1.93</td>
<td>5.51 - 6.03</td>
</tr>
<tr>
<td>Continuous Improvement and Renewal</td>
<td>3</td>
<td>2</td>
<td>5.42</td>
<td>1.95</td>
<td>5.16 - 5.68</td>
</tr>
<tr>
<td>Management Quality</td>
<td>3</td>
<td>2</td>
<td>5.30</td>
<td>2.04</td>
<td>5.03 - 5.57</td>
</tr>
<tr>
<td>Openness and Action Orientation</td>
<td>3</td>
<td>2</td>
<td>5.29</td>
<td>1.83</td>
<td>5.05 - 5.54</td>
</tr>
</tbody>
</table>

Table 4.8: Inferential ranking of the high performance variables (n = 215)

De Waal proposes a benchmark for a high performance organisation at a factor mean of 8.5. He does not justify his requirement for this score as qualification for a high performance organisation, but does state that all factors require equal scores in order for all high performance factors to be in equilibrium, to perform optimally and qualify as a high performance organisation De Waal (2012).

Figure 4.8 clearly illustrates how ADTSA is currently well off the pace of a high performance organisation if considered against De Waal’s benchmark. Since De Waal (2012) states that the respective factor scores should be close together to provide the equilibrium for a balanced high performance organisation, the inferential rankings from Table 4.8 indicate the factor means to be spread across two significance groups, revealing another obstacle ADTSA needs to overcome in pursuit of achieving high performance.
4.6. DEMOGRAPHICAL HIGH PERFORMANCE FACTOR COMPARISON

The comparison in Table 4.9 lists statistics for the five high performance factor scores per measured demographical grouping. In order to establish demographical ratings in terms of high performance characteristics, simple rankings were given to each demographic variable. A rating is finally given based on the average across all five high performance factors in order to establish an overall ranking per demographic variable. By listing these variables according to their overall ranking, a simple ranking of their average high performance score across all five factors was derived.

The reader is therefore able to establish from Table 4.9 the average high performance ranking for each demographical group.
<table>
<thead>
<tr>
<th>Demographic variable</th>
<th>Demographic group</th>
<th>Management Quality</th>
<th>Openness and Action Orientation</th>
<th>Long-term Orientation</th>
<th>Continuous Improvement and Renewal</th>
<th>Employee Quality</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Ranking</td>
<td>Mean</td>
<td>Ranking</td>
<td>Mean</td>
<td>Ranking</td>
</tr>
<tr>
<td>Department</td>
<td>Operations</td>
<td>5.63</td>
<td>2</td>
<td>5.71</td>
<td>2</td>
<td>6.09</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Technical</td>
<td>5.42</td>
<td>3</td>
<td>5.75</td>
<td>1</td>
<td>6.16</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>General Management</td>
<td>5.86</td>
<td>1</td>
<td>5.25</td>
<td>4</td>
<td>6.05</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>5.19</td>
<td>4</td>
<td>5.35</td>
<td>3</td>
<td>5.67</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Admin &amp; Finance</td>
<td>5.13</td>
<td>5</td>
<td>5.09</td>
<td>5</td>
<td>5.54</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Support/Shared Services i.e. FSC, IT, HR, Fleet, Procurement, Legal etc.</td>
<td>4.93</td>
<td>6</td>
<td>4.81</td>
<td>6</td>
<td>5.48</td>
<td>6</td>
</tr>
<tr>
<td>Ethnic group</td>
<td>African</td>
<td>5.63</td>
<td>1</td>
<td>5.48</td>
<td>2</td>
<td>6.25</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>European</td>
<td>5.42</td>
<td>2</td>
<td>5.34</td>
<td>3</td>
<td>5.69</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Indian</td>
<td>5.33</td>
<td>3</td>
<td>5.63</td>
<td>1</td>
<td>5.65</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>4.96</td>
<td>5</td>
<td>5.17</td>
<td>5</td>
<td>5.86</td>
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</tr>
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<td></td>
<td>(blank)</td>
<td>5.00</td>
<td>4</td>
<td>5.33</td>
<td>4</td>
<td>4.70</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Coloured</td>
<td>4.69</td>
<td>6</td>
<td>4.68</td>
<td>6</td>
<td>5.57</td>
<td>5</td>
</tr>
<tr>
<td>Management level</td>
<td>Other</td>
<td>5.63</td>
<td>1</td>
<td>5.74</td>
<td>1</td>
<td>7.05</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Senior management - HOD level</td>
<td>5.43</td>
<td>4</td>
<td>5.35</td>
<td>4</td>
<td>5.85</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Middle management - below HOD level</td>
<td>5.49</td>
<td>2</td>
<td>5.40</td>
<td>3</td>
<td>5.66</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Executive management - above HOD level</td>
<td>5.47</td>
<td>3</td>
<td>5.67</td>
<td>2</td>
<td>5.50</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>General staff</td>
<td>5.06</td>
<td>5</td>
<td>5.12</td>
<td>5</td>
<td>5.74</td>
<td>3</td>
</tr>
<tr>
<td>Office type</td>
<td>Outlying branch office</td>
<td>5.76</td>
<td>1</td>
<td>5.68</td>
<td>1</td>
<td>6.17</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Regional office</td>
<td>5.19</td>
<td>2</td>
<td>5.23</td>
<td>2</td>
<td>5.70</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5.10</td>
<td>3</td>
<td>4.92</td>
<td>3</td>
<td>5.65</td>
<td>3</td>
</tr>
<tr>
<td>Region</td>
<td>Northern Region</td>
<td>5.99</td>
<td>1</td>
<td>5.83</td>
<td>1</td>
<td>6.04</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>East Coast Region</td>
<td>5.58</td>
<td>3</td>
<td>5.78</td>
<td>2</td>
<td>5.94</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Central Region</td>
<td>5.82</td>
<td>2</td>
<td>5.59</td>
<td>3</td>
<td>5.80</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Head Office</td>
<td>5.24</td>
<td>4</td>
<td>5.19</td>
<td>4</td>
<td>5.91</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Western Cape Region</td>
<td>4.55</td>
<td>5</td>
<td>4.59</td>
<td>5</td>
<td>5.28</td>
<td>5</td>
</tr>
<tr>
<td>Restructuring impact</td>
<td>No</td>
<td>5.42</td>
<td>1</td>
<td>5.37</td>
<td>1</td>
<td>5.93</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>5.08</td>
<td>2</td>
<td>5.15</td>
<td>2</td>
<td>5.53</td>
<td>2</td>
</tr>
<tr>
<td>Tenure</td>
<td>Less than 1 year</td>
<td>5.56</td>
<td>1</td>
<td>5.77</td>
<td>1</td>
<td>6.38</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Less than 10 years</td>
<td>5.43</td>
<td>2</td>
<td>5.33</td>
<td>2</td>
<td>5.85</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Less than 5 years</td>
<td>5.37</td>
<td>3</td>
<td>5.29</td>
<td>3</td>
<td>5.99</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>More than 10 years</td>
<td>5.00</td>
<td>4</td>
<td>5.12</td>
<td>4</td>
<td>5.33</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 4.9: High performance mean scores and rankings per demographic
The following consistencies emerge from the rankings in Table 4.9:

- The department Shared and Support services always ranks last in the departmental demographic variable.
- The outlying branch offices always rank first in the office type demographic variable.
- The Northern Region always ranks first and the Western Cape last in the regional demographical variable.
- Respondents unaffected by the restructuring always rank higher than affected respondents.
- Respondents with tenure of less than one year always rank highest in the tenure demographic variable, whilst the respondents with the longest tenure rank the lowest.

It should be noted that the mean high performance scores of the demographic groups are often very closely grouped and not too much should therefore be read in the rankings alone. A departmental comparison reveals a difference of 0.87 between the Operations department (5.94) and the Support and Shared Services department (5.07). The ethnic origin group revealed a difference of 0.82 between the Africans (5.87) with the highest mean and the lowest mean coloured ethnic group (5.05). All the management level sub-group mean scores lie within the range 5.37 to 6.16 (a mean difference of 0.79), other than supervision and junior management, whose response rate was too low to attach any meaningful statistical interpretation to this group. In the office type ranking, the outlying branch offices reveal a high performance average of 6.00 as opposed to regional offices of 5.41, a mean difference of 0.59. There appears to be a greater difference of 1.09 in the regional average comparison between the Northern region (6.00) and the Western Cape region (4.91). The demographic variables relating to restructuring impact revealed a mere mean difference of 0.27. The highest tenure demographical variable with a tenure of less than 1 year (5.91) returned a difference of 0.64 with the lowest mean tenure of more than 10 years (5.27). In order to establish the significance of these differences, the researcher embarked on further statistical analysis of the data.
4.6.1 Significant relationships between factors and demographic variables based on frequency distributions

The Chi² is a statistical measure used to test hypotheses on patterns of outcomes of a random variable in a population, based on the frequency count of categorical random variables. The emphasis is on establishing whether a single categorical random variable exhibits a certain pattern of outcomes (Wegner, 2007). In this case it was used to test whether the categorical demographic variables are associated with the categorised high performance factors by examining their joint pattern of outcomes, whilst Cramer's V was used to determine practical significance for statistically significant Chi² results. All the demographical groups were therefore tested against each for the high performance factors in order to establish whether there is any statistical significance in the revealed factor means. This was achieved by a process of hypothesis testing whether to accept or reject the null hypothesis in favour of the alternative hypothesis.

H₀: The demographic variables are not related to the high performance factors.
H₁: The demographic variables are related to the high performance factors.

In order to do these tests, the responses were collapsed into three groupings based on the high performance factor scores:

Negative: scores 1.00 to 3.99
Neutral: scores 4.00 to 7.00
Positive: scores 7.01 to 10.

Since the grouping of junior management and supervision staff returned such a low rate of responses (2.91%), they were removed from the test as their sample size was too small to derive any statistical inference from their responses.

Only three of the Chi² tests revealed a p-value smaller than 0.05, suggesting the rejection of the null hypothesis in favour of the alternative hypothesis at the 5 percent significance level, indicating that there may be a statistical significant variance in the demographical means. The contingency table depicting the significant (Chi² (d.f. = 4, n = 204) = 9.78; p = .044; V = 0.15 Small) relationship between the factor
Continuous Improvement and Renewal and management level is presented in Table 4.10.

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Mean Factor Score</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Negative</td>
<td>Neutral</td>
<td>Positive</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[1.0 to 4.0)</td>
<td>[4.0 to 7.0]</td>
<td>(7.0 to 10.0]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General staff</td>
<td>22</td>
<td>59</td>
<td>15</td>
<td>96</td>
<td>100%</td>
</tr>
<tr>
<td>Middle management - below HOD level</td>
<td>20</td>
<td>36</td>
<td>18</td>
<td>74</td>
<td>100%</td>
</tr>
<tr>
<td>Sr/Exec management - HOD+ level</td>
<td>4</td>
<td>27</td>
<td>3</td>
<td>34</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>122</td>
<td>36</td>
<td>204</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.10: Contingency table - management level and factor continuous improvement and renewal

The contingency table depicting the significant (Chi² (d.f. = 8, n = 215) = 19.33; p = .013; V = 0.21 Medium) relationship between the factor Openness and Action Orientation and region is presented in Table 4.11.

<table>
<thead>
<tr>
<th>Region</th>
<th>Mean Factor Score</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Negative</td>
<td>Neutral</td>
<td>Positive</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[1.0 to 4.0)</td>
<td>[4.0 to 7.0]</td>
<td>(7.0 to 10.0]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Region</td>
<td>2</td>
<td>13</td>
<td>4</td>
<td>19</td>
<td>100%</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>4</td>
<td>31</td>
<td>11</td>
<td>46</td>
<td>100%</td>
</tr>
<tr>
<td>Head Office</td>
<td>23</td>
<td>46</td>
<td>10</td>
<td>79</td>
<td>100%</td>
</tr>
<tr>
<td>Northern Region</td>
<td>2</td>
<td>15</td>
<td>7</td>
<td>24</td>
<td>100%</td>
</tr>
<tr>
<td>Western Cape Region</td>
<td>17</td>
<td>25</td>
<td>5</td>
<td>47</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>130</td>
<td>37</td>
<td>215</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.11: Contingency table - openness and action orientation and region

The contingency table depicting the significant (Chi² (d.f. = 4, n = 215) = 10.85; p = .028; V = 0.16 Small) relationship between the factor Long-term Orientation and office is presented in Table 4.12.

<table>
<thead>
<tr>
<th>Office</th>
<th>Mean Factor Score</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Negative</td>
<td>Neutral</td>
<td>Positive</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[1.0 to 4.0)</td>
<td>[4.0 to 7.0]</td>
<td>(7.0 to 10.0]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional office</td>
<td>28</td>
<td>92</td>
<td>31</td>
<td>151</td>
<td>100%</td>
</tr>
<tr>
<td>Outlying branch office</td>
<td>8</td>
<td>17</td>
<td>18</td>
<td>43</td>
<td>100%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>15</td>
<td>3</td>
<td>21</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>124</td>
<td>52</td>
<td>215</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.12: Contingency table - office and long-term orientation

Since the null hypothesis is rejected at the 5 percent significance level, it can be concluded that there is sufficient sample evidence to suggest that the following
observed associations are not by chance, but reflects a genuine association between the variables in the population from which the sample was drawn. The Cramer’s V however indicates a limited practical significance of these associations:

- Factor continuous improvement and renewal by management level: small practical significance ($V = 0.15$).
- Factor action orientation by region: medium practical significance ($V = 0.21$).
- Factor long-term orientation by office type: small practical significance ($V = 0.16$).

4.6.2 Significant relationships between factors and demographic variables based on mean scores

To establish whether the differences between the sample means of the different demographic groups are significant, analysis of variance (ANOVA) tests were done. ANOVA is an inferential statistical technique used to test hypotheses about multiple population means and tests whether there are statistically significant differences between the mean scores of a numeric random variable for multiple populations. If significant differences between sample means exist, it is assumed to be the result of an influencing factor rather than chance (Wegner, 2007). The Scheffé p test was used as a post hoc procedure to compare the differences between all pairs of means in order to identify specific demographic groups who statistically vary significantly from another.

For significant ANOVA results it is also appropriate to calculate Cohen’s d statistic, which is a measure of effect size and indicates the amount of difference between two groups on a construct of interest in standard deviation units. Its results serve to be used in addition to statistical significance tests as it gives an indication of how big or small a statistically significant difference is, which can then be compared to Cohen’s guidelines of what is typical of a small, medium, or large effect as shown in Table 4.13.
<table>
<thead>
<tr>
<th>Cohen’s d</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 0.2</td>
<td>not practically significant</td>
</tr>
<tr>
<td>0.2 - 0.5</td>
<td>weak practical significance</td>
</tr>
<tr>
<td>0.5 - 0.8</td>
<td>moderate practical significance</td>
</tr>
<tr>
<td>&gt; 0.8</td>
<td>strongly statistically significant</td>
</tr>
</tbody>
</table>

Table 4.13: Cohen’s guidelines of statistical significance, Nandy, 2012

ANOVA revealed that statistically significant variances exist between the sample means of the following high performance factors by demographic variable:

### 4.6.2.1 Management quality by region

Table 4.14 below indicates a p-value of 0.023, suggesting weak sample evidence to reject the null hypothesis in favour of the alternative hypothesis, that there is a difference between the sample means of region, based on the high performance factor Management Quality at the 5 percent level of significance. The Western Cape is placed in the second inferential ranking group based on this factor mean score, suggesting that it scored lower than other regions on this factor.

<table>
<thead>
<tr>
<th>Group</th>
<th>All</th>
<th>Central Region</th>
<th>East Coast Region</th>
<th>Head Office</th>
<th>Northern Region</th>
<th>Western Cape Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>215</td>
<td>19</td>
<td>46</td>
<td>79</td>
<td>24</td>
<td>47</td>
</tr>
<tr>
<td>Mean</td>
<td>5.30</td>
<td>5.82</td>
<td>5.58</td>
<td>5.24</td>
<td>5.99</td>
<td>4.55</td>
</tr>
<tr>
<td>SD</td>
<td>2.04</td>
<td>1.51</td>
<td>2.32</td>
<td>2.01</td>
<td>2.01</td>
<td>1.84</td>
</tr>
<tr>
<td>95% CI low</td>
<td>5.02</td>
<td>5.09</td>
<td>4.89</td>
<td>4.79</td>
<td>5.14</td>
<td>4.02</td>
</tr>
<tr>
<td>95% CI high</td>
<td>5.57</td>
<td>6.55</td>
<td>6.27</td>
<td>6.59</td>
<td>6.84</td>
<td>5.09</td>
</tr>
<tr>
<td>Significance Group</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

ANOVA Results:

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>46.579</td>
<td>4</td>
<td>11.645</td>
<td>2.890</td>
<td>.023</td>
</tr>
<tr>
<td>Within Groups</td>
<td>846.270</td>
<td>210</td>
<td>4.030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>892.849</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.14: Descriptive statistics and ANOVA results for management quality by region

All the Scheffé test p-values in Table 4.15 are greater than 0.05 which implies that none of the differences between individual regions can be regarded as statistically significant. However, according to the reported Cohen’s d values, some of the differences with regard to Management Quality can be regarded as practically significant. Inferential ranking, employing both one-sample t-tests and Cohen’s d statistics revealed that there were two significance groups, i.e. Group 1: Central
Region, East Coast Region, Head Office and Northern Region with higher mean Management Quality scores than Group 2: Western Cape Region.

<table>
<thead>
<tr>
<th>Region 1</th>
<th>Region 2</th>
<th>Difference M₁ minus M₂</th>
<th>Scheffé p</th>
<th>Cohen’s d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Region</td>
<td>East Coast Region</td>
<td>0.24</td>
<td>.995</td>
<td>0.11 Not</td>
</tr>
<tr>
<td>Central Region</td>
<td>Head Office</td>
<td>0.58</td>
<td>.866</td>
<td>0.30 Small</td>
</tr>
<tr>
<td>Central Region</td>
<td>Northern Region</td>
<td>-0.17</td>
<td>.999</td>
<td>0.10 Not</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Western Cape Region</td>
<td>1.27</td>
<td>.255</td>
<td>0.72 Moderate</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Northern Region</td>
<td>-0.42</td>
<td>.954</td>
<td>0.19 Not</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Western Cape Region</td>
<td>1.02</td>
<td>.201</td>
<td>0.49 Small</td>
</tr>
<tr>
<td>Head Office</td>
<td>Northern Region</td>
<td>-0.75</td>
<td>.631</td>
<td>0.37 Small</td>
</tr>
<tr>
<td>Head Office</td>
<td>Western Cape Region</td>
<td>0.69</td>
<td>.488</td>
<td>0.35 Small</td>
</tr>
<tr>
<td>Northern Region</td>
<td>Western Cape Region</td>
<td>1.44</td>
<td>.000</td>
<td>0.76 Moderate</td>
</tr>
</tbody>
</table>

Table 4.15: Descriptive and inferential statistics for management quality mean score differences by region

4.6.2.2 Openness and action orientation by region

Table 4.16 below indicates a p-value of 0.011, suggesting strong sample evidence to reject the null hypothesis in favour of the alternative hypothesis, that there is a difference between the sample means of region, based on the high performance factor Openness and Action Orientation at the 5 percent level of significance. The Western Cape is placed in the second inferential ranking group based on this factor mean score, suggesting that it scored lower than other regions on this factor.

<table>
<thead>
<tr>
<th>Group</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>95% CI low</th>
<th>95% CI high</th>
<th>Significance Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>215</td>
<td>5.29</td>
<td>1.83</td>
<td>5.05</td>
<td>5.54</td>
<td>1</td>
</tr>
<tr>
<td>Central Region</td>
<td>19</td>
<td>5.59</td>
<td>1.48</td>
<td>4.87</td>
<td>6.30</td>
<td>1</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>46</td>
<td>5.78</td>
<td>1.84</td>
<td>5.23</td>
<td>6.33</td>
<td>1</td>
</tr>
<tr>
<td>Head Office</td>
<td>79</td>
<td>5.19</td>
<td>1.83</td>
<td>4.78</td>
<td>5.60</td>
<td>1</td>
</tr>
<tr>
<td>Northern Region</td>
<td>24</td>
<td>5.83</td>
<td>1.76</td>
<td>5.08</td>
<td>6.57</td>
<td>1</td>
</tr>
<tr>
<td>Western Cape Region</td>
<td>47</td>
<td>4.59</td>
<td>1.81</td>
<td>4.06</td>
<td>5.12</td>
<td>2</td>
</tr>
</tbody>
</table>

ANOVA Results

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>43.232</td>
<td>4</td>
<td>10.808</td>
<td>3.357</td>
<td>.011</td>
</tr>
<tr>
<td>Within Groups</td>
<td>676.100</td>
<td>210</td>
<td>3.220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>719.332</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.16: Descriptive statistics and ANOVA results for openness and action orientation by region
All the Scheffé test p-values in Table 4.17 are greater than 0.05 which implies that none of the differences between individual regions can be regarded as statistically significant, except between the means of the Western Cape the East Coast which returned a Scheffé P of less than 0.05, indicating some statistical significance. However, according to the reported Cohen’s d values, some of the differences with regard to Openness and Action Orientation can be regarded as practically significant. Inferential ranking, employing both one-sample t-tests and Cohen’s d statistics revealed that there were two significance groups, i.e. Group 1: Central Region, East Coast Region, Head Office and Northern Region with higher mean Openness and Action Orientation scores than Group 2: Western Cape Region.

<table>
<thead>
<tr>
<th>Region 1</th>
<th>Region 2</th>
<th>Diff. M-M2</th>
<th>Scheffé p</th>
<th>Cohen’s d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Region</td>
<td>East Coast Region</td>
<td>-0.19</td>
<td>.997</td>
<td>0.11</td>
</tr>
<tr>
<td>Central Region</td>
<td>Head Office</td>
<td>0.40</td>
<td>.945</td>
<td>0.22</td>
</tr>
<tr>
<td>Central Region</td>
<td>Northern Region</td>
<td>-0.24</td>
<td>.996</td>
<td>0.15</td>
</tr>
<tr>
<td>Central Region</td>
<td>Western Cape Region</td>
<td>1.00</td>
<td>.387</td>
<td>0.58</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Head Office</td>
<td>0.59</td>
<td>.541</td>
<td>0.32</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Northern Region</td>
<td>-0.05</td>
<td>1.000</td>
<td>0.03</td>
</tr>
<tr>
<td>East Coast Region</td>
<td>Western Cape Region</td>
<td>1.19</td>
<td>.041</td>
<td>0.65</td>
</tr>
<tr>
<td>Head Office</td>
<td>Northern Region</td>
<td>-0.63</td>
<td>.681</td>
<td>0.35</td>
</tr>
<tr>
<td>Head Office</td>
<td>Western Cape Region</td>
<td>0.60</td>
<td>.512</td>
<td>0.33</td>
</tr>
<tr>
<td>Northern Region</td>
<td>Western Cape Region</td>
<td>1.23</td>
<td>.115</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Table 4.17: Descriptive and inferential statistics for openness and action orientation by region

4.6.2.3 Employee quality by region

Table 4.18 below indicates a p-value of 0.037, suggesting weak sample evidence to reject the null hypothesis in favour of the alternative hypothesis, that there is a difference between the sample means of region, based on the high performance factor Employee Quality at the 5 percent level of significance. The Western Cape is placed in the second inferential ranking group based on this factor mean score, suggesting that it scored lower than other regions on this factor.
All the Scheffé test p-values in Table 4.19 are greater than 0.05 which implies that none of the differences between individual regions can be regarded as statistically significant. However, according to the reported Cohen’s d values, some of the differences with regard to Employee Quality can be regarded as practically significant. Inferential ranking, employing both one-sample t-tests and Cohen’s d statistics revealed that there were two significance groups, i.e. Group 1: Central Region, East Coast Region, Head Office and Northern Region with higher mean Employee Quality scores than Group 2: Western Cape Region.
4.6.2.4 Continuous improvement and renewal by office

Table 4.20 below indicates a p-value of 0.023, suggesting moderate sample evidence to reject the null hypothesis in favour of the alternative hypothesis, that there is a difference between the sample means of office type, based on the high performance factor Continuous Improvement and Renewal at the 5 percent level of significance. The regional offices and office type other is placed in the second inferential ranking group based on this factor mean score, suggesting that it scored lower than the outlying branch offices on this factor.

<table>
<thead>
<tr>
<th>Group</th>
<th>All</th>
<th>Regional office</th>
<th>Outlying branch office</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>215</td>
<td>151</td>
<td>43</td>
<td>21</td>
</tr>
<tr>
<td>Mean</td>
<td>5.42</td>
<td>5.25</td>
<td>6.14</td>
<td>5.17</td>
</tr>
<tr>
<td>SD</td>
<td>1.95</td>
<td>1.83</td>
<td>2.04</td>
<td>2.31</td>
</tr>
<tr>
<td>95% CI low</td>
<td>5.16</td>
<td>4.95</td>
<td>5.51</td>
<td>4.12</td>
</tr>
<tr>
<td>95% CI high</td>
<td>5.68</td>
<td>5.54</td>
<td>6.77</td>
<td>6.22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>Df</th>
<th>MS</th>
<th>F</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>28.349</td>
<td>2</td>
<td>14.175</td>
<td>3.843</td>
<td>0.023</td>
</tr>
<tr>
<td>Within Groups</td>
<td>781.998</td>
<td>212</td>
<td>3.689</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>810.347</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.20: Descriptive statistics and ANOVA results for continuous improvement and renewal by office

All the Scheffé test p-values in Table 4.21 are greater than 0.05 which implies that none of the differences between individual regions can be regarded as statistically significant. However, according to the reported Cohen’s d values, some of the differences with regard to Continuous Improvement and Renewal can be regarded as practically significant. Inferential ranking, employing both one-sample t-tests and Cohen’s d statistics revealed that there were two significance groups, i.e. Group 1: Outlying branch offices with higher mean Continuous Improvement and Renewal scores than Group 2: Regional offices and other offices.

<table>
<thead>
<tr>
<th>Office 1</th>
<th>Office 2</th>
<th>Diff. M₁-M₂</th>
<th>Schéffé p</th>
<th>Cohen's d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional office</td>
<td>Outlying branch office</td>
<td>-0.90</td>
<td>.028</td>
<td>0.48</td>
</tr>
<tr>
<td>Regional office</td>
<td>Other</td>
<td>0.07</td>
<td>.987</td>
<td>0.04</td>
</tr>
<tr>
<td>Outlying branch office</td>
<td>Other</td>
<td>0.97</td>
<td>.168</td>
<td>0.45</td>
</tr>
</tbody>
</table>

Table 4.21: Descriptive and inferential statistics for continuous improvement and renewal by office
4.7. CONCLUSION

The following relative strengths and weaknesses have emerged from each factor analysis, based on inferential ranking of the questionnaire items:

Management Quality: The most significant constraint of the high performance factor management quality is the perceived lack of speed in action taking by management, whilst management’s focus on results serves as a positive driver of this factor.

Openness and Action Orientation: The most significant constraint of the high performance factor Openness and Action Orientation appears to be managements’ low tolerance of mistakes, the limited time spent on communication, knowledge exchange and learning, as well as the proposition that organizational members are not always involved in important processes. The performance drivenness of the organisation serves as the pertinent driver of this factor.

Long-term Orientation: The most significant constraints of the high performance factor Long-term Orientation appears to be the organisations weaker ability to grow through partnerships with suppliers and/or customers, provide a secure workplace, aim to serve its customers as best possible and to promote management from within the organisation. The organisations’ ability to retain its management skills for a long time serves as a major driver of this factor.

Continuous Improvement and Renewal: The most significant constraint of the high performance factor Continuous Improvement and Renewal appears to be the organisations weaker ability to simplify its internal processes. The reporting of matters relating to performance and the innovation of its products, processes and services, serve as the more positive driver of this factor mean and rank at the first significance group.

Employee quality: The most significant constraint of the high performance factor Employee Quality appears to be the organisations weaker ability to train the organisational members to be resilient and flexible, as well as inspire members to extraordinary results. Managements’ ability to hold organisational members responsible for their results and the organisations’ diverse and complimentary workforce emerge as the pertinent drivers of this factor.
In the demographical variable analysis, the Chi² test of the demographical groups revealed the following statistical significant relationships between factors and demographic variables based on frequency distributions:

- Factor Continuous Improvement and Renewal by management level
- Factor and Action Orientation by region
- Factor Long-Term Orientation by office type.

The conclusion can be drawn that there is sufficient sample evidence to suggest that the observed associations are not by chance, but reflect a genuine association between the variables from which the sample was drawn. The practical significance hereof is however not strong, only regarded as medium in the case of action orientation by region.

ANOVA further revealed that the differences between the following sample means of the different demographic variables are statistically significant.

- Management Quality by region
- Openness and Action Orientation by region
- Employee Quality by region
- Continuous Improvement and Renewal by office

The Scheffé test however revealed that none of the differences between individual regions can be regarded as statistically significant with the following exceptions:

- The Western Cape the East Coast regions based on action orientation returned a Scheffé p of less than 0.05 (0.041), indicating some statistical significance. The Cohen’s d statistic which facilitates a measure of effect size, indicated moderate practical significance.
- The regional offices and the outlying branch offices based on continuous improvement and renewal returned a Scheffé p of less than 0.05 (0.028), indicating some statistical significance. The Cohen’s d statistic which facilitates a measure of effect size, indicated a small practical significance.

An inferential ranking process, employing both one-sample t-tests and Cohen’s d statistics revealed certain significance groups within the demographical variables. The Western Cape emerged at the lowest inferential ranking for Management
Quality, Openness and Action Orientation and Employee Quality. The outlying branches are higher inferentially ranked for factor Continuous Improvement and Renewal.

In Chapter 4 an analysis of the results of the high performance evaluation of ADTSA were presented. In Chapter 5 the researcher will provide an interpretation of the results from this case study and make some associated recommendations.
CHAPTER 5:
CONCLUSIONS AND RECOMMENDATIONS

5.1. INTRODUCTION

The primary research objective of this study was to establish which interventions would be appropriate to alleviate high performance constraints within ADTSA. It is the contention of the researcher that the impact from market forces since 2008 necessitated various decision making processes that may have resulted in constraints to the output of the organisation. Based on De Waal’s (2012) research it is suggested that a high performance approach is appropriate in pursuit of identification and alleviation of resultant constraints within the organisation.

In this chapter the results from the empirical research in Chapter 4 will be considered against the literature review contained in Chapter 2 in order to draw conclusions and make some recommendations.

5.2. LIMITATIONS OF THE STUDY

The low response rate of below 10 percent and the exclusion of Kusela and field based staff, do limit the representative nature of the overall organisation. Even though the Cronbach’s alpha revealed the high performance mean as generalisable across the entire population, the results thereof and related conclusions should therefore only be viewed within the context of the results that were received. The demographic variable of supervision and junior management revealed a response rate of less than 3 percent which resulted in the fact that no meaningful interpretation can deduced from this group.

The empirical research was done by through a quantitative approach and by means of a questionnaire. Respondents did not have any opportunity to provide qualitative input in order to establish the rationale behind their responses. It is recommended that further quantitative research is conducted to establish more detailed information on the drivers of the responses.
The responses were based on a ten-point Likert scale in accordance with De Waal’s (2012) methodology. The researcher is of the opinion that this allowed too much opportunity for indecisive responses and therefore compromised the identification of correlations amongst the demographical variables. It is recommended that the researcher engages with De Waal on this matter to understand his rationale and potentially pursue further research based on a five point Likert scale.

5.3. CONCLUSIONS RELATING TO THE CONCEPTUAL FRAMEWORK AND QUESTIONNAIRE

The conceptual framework of the research based on De Waal (2012) worked well and to a large extent reflect the other conceptual frameworks published recently on the subject of organisational high performance as illustrated by Table 2.1. The questionnaire was developed and tested in context that differs from the one that was used in this treatise. It appeared to be effective as no adverse comments were received. The Cronbach’s alpha revealed in Table 4.7 and the results obtained are meaningful and open to logical interpretation, which indicates that the questionnaire is robust in this new context and could well be used in further applications.

5.4. CONCLUSIONS RELATING TO THE DATA OBTAINED

Adequate published evidence exists to suggest that a high performance culture makes business sense. High performance has been proven to solicit a competitive advantage for organisations through improved employee attitude and customer loyalty, which translates into improved financial results. Even organisations which are only able to implement some elements of a high performance culture will outperform organisations that don’t employ any.

The results from the empirical research have identified that ADTSA cannot be considered as a high performance organisation according to De Waal’s (2012) benchmark of 8.50. Neither can ADTSA be considered as having a platform favourable in the pursuit of high performance since the high performance factor mean scores are rated across two inferentially ranked significance groups,
illustrating some variance between the factor scores. ADTSA therefore does not meet with De Waal's (2012) proposal that an organisation that has closely grouped factor means is in relative balance, which provides a good starting point for further pursuit of a high performance culture. The researcher is now able to draw conclusions on each of these findings and make recommendations accordingly.

5.4.1 Management quality

Leadership has a profound effect on developing a high performance culture. In order to lend credibility to the whole high performance aspiration, it is critical that leadership sets the example and the tone at the top and that their commitment to this process is never compromised by their actions.

Even though the empirical research indicates the overall strongest question probing the high performance factors is the management focus on results, the factor Management Quality still rates at the second level of significance amongst the high performance factors. At a mean score of 5.30 it is clear that a management intervention is required to reach the 8.50 that De Waal (2012) proposes. Whilst a relative strong focus on results emerges, the management input towards achieving the desired results appears to be lacking. The statement is based on the fact that the speed of management’s decision making and action taking are rated at the lowest significance group. This may be the root cause of the very average trust of leadership amongst organisational members as revealed by the questionnaire.

If one compares this to the literature review, the importance of trust was clearly illustrated by Blanchard (2010) that open communication and sharing of information builds trust and encourages people to act like owners of the organisation. It is proposed that providing people with more complete information communicates trust and a sense of responsibility that mobilises people to appreciate how their contribution impacts on the greater organisation. He further estimates that a leader’s actions are at least three times as important as his or her words. People assess leaders on what they do and inconsistent or uncommitted action will result in the loss of commitment in the follower.

The results of the empirical research indicates some clear starting points for management intervention to start setting the tone for high performance at the top of
the organisation by aligning aspiration with execution. Such a step, according to the American Management Association (2007), results in leaders and workers who behave consistently with organisational strategy and philosophy which can be measured based upon how well the organisation walks the talk.

5.4.2 Openness and action orientation

Following the strong management focus on results as found in the factor Management Quality, performance drivenness of the organisation emerges as the highest ranked question of the strategic characteristic, Openness and Action Orientation. Inferentially ranked at the lowest significance level, management's apparent intolerance of mistakes, limited organisational time spent on communication, learning and knowledge exchange, as well as the perceived absence of inclusive decision making on important processes appear to compromise the factor openness and action orientation within ADTSA.

Kumar (2000) suggested that organisations pursue co-operative labour management relations to foster a participatory enterprise culture. Such an approach serves to make organisations lean, cost efficient and flexible in order to be more responsive to changing markets and technologies. Since it is proposed that an organisation's consistency of strategic approach helps to determine its success, the researcher suggests that a clear vision that is supported by a flexible and achievable strategic plan that is clearly articulated could potentially set the benchmarks for all individual behaviour.

The same anomaly identified in the Management Quality factor, being the results focus, emerges within the strategic characteristic of Openness and Action Orientation, being the performance driven nature of the organisation. The empirical data suggests that the same level of provision is not made to stimulate the environment that supports the pursued results. Leadership intervention as a strategic imperative is therefore proposed to create an environment where high performance can flourish.

5.4.3 Long-term orientation

The factor Long-Term Orientation is the culture characteristic of an organisation and one of the two factors that scored a higher factor mean at the first significance level
in the case of ADTSA. High performance organisations should have a well established set of values that drive employee behaviour. It is suggested that such a values and belief system is embedded within the organisation and made consistent with the company’s approach to leadership. Such a culture must be aligned with vision, mission and strategy as culture should override everything else. The culture of a high performance organisation must serve to motivate employees toward embracing change with a readiness to meet new challenges and show a commitment to innovation.

Blanchard (2010) makes it clear that culture underlies everything an organisation does. Since every organisation has a culture, whether it is by default or design, this culture can enable the organisational performance and employee passion, or erode it.

As the empirical results indicate that the organisation is not adequately growing internal talent, growing through partnerships with suppliers and/or customers, providing a secure workplace or aiming to serve its customers as best possible, it poses the further risk that talented members may seek alternative opportunities. From the researcher’s perspective the manifestation hereof may be apparent from the recent departure of a number of senior, long tenure employees and is further exhibited by continued and unexplained cost cutting initiatives at the expense of the operational integrity of the organisation. The researcher proposes that this is the result of uncertainty over the long-term vision for the organisation and that leadership intervention is required to clearly illustrate a visible goal that is beyond the next financial year end and that is tangible for each member of the organisation.

5.4.4 Continuous improvement and renewal

Some paradox resides in the fact that the mean score on the question whether the organisation continuously innovates its products, processes and services is rated significantly higher than the factor mean, but lower than the factor mean on the question whether processes are continuously simplified. Whilst strategies in general become elaborate and difficult to execute, high performance organisations focus strictly on the distinguishing factors to facilitate easy and effective execution. High performance leaders therefore find uniqueness in the content and execution of their strategy. They therefore continuously ponder the question what makes them different
to solicit themselves as the choice above any competitor. They develop this strategy consequently and constantly create widespread opportunities and breakthroughs as they develop new options and alternatives to compensate for dying strategies. Kaliprasad (2006) holds that an organisation’s long term success depends on its ability to sustain the delivery of quality products and services. The following top three reasons however account for why organisations fail to sustain high performance:

a) Management has an inaccurate understanding of the marketplace, the vision, mission and strategies are inappropriate.

b) The required behaviour to successfully implement the business strategy could be misaligned with customer or marketplace requirements.

c) Organisational systems and processes fail to support the organisational vision and strategy.

It is therefore proposed that the most significant constraint of the high performance factor Continuous Improvement and Renewal might be the organisations’ inability to simplify its internal processes. Even though the organisation does continuously roll out new products and solutions, the execution thereof often fails due to poor execution. This statement is based on the recent centralisation restructuring, much of which is still largely ineffective eighteen months down the line. This could be contributed to the cumbersome and complicated internal process environment where bureaucratic control systems obstruct efficiency and provide the source of extensive customer frustration. The situation is further compromised by the weak internal reporting systems, which largely depend on the labour intensive spreadsheet capturing. The result is that organisational members spends an inordinate amount of time on reporting, which is not only an error prone and labour inefficient practice, but ultimately comes at the expense of serving customers. This challenge can most appropriately be addressed by improving the systems environment which allows for efficient electronic reporting in order to not only improve accuracy, but free up time of staff members to serve customers.

5.4.5 Employee quality

A central theme throughout the high performance factors is the organisational focus on results that emerges as a strong question relative to others. Another central
theme that emerges throughout is management’s guidance, actions and the associated environment which appears to fail in its support to drive these result expectations. This emerges again as the sub-factors of management’s ability to inspire members to extraordinary results and training towards flexibility and resilience are rated at a lower significance level.

High performance organisations rely on their people. In order to become a high performance organisation it is critical to hire people with incurable curiosity, that want to be challenged, need to have responsibility and at the same time ask to be held accountable and want to perform better. High performance employees perform better than the average employee and as a result contribute more to the organisation (De Waal, 2012). Culture plays an important role when it comes to people too. The Institute for Corporate Productivity (2011) holds that organisations will not only be facing greater challenges to attract talent in the future, but they will also need to represent and express their culture via online worlds as employees are more geographically dispersed. In doing so organisations will need to adopt stronger values related to sustainability, diversity, resilience and agility.

Since the empirical data suggests that managements is lacking in its ability to inspire members to extraordinary results and providing training toward flexibility and resilience, the researcher suggests that this requires further research. This factor could be linked to the factor Continuous Improvement and Renewal where new product roll-out is ongoing, but the internal process environment is increasingly cumbersome. This not only deprives employees of time to serve customers, but further increases the pressure on people due to the resultant service failures, which culminates in the loss of opportunity for collaboration and learning.

5.4.6 Demographical variances

Given the political history of South Africa and the ongoing preponderance of white male dominance of management positions, it would have been expected to see significant variances in the Management Quality perceptions across the various ethnic groups. The data however does not support this view and in fact indicates that the ethnic groups and all the other demographical variables, other than the regional perspective, hold very similar views of Management Quality. This is encouraging from an employee engagement and inclusion perspective.
In the demographical variable analysis, certain significant variances were established. The Chi² test of the demographical groups revealed statistical significance to support the hypothesis that there is sufficient sample evidence to suggest that genuine association exist between the following variables from which the sample was drawn:

- Factor Continuous Improvement and Renewal by management level
- Factor Openness and Action Orientation by region
- Factor Long-Term Orientation by office type.

ANOVA further revealed that the differences between the following sample means of the different demographic groups are significant. The Scheffé test however revealed that none of the differences between individual regions can be regarded as statistically significant. The Cohen’s d statistic which facilitates a measure of effect size, reflected that some of the differences with regard to the following factors can be regarded as practically significant:

- Management Quality by region
- Openness and Action Orientation by region
- Employee Quality by region
- Continuous Improvement and Renewal by office.

The factor Openness and Action Orientation by region is the only factor and demographical of statistical significance that were reported by both the Chi² test and the ANOVA. An inferential ranking process, employing both one-sample t-tests and Cohen’s d statistics revealed certain significance groups within the demographical variables. The Western Cape emerged at the lowest inferential ranking for Management Quality, Openness and Action Orientation and Employee Quality. The outlying branches are higher inferentially ranked for Factor Continuous Improvement and Renewal. The research did not probe the reasons for these differences and further research on this is therefore proposed.
5.5. RECOMMENDATIONS

Based on the conclusions of the research, the following recommendations are made from further research and high performance development perspective:

5.5.1 Recommendations for further research

The factor Openness and Action Orientation by region emerged as significant in its variances based on both the Chi² test and the ANNOVA. The regional demographical variable further retuned the most significant variances against the high performance characteristics. Whilst the research is able to indicate where these variances reside, the reasons for this was not researched. Whilst it could be speculated that this is a legacy of the previous structure of the organisation which was strictly regionally structured, more research is proposed to specifically establish what drives the apparent strong disparity in many of the high performance characteristics, based on the regional perspective. Such follow-up research will probably be best achieved through a qualitative approach by way of structured interviews across the respective regions, with specific focus on Management Quality, Openness and Action Orientation and Employee Quality, as revealed by the ANNOVA testing.

5.5.2 General recommendations

The objective of the study was to establish internal constraints of competitive advantage through a high performance evaluation of the organisation. The study revealed quite significant shortcomings in the high performance factors of the organisation compared against the international benchmarks. It is the contention of the researcher that the research results largely affirm the subjective view of the organisational challenges held prior to conducting the study and that further consideration of the recommendations would significantly improve the internal constraints to competitive advantage within its industry.

The researcher will present the findings of this treatise to the executive management of ADTSA for their consideration and input. It is the contention of the researcher that executive management could not only benefit from further research based on the results from the data, but further use the same as benchmark for comparing future
high performance evaluations in order to gauge progress or deterioration of high performance characteristics.
REFERENCES


High Performance Organisational Survey: ADTSA

Dear Colleague,

In order to complete my studies towards my MBA (Masters in Business Administration) degree at the Nelson Mandela Metropolitan University Business School, I am conducting research for my thesis to identify organizational priorities towards further developing ADTSA into a high performance organisation. A high-performance organisation is an organisation that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of 5 years or more, focusing in a disciplined way on what really matters to an organisation. The 35 questions were developed by the High Performance Centre at the Maastricht School of Management in the Netherlands, through review of 290 research studies and tested across 1470 organisations worldwide. Each and every employee’s input is regarded as valuable in determining where the organisation’s priority focus areas should be in pursuit of this goal. I would therefore really appreciate your input.

Please note:

1. If the questionnaire takes more than 8 minutes of your time, you are taking too long. Please answer quickly and based on your immediate reaction to each statement.
2. Each question has a scale from 1 – 10. Please rate your agreement with the statement out of a score of 10 with 1 meaning completely disagree through to 10 meaning strongly agree.
3. Please note that the demographical questions are strictly intended to test perceptions for correlation throughout various cross-sections within the organisation. All care is taken to ensure that your participation remains anonymous.
4. Please also note that your participation in this study is entirely voluntary and that you have the right to withdraw from the study at any stage. Your input is however regarded as valuable.

Contact details of researcher: Arno Hattingh: ahattingh@adt.co.za or 044 801 8600.

To verify the authenticity of the study, please contact Dr Phillip Parsons at philpars@telkomsa.net

Thank you very much for your contribution.

Arno Hattingh
**Questionnaire number:**  
**ADTSA - An organisational high performance survey**

### PLEASE MARK WITH AN X

**What is the job level of your current position?**  
<table>
<thead>
<tr>
<th>General staff</th>
<th>Supervision and junior management</th>
<th>Middle management - below HOD level</th>
<th>Senior management - HOD level</th>
<th>Executive management - above HOD level</th>
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**What region do you report to?**  
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<th>Central Region</th>
<th>East Coast Region</th>
<th>Head Office</th>
<th>Northern Region</th>
<th>Western Cape Region</th>
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**Are you positioned in a regional office or an outlying branch office?**  
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<th>Regional office</th>
<th>Outlying branch office</th>
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**Please describe your race/ethnicity.**  
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<th>African</th>
<th>Coloured</th>
<th>European</th>
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<th>Other</th>
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**Please specify your tenure with the organisation (uninterrupted)**  
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<th>Less than 1 year</th>
<th>Less than 5 years</th>
<th>Less than 10 years</th>
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**Has your original position been directly affected as result of the restructuring during the last year?**  
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**Please specify the functional department that you are working in**  
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<th>Admin &amp; Finance</th>
<th>General Management</th>
<th>Operations</th>
<th>Sales</th>
<th>Support/Shared Services: FSC, IT, HR, Fleet, Legal, Procurement etc.</th>
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1. Management is trusted by organizational members.  
2. Management has integrity.  
3. Management is a role model for organizational members.  
4. Management applies fast decision making.  
5. Management applies fast action taking.  
6. Management coaches organizational members to achieve better results.  
7. Management focuses on achieving results.  
8. Management is very effective.

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<tr>
<th>Strongly Disagree</th>
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9. Management applies strong leadership.

10. Management is confident.

11. Management is decisive with regard to non-performers.

12. Management frequently engages in a dialogue with employees.

13. Organizational members spend much time on communication, knowledge exchange and learning.

14. Organizational members are always involved in important processes.

15. Management allows making mistakes.


17. The organization is performance driven.

18. The organization maintains good and long-term relationships with all stakeholders.

19. The organization is aimed at servicing the customers as best as possible.

20. The organization grows through partnerships with suppliers and/or customers.

21. Management has been with the company for a long time.

22. The organization is a secure workplace for organizational members.

23. New management is promoted from within the organization.

24. The organization has adopted a strategy that sets it clearly apart from other organizations.

25. In the organization processes are continuously improved.

26. In the organization processes are continuously simplified.

27. In the organization processes are continuously aligned.

28. In the organization everything that matters to performance is explicitly reported.

29. In the organization both financial and non-financial information is reported to organizational members.
30. The organization continuously innovates its core competencies.

31. The organization continuously innovates its products, processes and services.

32. Management always holds organizational members responsible for their results.

33. Management inspires organizational members to accomplish extraordinary results.

34. Organizational members are trained to be resilient and flexible.

35. The organization has a diverse and complementary workforce.
Annexure B

ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: Business and Economic Sciences

SCHOOL/DEPARTMENT: BUSINESS SCHOOL

I, (surname and initials of supervisor) DR. P. PARSONS

the supervisor for (surname and initials of candidate) CA. HATTINGH

(student number) 2112 32923

a candidate for the degree of MBA


HIGH PERFORMANCE ORGANISATIONAL ASSESSMENT - A SOUTH AFRICAN CASE STUDY.

considered the following ethics criteria (please tick the appropriate block):

<table>
<thead>
<tr>
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<th>YES</th>
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<tbody>
<tr>
<td>1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?</td>
<td>✓</td>
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<tr>
<td>2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?</td>
<td>✓</td>
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<tr>
<td>2.1 Are subjects/participants/respondents of your study:</td>
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<td>(a) Children under the age of 18?</td>
<td>✓</td>
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<tr>
<td>(b) NMMU staff?</td>
<td>✓</td>
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<tr>
<td>(c) NMMU students?</td>
<td>✓</td>
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<tr>
<td>(d) The elderly/persons over the age of 80?</td>
<td>✓</td>
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<tr>
<td>(e) A sample from an institution (e.g. hospital/school)?</td>
<td>✓</td>
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<td>(f) Handicapped (e.g. mentally or physically)?</td>
<td>✓</td>
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129
(g) Socially/economically disadvantaged?

3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable peoples)

3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?

4. Will the participant's privacy, anonymity and confidentiality be disclosed/revealed?

4.1 Are you administering a questionnaire/survey that:
(a) Collects sensitive/identifiable data from participants?
(b) Does not guarantee the anonymity of the participant?
(c) Does not guarantee the confidentiality of the participant and the data?
(d) Will be distributed electronically (e.g. online via email/web link)?

Please note that if ANY of the questions above have been answered in the affirmative (YES), the student will need to complete the full ethics clearance form (REC-2 application) and submit it with the relevant documentation to the Faculty Ethics Coordinator.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

SUPERVISOR(S)  

HEAD OF DEPARTMENT  

STUDENT(S)  

Please ensure that the research methodology section from the proposal is attached to this form.