A strategic plan for ABSA to change into a high performance organisation

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ABSTRACT

Stringent competition and borderless financial markets necessitate change in ABSA. Pressure from the new major shareholder, Barclays plc, adds to the inevitable drive for change in ABSA Bank. Barclays Bank, as ABSA’s brand new partner, brought a new dimension to ABSA Bank and its performance expectations. Although ABSA Bank targets Africa for market expansion, the focus has intensified as Barclays Bank aims to achieve its goal of becoming the largest bank in the world, and in their quest, envisages bringing ABSA Bank into play as their extension into Africa. The question arising is whether organisational practices in the first world are compatible with South Africa and Africa, for that matter, or not; and if so, to what degree? Therefore, for ABSA Bank to align with the goals of Barclays Bank to become the leading financial service provider in the world, it is very important to remain competitive and to gain a sustainable advantage over competitors by becoming the pre-eminent bank in Africa. ABSA Bank should have a strategic plan of excellence at hand to assist the organisation and its people to make the transition to the newly expected level of performance.

The purpose of this study is to identify factors that could assist management/leaders in implementing Absa Bank’s strategy successfully. The study will elucidate that management alignment is crucial to implement change strategies. It will also indicate that coaching is the key to successful change initiatives. In essence, the study aims to provide answers on the question of: how to move from being a good to a great financial services provider.

In the quest from good to great, work ethics should work its way up to the next level, added to making smart decisions and managing polarities effectively. This is more than just creating a climate for change, but rather to ensure that a motivating climate for the workforce is accomplished. Therefore, it is vital that the following elements in ABSA Bank present itself to achieve the proper motivating climate for them to reach their goals: efforts, goals and expectations, unlocking potential of the team members, performance, results as outcomes, the experienced equity of outcomes, and the perceived significance of the outcomes. These elements interact with dynamics leading to the following outcomes: aligned commitment is achieved because of the right level of knowledge, their being informed and empowered, the level of rewards and recognition, and the level of understanding and living the shared vision (goals and value system). The research culminates in a strategic guideline that ABSA Bank personnel can apply to facilitate change and, as such, aligned commitment of the new challenges ABSA Bank is facing.
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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

International competitiveness and global influences invite change to organisations to remain abreast in the internal and external business environment. ABSA Bank has become the example of continuous successful change in South Africa by staying ahead of its competitors, constantly adapting and applying change initiatives, and improving its business strategy. In addition, the major transaction in 2005 when Barclays Bank bought a major share in ABSA Bank to become a new major shareholder, reiterates the need in ABSA Bank for the sensitive nature of change implementations.

Barclays Bank, as new partner, brought a new dimension to ABSA Bank and its performance expectations. Although change is frequently referred to as the only constant, the question arising is whether organisational practices in the first world are compatible with South African practices, or not; and if so, to what degree? Typical managerial concerns facing ABSA are:

- Can new principles be implemented in ABSA Bank considering its diverse staff demographics?
- Will ABSA Bank be able to become the high performing organisation that Barclays Bank is expecting?
- Will Barclays' strategy work?
- Will it bring on an improvement in client services and expectations?
- Will it address the expectations of the staff?
- How will the skills and knowledge gaps be addressed?
- Will management and leadership be able to take ABSA Bank to the next level?
- How can this change effort be implemented to achieve the expected outcome?

Barclays Bank should disclose its objectives in converting ABSA Bank to a high performing organisation. Barclays Bank currently pursues a strategy of becoming the number one bank in the world. To achieve this objective, ABSA Bank as strategic partner in this quest of excellence, must become the pre-eminent bank, not only in South Africa, but in the whole of Africa.
Therefore, the purpose of this study is to compile a workable *vade mecum* that can be employed and utilised by ABSA leadership to assist them in their pursuit of higher levels of performance to match the increased service levels as expected by the Barclays Group. In essence, the study aims to provide answers on the question of:

**How to move from being a good to a great financial services provider**

### 1.2 PROBLEM STATEMENT

In the review of available internal and external knowledge on general and managerial goals, it became clear that improving ABSA Bank’s competitiveness and profitability in the market is a clear objective of management. To achieve this, one of the strategic thrusts powered by ABSA is to seriously analyse and address the culture of the bank in their strategic plan, and to do so by focusing on *how to take the staff to the next level with the least disruption in the daily operations of the company.*

#### 1.2.1 Research objective

The objective of this report is to perform a qualitative study of the implementation of a strategic plan, and to ensure that the plan is supported by the human resource team and management who are responsible for change enablement in ABSA Bank. In addition, the study aims to provide practical guidelines to assist with the implementation of the strategic plan, taking into consideration the *sui generis* of the South African scenario. The literature research is complemented by in-house information collected on an informal basis at various branches and Strategic Business Units (SBUs) within ABSA Bank in order to provide a framework for the guideline to be developed. The framework was employed as aid in the development of the generic guidelines for the various SBUs and branches.

#### 1.2.2 The importance of the problem

The banking sector is highly competitive in the Republic of South Africa and in Africa with its well-known and established banking brands operating in the market. In addition, other international role-players are also entering the South African banking sector. Standard B, for example, has also negotiated a sizeable transaction with the largest Chinese bank – also aiming
to capture significant market share of the lucrative Africa market. Therefore, for ABSA Bank to come on board with Barclays Bank to become the leading financial service provider in the world, it is very important to remain and extend its competitive drive and to gain a sustainable advantage over the competition by becoming the pre-eminent bank in Africa. Having a sound strategic plan at hand to assist the organisation and its people to make the transition to the newly expected level of performance is essential for success.

1.2.3 The limitations of the study

Lengnick-Hall and Lengnick-Hall (1999:31) state that the study fields of Human Resource Management and Strategic Management are extensive. This study is based on the midway of both streams of the two study fields. Strategic plans are made throughout the study, and since the human resource capabilities are not always aligned with the strategy, it is important that this research also incorporates it for ABSA to benefit from both study fields. Similarly, the focus also falls on the relevant literature available on the discipline of Organisational Management. In addition, where appropriate, literature based on financial organisations is also utilised and incorporated in the study. As far as possible, only recent literature is employed. However, authoritative and relevant older sources were also consulted.

1.2.4 Assumptions on which research will be based

In this study it is assumed that the implementation of a strategic organisational plan/guideline will support the overall competitiveness of the company and that the implementation of such a plan is imperative to grow from a market follower and challenger to one of pre-eminence.

1.3 RESEARCH PROPOSITION

A qualitative study is undertaken to compare different strategic organisational development plans in order to find a fit model for implementation in the company. In the extensive literature study the notion that a strategic organisational plan supports the operational function of the organisation is explored.
1.4 RESEARCH METHODOLOGY

A qualitative study was performed by comparing the various models of organisational change, and subsequently selecting an appropriate model. The characteristics for qualitative research as provided by De Vos, Strydom, Fouche and Delport (2002:80), were followed:

- The researcher attempted to gain a first-hand, holistic understanding of phenomena of interest by means of a flexible strategy of problem formulation and data collection.
- This took shape as the investigation proceeded.
- Methods such as participant observation and unstructured interviewing could be used to acquire an in-depth knowledge used to guide further study.

Qualitative methodology thus rests on the assumption that the valid understanding can be gained through accumulated knowledge acquired first-hand by a single researcher.

1.5 EXPECTED NATURE OF RESULTS

The expectation was to successfully compile a strategic organisational development plan that supports the overall performance objective of the organisation. This guiding plan can assist ABSA Bank leadership and staff in becoming a high performing organisation and ultimately becoming pre-eminent.

1.6 DEMARCATION OF THE FIELD OF STUDY

No formal sampling was done as this study was based on the compilation of a model based on a literature study. The outcomes of the literature study were made available in Chapter 2 for managers within the organisation to act as a knowledge base of published expertise.

1.7 OVERVIEW OF THE LITERATURE

In order to qualify the importance of the development of a strategic organisational development plan, certain key concepts need to be defined. These concepts emanate from strategic management and organisational behaviour literature.
Pearce and Robinson (2000:3) define strategic management as:

"The set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objective."

Cummings and Worley (2005:1) define organisation development as that:

"Organisation development is a system-wide application and transfer of behavioural science knowledge to the planned development, improvement, and reinforcement of the strategies, structures and processes that leads to organisation effectiveness."

Coetsee (2002:139) defines performance as:

"Performance is often defined as realising goals and meeting the expectations." Coetzee believes that the above definition is limited, because it says nothing about unlocking human potential.

From these definitions it is evident that the strategic approach should encompass much more than just a mere study of personnel management. The aim of strategic management is based on the principle that people implement corporate plans (Armstrong, 1993:81). It takes a broader, more integrated view of the organisation and the people in the company, ensuring that it is built into the fabric of business, linking it firmly to the attainment of the long-term strategies of the organisation and ensuring that the people receive guidance and expert support needed to accomplish the strategies.

Massey (1994:27-30) states that organisations that do not adopt a strategic approach to human resources are easily recognised by a fragmented and ad hoc approach to the development and implementation of human resource activities and fail to recognise the interdependence and interrelationship between them. These approaches become major stumbling blocks to implementation of strategy.

Erasmus (1997:20-21) states that South African organisations should attempt to focus on strategies that will lead South African organisations into the future and keep them meaningful on the road to effectiveness and efficiency. The dynamic international environment and the rapid changes that accompany it will force South African organisations to adapt. This is exactly what is happening in the ABSA Bank environment and why it is important to do this research.
1.8 DIVISION OF CHAPTERS

The study is divided into five chapters as follows:

Chapter 1 indicates the scope of the study and the methods used. It includes an introduction, problem definition and objectives. It also explains the methodology comprising the literature study and the reasons for non-sampling.

Chapter 2 covers procedures used. This includes a literature study that produced a change model to use in the study, analysing the current strategy of the organisation, and how change is currently being utilised to move to the next level. It also covers the importance of acquiring the correct skills levels and commitment levels from management regarding the strategy.

Chapter 3 covers the design and the interpretation of the proposed change model for the implementation of the guidelines in becoming a higher performing organisation.

Chapter 4 covers the conclusions and results from the study, the discussions of the various methods and strategies and the various recommendations.

All relevant material such as the references, appendices, and other supplementary documentation are to be found after chapter four.
CHAPTER 2
DEVELOPING AND EXECUTING STRATEGY IN BECOMING A HIGH PERFORMING ORGANISATION

2.1 INTRODUCTION

During 2005 British bank Barclays plc acquired ABSA Bank and a new strategy was imposed on the South African Bank to become the pre-eminent bank in Africa. At that stage, ABSA Bank had a strategic focus to expand into Africa, but did not intend to become the pre-eminent bank in Africa. This dream is part of Barclays Bank's vision and long-term strategy. Barclays Bank is in the process of changing ABSA Bank into a high performance organisation in its drive to achieve pre-eminence in Africa. It is thus important to identify the strategy that ABSA Bank is supposed to follow, because it could guide management to determine how to assist personnel in creating the correct organisational behaviour to support the strategy and vision. A proven method to determine what actions to follow is that ABSA Bank (hereinafter referred to as ABSA) should display in the marketplace (and also by actions and statements by senior management regarding the current business approaches), the future plan for the company and efforts to improve competitiveness.

2.2 IDENTIFYING THE COMPANY'S STRATEGY AND GAPS

Thompson, Strickland and Gamble (2007:25) state that a company's strategy is shaped partly by management analysis and choice, and partly by the necessity of adapting and learning to do so. What is needed to identify the required strategy? The following pattern of actions and business approaches define the company's strategy for ABSA:

- Actions to gain sales and market share with lower price offerings, more performance features, more appealing designs, improved quality, wider production selection, and so forth.
- Actions in response to changing market conditions and other external factors.
- Actions to enter new geographic territories, products, markets and even exiting existing markets.
- Actions to capture emerging market opportunities whilst defending against external threats to the company's business prospects.
- Actions to strengthen market positions and competitiveness by acquiring or merging with other companies.
- Actions to strengthen competitiveness via strategic alliances and collaborative partnerships.
- Actions to manage resource and development, production, sales, marketing, finances and other key activities.
- Actions to strengthen competitive capabilities whilst correcting weak competitive spots.
- Actions to diversify revenue streams and earnings by entering new business.

If one considers the mechanics of the new approach within ABSA a number of the above actions are being implemented at this stage. The bank's viewpoint is not to have the most clients, but the most profitable ones. The bank has taken a stance of walking away from less profitable accounts, and rather to focus on those that will assist the bank in gaining the biggest share of the wallets. This should enable the staff to focus and service the smaller market share to such a level that they can increase ABSA's market share of the wallet.

New operating models have been implemented to strengthen competitive capabilities bringing the best of practices from England to South Africa. Special focus has been placed on diversifying income streams and also the conquest of new profitable business accounts. Resources are being better managed via the new performance development actions and systems. The strategy relating to human resource management is to step up with regard to talent, rewarding top talent and managing poor performance to get onto par. New performance measurement practices have been put in place and a new rating of talent is under way. It is important to have a relationship between the company's strategy and the business model. The organisational strategy is to become the leading bank in Africa, but then the operational model should support this strategy. In many cases this has not happened. According to Thompson, Strickland and Gamble (2007:36), structure must follow strategy and this also does not always happen. This deficit will become part of the study to set up a guide in assisting management in linking up the strategy with the business model so that structure does follow strategy.

Barclays, being a European based company, needs to consider the following questions when investing in Africa:
- How well does this strategy (Barclays versus ABSA) fit the ABSA situation?
- Is this strategy helping the company achieve a sustainable competitive advantage?
- Is the strategy resulting in better company performance?
- How compatible are the European scenarios with those of Africa?

The drive to become a high performing organisation holds many complexities for the bank and one needs explore these complexities before implementing a new strategy of moving to new higher levels and ultimately to pre-eminence in Africa. "**Good strategy plus good execution equals good management.**" (Thompson, Strickland & Gamble, 2007:15).

The following figures are from a survey done called "**Successful leadership is about 90% people knowledge and 10% product knowledge**". Henry Ford once said, "**You can take my factories, burn up my buildings, but give me my people and I'll build the business right back again**" (Dempsey, 2006). The depth of the leadership survey results could prompt leadership to reassess the way they develop strategic leadership and planning skills in their organisation.

![Figure 2.1: How do you rate senior management in terms of planning direction and strategy for the organisation?](Source: Dempsey, 2006)

"**A little less conversation a little more action please.**" (Dempsey, 2006)
In figure 2.1 above respondents were asked to rate the senior management team in terms of planning a direction and strategy for the organisation. Nearly half (44%) said they were good or excellent, while one in five said they were sub-standard or poor. Contrast that with how the management team executes that strategy (figure 2.2). Overall, 34% thought senior managers were good or excellent at implementing their strategy, compared with 41% who thought they were average.
Figure 2.2 is the result of a survey done for low and high performing organisations that shows while two-thirds of respondents from high-performing organisations said their senior management was good or excellent at execution, three-quarters of those from low performers rated their bosses as sub-standard or poor at carrying out their strategy.

Senior teams who are excellent planners, are not necessarily good at execution - only 55% said they were excellent at both. Overall, 42% of respondents said the leadership of their organisation was effective at setting direction, but unsuccessful at implementing strategies. And a worrying one in four (24%) said their senior teams were ineffective at either setting direction or making things happen.
FIGURE 2.3: HOW TALENTEO DO YOU BELIEVE YOUR ORGANISATION'S LEADERSHIP HAS BEEN IN THE PAST TWO YEARS?
(Source: Dempsey, 2006)

In figure 2.3 above one can see that nearly half (48%) rated their leaders as 'having the right stuff but needing development', and a third (30%) believe their leaders are 'OK and occasionally have a glimpse of talent'. Only 8% believe their leaders are 'fantastic and extremely talented', and a worrying 14% believe their leaders are 'devoid of any real leadership talent'. Perhaps unsurprisingly, this rises to 58% in companies that have had lacklustre performance in the past couple of years.

What is holding leaders back from translating their plans into actions? Organisational bureaucracy gets in the way of progress. Processes are perceived to be more of a burden than an enabler in the organisation and procedures are seen as the reason for driving inappropriate or 'wrong' behaviours. They make the organisation inflexible and they therefore hamper the sense of urgency that is sometimes needed to give the organisation the leading edge.

More than half of the respondents believe their businesses are hamstrung by organisational bureaucracy (rising to 89% among those from low-performing organisations). Organisations try
to manage risk with process, and by doing that they are sub-optimising personal impact and effectiveness. Organisations should build more flexibility into the planning process. Once the annual strategic plan is in place, leaders need to be able to react to change and adapt their plans and budgets accordingly. Real-time thinking is needed for competitive success (Dempsey, 2006).

ABSA need to be focusing their efforts on the areas that will make leaders much more effective. Leaders need to pay the most attention to their interpersonal and communication skills, according to 60% of respondents in the abovementioned survey while more than half (51%) believe management need to work on developing a leadership approach that minimises their personal agendas and egos.

Egos are notably more prominent among larger rather than smaller organisations - perhaps a surprising statistic, given the entrepreneurial, personality-driven style of smaller businesses. People want leaders to display the organisation's behaviour and values - signifying that, on a personal level, most employees want to be inspired by their leaders, and to trust that their bosses truly believe in what they're doing.

Employees in high-performing organisations may feel empowered to make decisions and are given clear decisions and rules, while those in low-performing ones can't say the same. There is a plethora of information available on the importance of goal setting as a framework for personal achievement. Goals give people direction and allow them to focus their minds and activities on getting what they want in life. Clear and specific goals will give direction and will guide people’s actions in ways that ensure they get what they want.

Five steps to achieving goals/strategic objectives:

- **Clearly identify and define the goal.**
  Before one can begin to achieve something, one must know what it is a person is after. By defining exactly what it is that you want to achieve, you give yourself direction and something to focus your action towards.

- **Set a deadline for reaching the goal.**
This will create a sense of urgency in the mind. By creating a deadline for goals, people can figure out what needs to happen to reach the goal in the time frame specified.

- **Define and write down the obstacles you expect to encounter.**
  This is a vital step many people never take. When figuring out what could stop you from achieving your goal, you can then figure out ways to overcome them.

- **Create specific action steps.**
  Create specific steps that focus on what you can do to overcome these obstacles. It is important to realise that obstacles are the only things that stand between you and achieving your goal.

- **Track and review your goals.**
  After you have removed a specific obstacle and feel ready to tackle the next one, tracking and reviewing allows you to see exactly where (on which action step) you need to focus.

These findings are important in formulating or reviewing ABSA’s next leadership development programmes (Dempsey, 2006). With focus in the right place, all personnel can help transform leaders and give them the skills to run winning organisations irrespective of how much change is needed.

In general, strategy formulation is good and management is getting that part right. Execution of strategy is more important and this is what makes the difference in higher performing organisations. This is one of the key areas in which many organisation battle. People are not always good at implementing and at interpreting strategy. If strategy is communicated clearly management would be able to implement strategy more successfully.

From figure 2.2 above it is clear that executing strategy is a general problem.

### 2.3 BUILDING CAPACITY IN MANAGEMENT/LEADERSHIP

The best companies build in-depth leadership by focusing on fast-tracking high performers, as well as improving the average workers’ performance. They identify talented employees early in their careers and expose them to increasingly strategic developmental experiences. They have
specific initiatives in place to support the growth of these individuals – ABSA has an initiative called “ABSA Development Initiative” (ADI).

All companies should regularly perform leadership shake-ups to educate and grow their key executives. They reassign leaders, regardless of their excellence in current roles. In ABSA, leaders are also continuously reassigned to take them out of their comfort zone and in so doing performance is taken to a new high.

The focus on performance development is crucial as research in South Africa indicates that there is a skills gap and therefore organisations need to take local skills development investment seriously. Below are some of the recent findings from global management consulting firm Accenture in its ongoing high performance business research “Accenture’s groundbreaking Human Capital Development Framework” looks into the characteristics and practices of the world’s top 500 companies, operating in 36 industries. Accenture estimates that an organisation’s quality of leadership determines between 15-20% (Dempsey, 2006) of its business performance.

This study also revealed a strong correlation between workplace design and both innovation and financial performance. Continuity and stability in establishing the right environment for developing talent is all-important. “High performance businesses recognise the need to explicitly address continuity and organisational learning, so that the company does not lose learning curve benefits,” says Accenture (Dempsey, 2006).

“These organisations’ designs and cultures foster a kind of “creative discomfort” - the practical balance of fear and excitement that comes from successfully overcoming constant challenge. One way companies can create a readiness for constant challenge/change is by introducing a continuous stream of capability-building and performance improving initiatives. This will create an expectation of constant change. Organisations using creative discomfort ultimately equates in high performing businesses being more agile and flexible. Accenture says that leaders need to challenge people to work effectively, consistently improve and ultimately, revolutionise their jobs in order to reinforce an organisational mindset of continuous renewal. An organisation needs to encourage and reward employees for shouldering the following three simple, but powerful responsibilities:
• To do the work in a way that accomplishes the specified objective and gets it right the first time – doing the basics brilliantly.
• To individually or collectively improve the way the work is done to continuously improve performance and turnaround times – improving the outcomes.
• To revolutionise the work by seeking out new ways or possible new products and processes that could disrupt even the most efficient status quo and take the organisation forward to the next level.

Bill Marriott exemplifies this spirit at the Marriott hotel group. He is well known for making comments like, "I don’t care what we did in the past" and "Success is never final." Accenture explains (Leonardi, 2007a). Accenture also states that: "Comprehensive workforce initiatives help employees develop the skills they need to adapt to change and ensure that change does not result in the loss of top talent. A comprehensive approach to workforce performance reduces costs and increases productivity, leading to significant business benefits" (Dempsey, 2006).

It enables organisations to attract employees with higher skill levels, reduce the time employees need to learn new skills, retain top performers and put in place performance management processes that produce continuous improvement. High performance businesses are not hamstrung by skills shortages. Instead, they achieve extraordinary levels of employee productivity by multiplying skills. They create larger talent pools to tap into, by taking a broadminded approach to recruitment, identifying talent and developing leaders. The result is a "talent-multiplier" system, which serves as a real and uniquely differentiating competitive advantage. However, developing a talent-multiplier mindset requires creativity, significant management effort and serious time investment. Within ABSA there is a very strong drive to implement legislation and Employment Equity (EE) plays a huge role and this hampers the talent multiplier effect within the organisation. With the Barclays transaction, the South African Government stipulated that the EE strategy needs to get priority, and this also hampers the talent-multiplier and adds to the brain drain within ABSA. ABSA is currently experiencing staff leaving the organisation for better positions elsewhere. EE candidates are in high demand and they tend to job-hop a lot. This creates a frustration in the system as leadership is continuously searching for talent and coaching new employees.
2.4 TAKING LOCAL SKILLS DEVELOPMENT INVESTMENTS SERIOUSLY

Albert Einstein once said, "The definition of insanity is doing the same thing over and over again and expecting different results." (Leonardi, 2007b). In South Africa, companies who are serious about building capacity and improving performance will have to start doing things differently (Leonardi, 2007a). A good point of departure is for companies to build capacity by paying serious attention to investments in developing core and managerial employee skills.

South African businesses are starting to feel the effects of key skills shortages in all sectors. These include limited growth and competitive performance. This is also very true of ABSA and in having the strategy of becoming pre-eminent they might find the lack of skills to seriously hamper the growth and competitive performance. Therefore, the new performance development (PD) strategy is of key importance and leadership need to be mobilised to drive the PD strategy.

As a result, developing employee skills and training and education are major focus areas for ABSA in 2007. However, PricewaterhouseCoopers' recent Private Company Business Insights Survey revealed that most companies spend less than 2% of their annual turnover on employee training (Leonardi, 2007a). This means that local companies have, up to now, been following a 'something for nothing' approach. Companies need to continually develop their employees and leaders, regardless of the short or transactional nature of the employment relationship," senior lecturer at the Gordon Institute of Business Science, Dr. Margie Sutherland, emphasised at the South Africa Human Resources Best Practices Summit, hosted in November 2006. In addition, Welch (2005) advocated that: "The risk we now face is applying old solutions to new problems, ranking your players and weeding out your weakest."

HR departments turned against this policy as it became all about real men making the numbers. Harvard Business School’s Rakesh Khurana says that this is the legacy of the old rules that used to apply within the organisation. But an even greater problem will be to find enough managers. They are critical, because without them nothing else works. Work must be organised. Someone must plan, schedule and ensure that the right people are in the right place at the right time, provide suitable resources, delegate tasks, monitor and adjust what's happening.

SA has had a management deficit for a long time. The situation has been made worse by a naïve belief that anyone can do anything, and that anyone can be a manager. Unfortunately,
management is a learned skill. One does not become good at it merely by working for a few years, reading a few books or attending a few courses.

Systematic training and development are vital. Experience is essential. One could have strong people skills and not be a good leader, but one couldn’t be a good leader without people skills. It has been discovered that many people in leadership positions fail to ever gain a proper understanding of the people they lead. As a result, neither they nor their people ever reach their potential.

Change is important, but how it is done is even more important. Has Barclays considered the talent pool, knowledge and skills levels of the staff, and are they ready at ABSA for change now? To get to the level of higher performance, the following needs to be considered and forms part of the change strategy.

- Job security – do staff feel that their job is still safe?
- Careful hiring – does the ABSA culture fit that of Barclays?
- How do they empower or disempower the people – decentralization and self-organising teams?
- Are there generous rewards and recognition for performance?
- Providing ample training to staff is paramount.
- Less emphasis should be placed on status – rather build a team feeling (“we feeling”).
- Trust the staff’s feelings through effective and adequate communication.

This needs to be fed through in package and not bit by bit (Kreitner & Kinicki 2004: 34). If this is done systematically it will create a real people-centred organisation. To achieve the desired results of the new strategy the following process must be followed:
FIGURE 2.3: STRATEGIC RESULTS: THE 4-P CYCLE OF CONTINUOUS IMPROVEMENT
(Source: Kreitner & Kinicki 2004: 7)

One can use the 4-P cycle (Figure 2.3) as basis of improving strategy implementation to form the basis of the guideline to a higher performing organisation. Considering the above, one gets a clear understanding why some organisations are more successfully than others. The poor implementation of strategy, the lack of leadership to translate strategy successfully, poor communications and the inflexible processes and procedures are some of the main causes.

There must also be a clear emphasis on upskilling in the workplace. The main focus therefore is on people to make the difference, to move from good to great. ABSA needs to look at the
organisation and the culture of the people to help understand how and what they need to change to reach the strategic goal.

2.5 THE CULTURE OF THE ORGANISATION

Previous training and experience in people and process management has prepared people to be effective from the perspective of the past, and ineffective in regard to the future. The greater one’s past successes, the more likely it is that one will experience difficulties in the future. Most managers have been well educated in regard to logic, analytical reasoning, and problem solving. All of this learning takes place at the expense of developing the perspective and skills necessary for managing people and demonstrating effective leadership.

The overall results an organisation achieves are produced by repetitive patterns of behaviour carried out by the individuals within the organisation. These patterns of behaviour are strongly influenced by the underlying structure of values and beliefs the organisation has unwittingly propagated over time. With the nature of organisational development, we find it is most effective to start the process of organisational review and renewal by examining and bringing greater awareness to the beliefs and behaviours of individuals, while aligning and modifying the organisational structure to reinforce the shifts each individual needs to make. In the face of this massive, inflexible system called the “organisation”, actions should be explored to assist the process of transformational change.

2.5.1 Understand organisational change and renewal

Make sure that everyone involved understands the process of change. An understanding of organisational lifecycles is as critical to the leadership of change as product lifecycles are to the management of research and development. Facilitating the waves of change rather than being engulfed by them requires foresight and pro-activity. Yet change often produces a sense of loss of control and a mood of fear and resignation signalled by a slowing or freezing of effective action. Most often people focus their efforts on keeping change from occurring, or on returning the community to its previous state of equilibrium and its members to their previous sense of control.
Most employees believe that management has the responsibility and authority to eliminate the stress of change and return the organisational system to "normal". Under certain conditions, management has the obligation and responsibility to lead the organisation into chaos (change), to increase stress and disequilibrium so a higher order system can evolve (higher performing organisation). It has an equal obligation to assist employees in determining where the organisation falls in its cycle of growth and renewal and in requesting their assistance in shifting the behaviours, beliefs, and structures necessary to renew effective action.

2.5.2 Practice, practice, practice

Except for businesses, all kinds of teams practice regularly. Sports teams, orchestras, the cast of a movie, all practice frequently; and rehearse daily. Only in business do we form teams with no opportunity for regularly scheduled skills diagnosis, learning, and practice other than the economic reality of day-to-day operations.

2.5.3 Learning how to dialogue recreating the organisation is different from joining the organisation

People join organisations that have existing values and behaviours, and that have evolved over the years. Recreating organisations require explicit declarations and commitment to a redefined set of values and behaviours. Not everyone has developed skills at dialogue, which involves a respectful exchange of ideas and information. Most people however are masters at debate, which is the delivery of sequential monologues on differing points of view. We get to agreements to consciously and continuously declare, test, and review assumptions about how people think, feel, and act; the beliefs attached to those assumptions also provide the basis for trust and honesty in organisations.

There are several ways to provide practice in dialogue that also further the content of community. Assessment instruments, using the community as the unit of analysis, provide a non-threatening content basis to dialogue existing norms and effectiveness. Content can range from measures of team culture to team effectiveness, from management style to learning style. An understanding of the basis for individual differences and the synergy those differences produce, provides an additional basis for trust and honesty and a context for practicing dialogue.
2.5.4 Bring the community together to plan change

Event based practice and training may be necessary, yet such activities are never sufficient in moving businesses towards becoming a high performance organisation. There is a significant distinction between providing competence in new sets of behaviours and recreating an organisation in which those new behaviours become habitual - part of the background and history of the organisation as it were. Building and sustaining an organisation require a multi-step process that enables people to:

- Bring the unconscious, habitual behaviour of both the individual and the system to the conscious level.
- Assess the effectiveness of behaviours in achieving the business's current or future strategic intent.
- Identify additional behaviours assessed as necessary to achieving strategic intent.
- Identify and redesign the underlying structures that influence and promote effective behaviours.

Organisations must incorporate this process of strategically rebuilding organisations throughout the context of their work rather than view it in isolation as a series of training events. It is the work that occurs between events that produces the momentum for and joy of change (Woodward, 2005).

2.6 GUIDING TRANSFORMATION FOR EFFECTIVE ORGANISATIONAL CHANGE

Like people living a typical life, human organisations generally operate in such a way that they alternate between times of stability and times of significant change in their environment. In times of change, brought about by advances in technology, deregulation, or large social and economic restructuring, the objective of survival in the presence of a threatening challenge takes precedence over the improvement of performance based on best practices or other methods applicable in periods of stability, benchmarking and working towards exceeding those old standards/norms (Taylor & Francis, 2003, 241-267).

This signals a big change in the environmental conditions and the emergence of new rules and priorities for becoming and staying. It signals the end of a current successful mindset and of
strategies that are no longer effective. The next step requires attention to a set of key attributes that are necessary to develop organisational resilience and fitness, accompanied by an often difficult internal debate that will facilitate an organisation’s prompt and effective transformation to cope with new conditions.

To achieve the key objectives in both stable and turbulent periods, an organisation needs to develop the capability for sustainable business excellence to become a higher performing organisation.

An average corporate life of 30–40 years in western economies, and numerous corporate failures when environmental conditions change dramatically - from advances in technology, or economic globalisation - suggest that conventional approaches are not equally effective in periods of environmental turbulence. For such periods, a new approach is required that aims for system resilience and landscape fitness, rather than business excellence, as we commonly understand it. In measuring business excellence by an assessment of an established framework, the higher the position occupied by a company the better (Dempsey, 2006).

In a landscape representation, the efforts by competitors to improve performance refer to a movement for a higher position towards the same peak on the same mountain, much like competing teams of mountain climbers. Progress in reaching for excellence, through product or process innovations, high quality, and more is normally measured by an assessment score referring to an organisation’s ‘altitude’ relative to one’s competitors. This sort of behaviour, guided by a key goal that is taken for granted, i.e. striving to reach the mountain peak to achieve excellence, is explained by the dynamics of ‘single-loop learning’ (Argyris & Schon, 1996). Similarly, this is the mountain that ABSA has to climb and continuously needs to compare to competitors to determine if the organisation is moving in the right direction of becoming pre-eminent.

There are different types of change that call for different kinds of responses, as seen in Fig. 2.4. In both personal and organisational matters, small changes call for minor adjustments, while moderate changes often require a considerable degree of adaptation, as might be seen when introducing a new product or a new technology. Less frequently, however, we encounter a dramatic change that a living system can survive only by transforming itself. Since the late 1970s a number of change drivers i.e., new technologies, the deregulation of several industries
and increased globalisation of trade, have caused an acceleration of environmental change. Sooner or later many business firms reach unknown environmental conditions in which they must either transform themselves to survive or they just decline and disappear.

The specific organisations that could operate effectively under the new conditions can thrive (Dell, Intel, Amazon.com, Port of Seattle, and more), while others, which had been very successful in the past (IBM, Barnes and Noble, Port of New York, and others), have been displaced from top positions or have disappeared.
2.6.1 Properties of complex adaptive systems

When we look beyond the general systems described by Ackoff (1994), we find additional systems in a living complex system such as a business organisation. These assist such systems to change, thus becoming even more complex, by displaying more and better adaptive/competitive behaviour over time. See figure 2.5 for such elements in a system.

Complex systems are open systems in which energy and information are continually imported and exported across system boundaries. This is an ongoing exchange of energy that moves a complex system far from equilibrium. Despite such constant change, there is also the appearance of stability, in that the system can maintain its distinctive identity.

Distortions can be reduced or avoided by bringing the whole system for dialogue into the same room (Weisbord & Janoff, 1995; Pascale, 2000). Complex systems have a history. The history of a complex system is important and cannot be ignored.
This forms the basis of the culture of the organisation. In any organisation the culture of the organisation is all-important and should be considered when entering a change phase. This is how the people in the company live and experience the living organisation. This is the history staff need to deal with – in ABSA they had to mould together four different cultures from the previous four different banks. This has now become the bank’s history that forms the basis of the new ABSA culture.

This unique trajectory in time, which affects what the system is capable of becoming in future periods, can be ignored by management only at great risk. It is a key reason for the spectacular failure of reengineering (starting out with a blank sheet of paper to improve performance) in the 1990s (Hammer & Champy, 1993). System boundaries are difficult to determine and therefore management usually finds it difficult to determine objectively, or with real accuracy, the boundaries of a complex system. Whether we view a supplier or a customer as part of the system or not, can have a profound impact on performance. The choice of boundary placement is based on management’s needs and perceptions rather than any intrinsic properties of the system itself.

2.5.2 Implications of complexity science for human organisations

Pascale (2001) argues that “a living entity view (of an organisation) is not just a metaphor, but just the way organisations are”. This can become the most insightful and productive way to understand organisational behaviour, and for novel ways to consider their performance. Most crucial for the organisations’ ‘management’ are the following:

- The inability to predict their future.
- The inability to control their behaviour.
- The inability to influence their future trajectory for survival and success.
- Inability to predict.

An important feature of complex systems is that they are sensitive to initial conditions. This implies that a very small difference in the initial conditions, at any point where we begin to observe their behaviour, may have a very significant impact on future periods.

This has major implications for management as managers generally tend to ignore this problem in strategic planning. This is not to suggest that organisations should not go through the exercise of annual planning, but that the planning activity should become related to learning and
preparing for the future of the organisation (De Geus, 1997). The inability to predict can be partially compensated by engaging in scenario planning and environmental scanning (Van der Heijden, 1996), an omission that lost Xerox most of its market share of xerography machines to the Japanese competitors in the late 1980s (Camp, 1980).

2.5.2.1 Inability to control

Another fundamental property of complex systems is that no specific system element can have enough complexity to be able to comprehend the system as a whole because if it could, the system would not be complex. Therefore, it is not meaningful or possible to attempt to control what happens to a complex system. This property is potentially controversial, because much of the management literature focuses on the role of effective leadership for planning and control. This does not undermine the significance of leadership, but recasts it in a different role—for intervention and interaction with other system agents to develop a compelling vision and take the organisation to new heights. In effective organisational designs, leadership skills must be distributed to all elements of an organisation and must draw on its collective intelligence to make the required adaptive moves (McMaster, 1996).

This clearly implies that initiatives to enable an organisation to transform itself, normally originate in those parts of a system that are most exposed to environmental changes that reflect new threats or opportunities. Hamel (2000) calls these system agents “the activist that bring about revolutionary changes”.

2.5.2.2 Inability to influence

Another way of looking at emergence is to think about the dynamics of a complex system. If all states in future periods were equally likely, then emergence would not occur. Instead, we observe that only a few configurations are ‘privileged’ in some way.

Again, a small set of simple rules in the operation can lead to complex behaviour and adaptation, and can change an assembly of system agents into a cohesive group.

Following a successful transformation, a living system evolves and becomes more complex in order to respond to an environmental challenge (Voelpel, Leibold & Tekie; 2000).
2.6 ADAPTING PERFORMANCE APPRAISAL TO PERFORMANCE MANAGEMENT

By definition performance management is more comprehensive, generally including performance planning/development covering goal setting, ongoing coaching and the development of subordinates, formally reviewing performance and rewarding performance.

The journey of becoming a higher performing organisation will necessitate the organisation to revisit the performance management system and align it with that of the first world. Performance appraisal is based on the individual and performance management is focused on the corporate team. It is crucial therefore for ABSA to revisit its system model of performance management and make major changes in the external and internal organisational environment.

Performance management is a huge improvement on the old appraisal system which was seen to be plagued by various problems and subjectiveness. See Table 2.1 for a comparison between performance appraisal and performance management.
Performance management was development, because of the failure of the appraisal system. This move represents the move from a HR driven process which had been a very isolated, mechanistic approach towards a comprehensive, integrated business-driven system aimed at the organisation and its people. This encourages the participative goal setting that is aligned with higher organisational goals. Conducting performance reviews and coaching is an ongoing basis and rewarding an individual’s performance based on outputs of the performance management system. If this is done effectively it will lead to a more desirable outcome – a higher performing organisation.
2.6.1 A systems model of performance management

In the early 1990s a survey was done amongst South African organisations wherein a wide range of problems was identified. This gave rise to the development of the systems model of performance management. The reasoning was that a system approach would address the wide variety of problems at different levels. The core elements of the systems model are described in figure 2.6 on the following page.

The systems model comprises inputs, processes, outputs and linkages to other systems. The effectiveness of the systems is largely influenced by inputs into the system. Strategic drivers comprise, firstly, the purpose or purposes of performance management. The purpose should be determined beforehand and should not contain any contradictory element and should be communicated clearly and timeously. The transformational framework consists of leadership: corporate strategy and culture is critical to changing the strategic direction of the organisation in order to exploit the opportunities within the environment. Sophistication is required from all internal stakeholders, i.e., management, supervision and employees and they need to understand and apply the principles and procedures of performance management. This can be clarified during a workshop where the necessary skills are transferred to all parties involved. The process is the core element in the performance management system and consists of the following:

- An organisational mission, goal and strategies that are clarified or developed and communicated to all employees.
- Goals and performance standards are negotiated for teams and individuals.
- Structures are designed and redesigned at organisational process and team/individual levels to ensure effective functionality of the entire organisation.
- Performance at the organisational, process, team and the individual levels is measured, feedback provided regularly and continuously with corrective/problem solving mechanisms in place.
- Ongoing performance reviews at regular intervals are scheduled for individual employees. Then further training and development needs are identified and provided by doing effective coaching and mentoring

Discussing rewards during the final performance meeting often gives rise to a negative feeling: and therefore, the reward issue can be separated from the annual review process. In the systems model, it is considered a linkage to performance management (Van Tonder, 1997).
Performance management is normally linked to human resources and occasionally to other organisational systems and processes (Redelinghuys, 2001). In regard to the human resources perspective it is linked with regard to training, development, career management and the reward system. The productive linkages to business strategy are ever-increasing.

![Systems Model of Performance Management](image)

**FIGURE 2.6: SYSTEMS MODEL OF PERFORMANCE MANAGEMENT**

_Cursive text indicates 2001 adaptations._

*(Source: Spangenberg, 1994)*

Outputs mainly reflect the purpose of performance management. This is the implementation of the strategy in an efficient manner leading to a satisfied and positive staff corps. The short-term outputs mainly comprise overall effective performance such as meeting the quantity and quality
of production and service demanded by the marketplace resulting in overall efficiency and employee satisfaction and morale. The long-term outputs comprise adaptability and development. Adaptability, flexibility, or capability of the organisation, respond to the internal and external environment changes. Development refers to the effective investment of resources over time so that the organisation can meet future environmental changes and demands (Van Tonder, 1997). This compares well with the model utilised by ABSA. Why does Absa need a new performance management process?

The new performance management process is central to helping the Bank to achieve their vision of being the pre-eminent bank in Africa; they can only achieve this vision through their people delivering the very best performance that they can. The new performance management process will be designed to enable and encourage truly great performance so that ABSA can beat the competition. ABSA Bank is simply a collection of people, and it is only through each of them delivering great performance that ABSA can be the best. That’s where Performance management fits in and that’s why it’s important that all should embrace the new process. It can help them to raise their game - and to win.

Performance is defined as realising goals and meeting expectations; and this includes having the right skills and abilities, the right motivational climate and resources.

2.7 PERFORMANCE, MEASURING PERFORMANCE AND RECOGNITION

Designing an effective reward and recognition program can be a tricky endeavour - and if done in haste it can create unintended consequences that can actually de-motivate employees and sabotage a program. Making the task even tougher is keeping the complexity of human behaviour and feelings in mind to create a program that works. However, designing an effective Reward and Recognition program is not only imperative, it is possible. Motivational scientist Victor Vroom (Metaforce, 2004) created the Expectancy Theory, which integrates meeting employee needs, ensuring equity in the workplace, reinforcing desired behaviours and setting specific, challenging and acceptable goals. He suggests:

- Make a clear connection between performance and outcome.
- Develop flexible rewards systems that provide a variety of potentially attractive outcomes.
- Determine what rewards the employee values.
- Ensure that employees receive appropriate training and have the ability to perform the job successfully.

2.7.1 Performance

ABSA Bank wants to move from good to great. In other words, they want to move from good performance to a higher state/level of performance that will make them the benchmark in the financial industry. To do this, they need to differentiate between the current state of performance and what is needed to take them to the next level. Figure 2.7 represents the model for creating a motivating climate that shows the effort that will lead to performance.

![Figure 2.7: Model for Creating a Motivating Climate Leading to Performance](Source: Coetsee, 2002:138)
Performance can be described by means of the following formula:

\[
\text{Performance (P)} = \text{Skills and abilities (S) } \times \text{ Motivation (M) } \times \text{ Resources (R)}
\]

With this scenario the manager's task is to see that the team have the required skills and abilities, the team is motivated and that they have the necessary resources to perform. However, if one wants to achieve a step in performance, or increase the level of performance to achieve the strategy of peak performance, change the formula to comprise the following:

\[
\text{Potential (the capacity to perform) } \times \text{ Commitment to performance (motivation)} \times \text{ Motivating climate.}
\]

(This can be depicted as in figure 2.8 below.)

---

**FIGURE 2.8: PEAK PERFORMANCE MODEL**

(Source: Coetsee, 2002:140)

The following elements play a role in the above model in figure 2.8. The capacity or potential to perform is more than merely skills and abilities: it includes the 'can do' aspects that an individual or team has that becomes the contributing factor to effectively completing the task. This is all-inclusive characteristics such as skills, abilities, knowledge, experience, aptitude, information and training. To achieve full potential an organisation must find ways of unlocking
the potential in the organisation so that it can move to the next level of performance – i.e. a higher level of performance.

Figure 2.9 indicates factors that play a role in unleashing the potential in the organisation. Commitment to performance is the characteristic of 'want to do' factors which include aspects of accepting clearly defined goals and apply the effort and energy to achieve these goals. We can therefore call it the commitment to performance. This is crucial for the organisation to grow its intellectual capital as it is the only appreciable asset. If an organisation succeeds in growing its intellectual capital it will succeed in growing as organisation. Intellectual commitment is a product of potential realisation and the commitment that goes along with it. To support this potential realisation the organisation must also cultivate a motivating climate as this again results in creating opportunities to perform. The motivating climate is needed for development, growth and to fully utilise the organisation's intellectual capital. A motivational climate is an environment which focuses people, energises and encourages them whilst unleashing their potential and creating opportunities in an environment in which the individual/team can be successful. This is achieved by stimulating the environment so that people can get alignment and become committed.

FIGURE 2.9: FACTORS THAT HAVE AN INFLUENCE ON POTENTIAL UNLOCKING AND UTILISATION AND ON THE JOB PERFORMANCE (Source: Coetsee, 2002:132)
Performance is a result or output due to interaction with other factors. The factors of a motivating climate which have a direct influence on performance are described as internal influences of performance and this has relevance with the individual, a team and eventually the organisation. When an organisation starts to perform at its peak it can imply three occurrences:

1. Team members are utilising their potential and consequently their potential is applied effectively and therefore becoming more competent.
2. Goals are being achieved and organisation expectations are being realised.
3. The employees in the organisation have grown to be more effective in achieving goals and realising the expectations because the intellectual capital had increased.

2.7.2 Measuring performance

It is common belief that performance evaluation does not work in the organisation. People experience this as threatening, demotivating and a waste of time. Systems in many organisations are outdated, poorly managed and badly designed. The recognition of performance is instrumental in an organisation to get the motivating climate right and up performance.

Most people want feedback on what they have achieved and contributed to the organisation and therefore prefer to have their work evaluated. They also encourage and welcome opportunities to display new skills and abilities; however, they do not want to be compared to co-workers or categorised accordingly to determine their level of performance. They need to be recognised for their own contributions and achievements.

Performance measurement should not be seen and practised in isolation, but should form an integral part of the total performance management process. Unnecessary factors should not be measured such as certain irrelevant personality traits. Performance measurement should be limited to the evaluating of the employees goal achievement, compliance with shared values of the organisation and the extent to which they live these “values” of the organisation (Kreitner & Kinicki, 2004: 91).
2.7.3 Recognition

After the evaluation process has been completed one needs to receive feedback or recognition on the past performance. Proper feedback and rewards can guide, teach and motivate people in the direction of positive change. Feedback is objective information about the individual or collective performance. It is quite simply any information answers to those “How am I doing” questions.

Feedback serves two functions namely, it is instructional and motivational (Kreitner & Kinicki, 2004: 91). Feedback also serves to clarify roles and teaches new behaviour. Feedback motivates when it serves as a reward or a promise of a reward. The motivational function of feedback can be significant, especially when pairing it with specific challenging goals and you give specific relevant feedback about those results.

The more feedback management gives to individuals the better and more constructive. Managers need to understand the interaction between feedback and the impact it has on the working environment. A fuller understanding of how employees cognitively or mentally process feedback is an important step in the right direction. To understand this better it is important to understand the complex process as detailed in figure 2.10 below. Feedback should successfully clear many hurdles if the desired behavioural outcome is to be achieved.
Six keys to an effective rewards and recognition program are recommended when implementing a rewards and recognition program:

- Obtain commitment from management - All the managers and executives should understand the program’s ins-and-outs. This includes eligibility, management’s roles and responsibilities, types of behaviours wanted, as well as results and contributions that warrant a reward. Train managers and executives to become role models and talk about desired behaviours. This way they are able to effectively spot and link desired behaviours to rewards and recognition during celebrations and distribution.

- Link the Reward to Bottom Line Results. Rewards and recognition programs should make sense from two perspectives: from the organisation’s overall goals and strategies and from the needs and expectations of the workforce. Ultimately the rewards and recognition program is to be connected to the employees’ and organisation’s day-to-day reality.

- Connect the reward’s value to the employee - Employees need to value and feel the reward is meaningful. They need to be excited about it, so that when they sacrifice or go above and beyond the call of duty, it will be worthwhile to them. They need to be proud enough to receive at least some of the awards that perhaps they will even talk about it with their families and friends for years to come.
- Distribute awards fairly and equitably—Employees need to believe that the program is fair. When developing a rewards and recognition program, it is important to establish criteria and standards to ensure organisational justice within the program. This is important for many reasons, but mostly because you want employees to trust the program and to see that it is fair to all employees who participate (Kreitner & Kinicki, 2004:336).
- Make it easy to follow—KISS (keep it simple, stupid) could not be more true when it comes to developing a rewards and recognition program. If you have to have multiple spreadsheets and diagrams to explain your program, you have gone too far. Remember, managers and employees have to understand it easily.
- Evaluate continuously—a rewards and recognition program should be monitored so that it stays relevant to the employees and the company (Kreitner & Kinicki, 2004:336).

2.7.4 Are you just playing the people game or are your sincerely heart committed to building your people?

Successful leaders must be able to discern the needs of their people instinctively, and then take action to meet them. The following is a list of the most common needs of people and how to meet them effectively. Though every item may not be true of the people you lead, take the time to determine what items do describe them. Then commit to take the proper action to put you and your people on the road to success (Maxwell, 2006).

- People like to feel special—compliment them. The highest compliment a person can receive is one given by his or her leader. Mark Twain said, “One compliment can keep me going for a whole month.” Take the time to notice your people’s work and don’t hesitate to tell them when they’ve done a good job. Make a habit of being generous and sincere with your compliments.

- People look for a better tomorrow—give them hope. Jean Kerr (Maxwell, 2006) said, “Hope is the feeling we have that the feeling we have isn’t permanent.” In other words, when people are having trouble to succeed, remind them of the purpose of their work and help them envision what their work will accomplish. With hope your people will work harder and longer to see a task through to completion.

- People need to be understood—listen to them. Every leader would be wise to heed the Cherokee saying: “Listen to the whispers and you won’t have to hear the screams.” Don’t
judge what people want to tell, before they've told you. Take time to understand their point of view and listen to their suggestions. It's the best way to ensure that they've been listening to you and it opens the door to innovative ideas for improvement.

- People lack direction – navigate for them. Part of the job as a leader is to help people figure out what they're most passionate about, and then help them pursue it. Sometimes that may involve a position change within the organisation or even allowing a person to pursue another opportunity. But when you understand that effectiveness comes as a result of surrounding yourself with people who love what they do, it's not difficult to let a person go who doesn't enjoy their work. Spend your best time developing and giving direction to those who are passionate about the work your organisation is accomplishing.

- Tom Peters is quoted by Maxwell (2006): "Techniques don't produce quality products or pick up the garbage on time; people do, people who care, people who are treated as creatively contributing adults." Before you ask anything of your people, make sure you've taken the time to understand and meet their needs. In doing so, you will give yourself a decided edge in maintaining their continued support.

The successful leader serves his people and comes underneath them and pushes them up and wanting to see them become more successful than what they are. They must encourage people with the right values on board and to find a credible way for people with different values to reposition themselves elsewhere to fully live out their potential there. Leaders that leave these legacies points outside the window when things go right and gives all the credit to the people in their team and when things go wrong, they fully own the situation and responsibility. They robustly are willing to face their blind spots and get into accountability relationships to work at their character issues, attitudes that need to change and behaviours that have to be faced and stay accountable until there is breakthrough. Good leaders know the value of being coached and stay focused to live their values and align their walk with these core values. Good leaders are not lone rangers. They welcome accountability and are life long learners - never the learned. They also don't need to be seen or have the last word to say. They are willingly followed by others and will work themselves out of a task.

There is the time for one to do a mid-year evaluation of how one is doing and evaluate how the time and finances spending reflect the value placed on walking the talk. When giving feedback
one should pay attention to the recipient's unspoken words and be careful of following trouble signs for organisational feedback:

- Feedback must not be used as punishment, to embarrass or put people down.
- Those receiving feedback should find it relevant to their work.
- Feedback must be timeous to add value.
- Feedback for corrective actions should be within their control.
- The system should be easy and employees should not feel that they have to spend too much time on collecting data.
- Feedback should be easy and straightforward, not difficult and complex.

The traditional top-down method of feedback has made way for some interesting new ways of receiving feedback like the 360-degree feedback system and the upward feedback.

2.9 KEEPING CHANGE SUSTAINABLE

Storytelling is a critical component of organisational transformation, writes Gabrielle (Erasmus, 1997). Two CEOs went walking in the woods and came across an attacking grizzly bear. One stops to put on a pair of runners. The other asks: "Why are you doing that, we can't outrun a grizzly!" The reply: "I only need to outrun you, not the bear." This tale explains competitive advantage in a nutshell. Would you remember this tomorrow? Could you repeat it in a month's time? Most importantly, does it help you understand competitive advantage? Michael Porter's (Lebby & Badedhop, 2005) competitive advantage definition: "Competitive advantage, sustainable or not, exists when a company makes economic rents, that is, their earnings exceed their costs (including cost of capital)."

This explains why research indicates that a large number of organisational change attempts either fail outright or fail to reap significant return on their investment. In 2006, Human Synergistics International (HIS) (Owens, 2005) analysed 41 Australian and New Zealand companies that attempted organisational transformation. While most of the companies surveyed showed some improvement, only six of the 41 achieved change so significant it could be termed transformation.
Common features of these organisations included:

- The critical leadership role in ensuring the organisation's mission, purpose and values were understood.
- The importance of effective internal communication is recognised.
- The organisation's willingness and ability to learn and grow and proactively manage change (Van Tonder, 1997).

Business leaders such as Jack Welch (http://www.humansynergistics.com/index.php) have always understood the power of story. When asked what his greatest attribute was, Welch replied: "That I am Irish and I know how to tell stories." While organisational storytelling is accepted as a key leadership competency, its role as a change management strategy is starting to be recognised.

People need to relate to something and understand why they have to change to accept the proposal to move on. They need the story behind the change initiative or else change will not be sustainable. There are various reasons why change initiatives fail and never become sustainable. Here are some typical reasons why change efforts tend to fail (Erasmus, 1997):

- People leading the change think that announcing the change is the same as implementing it.
- People's concerns with change are not surfaced or addressed.
- Those being asked to change are not involved in planning the change.
- There is no urgent or compelling reason to change. The business case is not communicated.
- A compelling vision that excites people about the future hasn't been developed and communicated.
- The change leadership team doesn't include early adopters, resistors, or informal leaders.
- The change isn't piloted, so the organisation doesn't learn what's needed to support the change.
- Organisational systems and other initiatives aren't aligned with the change.
- Leaders lose focus or fail to prioritise, causing "death by 1000 initiatives"
- People are not enabled or encouraged to build new skills.
- Those leading the change aren't credible – they under communicate, give mixed messages, and do not model the behaviours the change requires.
Progress is not measured, and no one recognises the changes that people have worked hard to make.

- People are not held accountable for implementing change.
- People leading the change fail to respect the power of the culture to kill the change.

2.9.1 Change models

There are two main approaches to creating change. The first and most popular is the problem-focused approach. This involves identifying what is wrong with the current situation (i.e. identifying the problem), analysing the current situation, exploring possible solutions, and then taking action. This approach can be effective, but all too often not only does it fail to solve the problem but it actually sustains the problem - energy and attention get focused on what isn't working and the problem has to be maintained so that the focus on solving it can continue (MacDonald, 2007). The second and rarer approach to creating change is to be solution-focused.

Instead of looking at what isn't working, we search out examples of where the change has already happened. If we focus on these, encourage people to enact them, promote these successes - it would represent the first sign of positive movement in the right direction. The key to using this successfully is to help the person you are working with to be extremely precise about the specific changes they will notice in their feelings, thoughts, internal images, sensations, and so on. Do this by asking them questions about the details of their experience (www.dynamicleadership.co.nz). To answer these questions they will have to create for themselves the experience of already having made the changes they are seeking. It is important to note that we need to apply different models of addressing change when working with individuals and groups. Below are the various methods that could be applied for handling change within a group or just with individuals.

2.9.1.1 Individuals

When dealing with individuals it is important to note the following in the individual’s behaviour. Human reactions to change, especially dramatic change, often go through similar stages. Think about redundancy and consider these stages: denial, blaming others, blaming self, acceptance of the new situation, and creative problem solving for the future (www.dynamicleadership.co.nz).

- Denial: "it can't be true!" or "I don't believe it!"
- Blaming others: "they should not have done that" or simply "it's their fault".
- Blaming self: "I should have known" or "it's my fault"
- Accepting the new situation: "it's happened and I/we must go on from here"
- Commitment to change: "I'm going to do something about this!"
- Creative problem solving: "what can I/we do about it? What are our/my options?"
- Perseverance: overcoming obstacles through persistence and more creative problem solving

Sometimes people pass through these stages very quickly, but there are also examples of people being stuck at one of the early stages for a long time (Kreitner & Kinicki, 2004). "People resist change" is often said but seldom true! What is true is that "people resist imposed change" (www.dynamicleadership.co.nz). This resistance to change needs to be managed.

Assess an individual's readiness for change before introducing change. Consider both personal circumstances and organisational context. If an individual is facing difficulties in his or her personal situation and works for a department that is held in low esteem, change will be seen as threatening and new ideas unwelcome. Readiness for change is highest when people are at neither extreme. Those in the middle ground of self-confidence and organisational reputation are best able to cope with change.

Build readiness for change by taking appropriate action. It is easy to make matters worse for a person feeling overwhelmed. Try to 'read' the signs correctly. For those with low esteem, involve them in visions and future possibilities that are appealing. Help them see a future that is so attractive that it becomes irresistible. For those who exude unwarranted confidence use facts, information and reality testing to confront them with valid data to reduce their high esteem. In both cases the aim is to move people to the middle ground where change will be more welcome and can be accommodated, leading to success (Kreitner & Kinicki, 2004:263).

What is the best way to achieve behaviour change? People can change their own behaviour, but usually have little success in changing the behaviour of others unless they want to change. Once the new behaviours are seen to work, attitudes, beliefs and values also change. Some would argue that changes in values can be achieved and that when this happens attitudes change and new behaviour results.
2.9.1.2 Groups

When working with a group *Appreciative Enquiry* is a useful and effective approach, rather than a model, for bringing about commitment to a new vision among a group of people. Effective meetings when people come together to discuss an important topic need to be managed at three levels (www.bioteams.com):

- The subject being discussed is the content and this includes the description of the problem or issue. The conclusions reached are mainly described in these terms.
- The procedures include the agenda, the venue, the timing and how the meeting is conducted. For example, does the meeting start with agreement about the desired outcomes - are these agreed?
- During the meetings feelings will emerge, especially when the topic is contentious. Sometimes people express their feelings; sometimes they are obvious from facial expressions and gestures (body language). How feelings are dealt with is often the test of a successful meeting.

Resolving conflict is an important skill when dealing with sustainability issues because people often feel strongly about the subject and harbour different perspectives that can be hard to reconcile. It is helpful to separate three things (www.bioteams.com):

- The positions taken.
- The interests of those taking part.
- The needs those taking part have and seek to satisfy.

The positions people take are informed by their interests and needs. However, they often state their positions more readily than their interests or needs. As mutual trust develops the readiness to describe interests and in due course to share information about needs becomes easier. The more that can be shared about needs the more likely it is that common ground will be found and mutually agreed conclusions achieved. This is the essence of joint problem solving and effective negotiation towards win-win outcomes.

The Gibb Model for group development is a useful framework for understanding the typical dynamics that occur when a group first comes together.
TABLE 2.2: THE GIBB MODEL FOR GROUP DEVELOPMENT
(Source: Leonardi, 2007a:68)

Individual needs tend to evolve in the sequence shown in the left column from top to bottom. Many organisations tend to be formed working up from the bottom of the right hand column. To help new groups get up to speed quickly it is desirable to allow time for the stages to evolve in the sequence set out in the left hand column - working with the natural change of human needs. The typical way of setting up a group, stating who the leader will be, imposing the desired outcomes, setting decision-making procedures and selecting those who will join the group often produce poor results and discontented groups.

Kotter (1995:61) identifies why corporate transformations fail, and indicates why change may not be sustained. Step 7 in his model involves consolidating improvements and producing still more change. Step 8 involves institutionalizing new approaches (Kotter, 1995:64). A mistake that an organisation can make is declaring victory too soon (Kotter, 1995:66). This happens,
Kotter argues, when management celebrates the first clear performance improvement, an action which kills momentum. Change must become part of the corporate culture, which he comments is, a process that can take five to ten years; new approaches are fragile and subject to regression (Kotter, 1995:66). Momentum is also lost when the urgency level is not intense enough, the guiding coalition is not powerful enough, and the vision is not clear enough (Kotter, 1995:66).

Another mistake that leads to failure is when organisations fail to anchor cultural change: ‘Until new behaviours are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed’ (Kotter, 1995:67). Institutionalizing change has two dimensions. The first concerns a demonstration of the links between changes in behaviours and attitudes, and improvements in performance. Kotter states that people rarely make these links accurately for themselves. The second dimension concerns management succession, ensuring that, ‘the next generation of management really does personify the new approach’ (Kotter, 1995:67). Successors need to continue to champion the changes of their predecessors, or the change effort degrades. Kotter’s perspective identifies five categories of influence on sustainability:

- **Managerial**: new managers must also champion the initiatives of their predecessors, or introduce their own ideas.
- **Leadership**: is the vision clear?
- **Cultural**: is there a sense of urgency about change, are new behaviours rooted in social norms and values, and are the links to performance clear?
- **Political**: is the guiding coalition powerful enough to maintain momentum?
- **Temporal**: has time been allowed for change to become part of the culture?

### 2.9.1.3 Institutionalizing change

Jacobs (2002:127) developed an approach to ‘institutionalizing’ change, based on a framework from Cummings and Worley (2005:194). Most change efforts do not just continue, but change should ideally last until all the goals that were set have been achieved. This is an important factor that needs consideration when looking at the strategic plans for ABSA to change into a high performance organisation. Armstrong (2000:238) defines institutionalization as change that has ‘relative endurance’ and ‘staying power over a length of time’ or that ‘has become part of the ongoing, everyday activities of the organisation’ (Lawler & Worley, 2006).
Sustainability is seen as one element in a complex process. Alexander and Renshaw's (2005:149) perspective identifies five categories of influence on sustainability:

- **Substantial**: are the changes consistent with and does it ‘fit’ the organisation?
- **Individual**: are competence, commitment to change and rewards adequate?
- **Leadership**: are goals clear, consistent, stable and challenging?
- **Process**: does the change have champions, internal support, monitoring and control mechanisms, and diffusion beyond first implementation?
- **Contextual**: is there social stability and trade union agreement?

Sustainable organisational change requires sustained resourcing. There are few successful ‘quick-fixes’ and initially, change may require substantial investment in training and there is a strong link between the success of new working practices and the investment in workforce development (Alexander & Renshaw, 2005:147). Organisations overlook the need for training in core competencies such as communication and problem-solving.

Organisations do not operate in a vacuum and change may also involve looking for external knowledge, assistance and support. Internal solutions may be inspired by an external leading-edge practice, and opportunities for peer-exchange may also alleviate some of the loneliness of the long-distance innovator. The ability to discuss options in the change process, or even conduct visit to other organisations have been shown to be effective ways of supporting organisational transitions. External facilitators have been particularly useful in supporting the development of partnership practices, which have subsequently designed and underpinned other developmental processes. Perhaps one of the most important resources for change is the development of a culture which is committed to research, negotiation, experimentation, critical appraisal and redesign over many cycles. An innovating organisation must also recognise that setbacks are inevitable and that the preservation of ‘blame cultures’ only stifle experimentation.

### 2.10 COACHING FOR CHANGE

Developmental coaching - typically described as a learning process between a skilled facilitator (the coach) and the learner in which the learner's potential to maximize his/her own performance is unlocked by the facilitation provided by the coach (Alexander & Renshaw, 2005:127).
Corporate coaches understand what it takes to become and remain successful in today's extremely competitive and ever-changing business climate. They are people who have in-depth knowledge of organisational systems and cultures and how these two factors influence individual performance.

The express intention of the coaching intervention is to deliver results against the following key business objectives (Alexander & Renshaw, 2005:127):

- Demonstrated increase in leadership capability.
- Improved alignment to achieve key responsibility areas.
- Measurable increase in the areas of retention, productivity, and value versus commodity sales.

Through in-depth interviewing with the coaching coupled with the use of 360 Feedback Assessments and related tools, the coach can pretty easily paint a picture of how the change is perceived in the organisation (Nel, 2005:12). That "picture" includes externally perceived strengths and areas in need of improvement. It also includes the perceptions with regard to strengths and areas to improve as well. Once this data has been collected and analyzed by the coach, barriers to success are more easily recognized and more easily worked with going forward.
CHAPTER 3

SUGGESTED DESIGN, INTERPRETATION AND IMPLEMENTATION OF PROPOSED GUIDE IN BECOMING A HIGH PERFORMING ORGANISATION

3.1 INTRODUCTION

Corporate culture is a label often used to describe the “what” about “why” something cannot be done. Peter Drucker (Langley & Nolan, 1996) is often quoted as follows; “Company cultures are like country cultures. Never try to change one. Try, instead, to work with what you’ve got.” One could be forgiven for believing that corporate culture cannot be changed.

Past experiences of various organisations have shown corporate culture can change or become intertwined with another culture giving rise to a new culture. A good example of this is the successful merger of the four individual banks that formed ABSA. Changing corporate culture undoubtedly requires leadership. It is useful; however, for leaders to be able to build a picture of the change required using a model of the culture. To change culture the following aspects need to be clearly communicated to all relevant parties (Cilliers, 2006).

- Being crystal clear about the goal of the organisation.
- Communicating the goal of the organisation at every opportunity.
- Distilling the goal into discrete outputs for teams.
- Holding people accountable to their contribution to the goal.
- Reducing the number of initiatives to focus on completing initiatives.
- Eliminating initiatives which did not contribute to the change process
- Deliberately, formally telling and retelling stories about good outcomes that contribute to the goal.
- Owning up to mistakes and poor outcomes.
- Training and promoting from within.

To implement organisational change theories it is important to point out that businesses are most likely to implement successful change if their leaders can effectively communicate a vision and
welcome input from all employees who will be responsible for implementing the change. This is echoed by John Kotter (1995:336), renowned Harvard Business School professor who outlines reasons that organisational change efforts fail in his article, "Leading change: why transformation efforts fail." Kotter stresses the importance of creating a sense of urgency, developing and communicating a clear vision, removing obstacles to implementing the change, and planning for and creating short-term wins.

When considering change, the paper models and information on organisational change models such as those proposed by Kotter seem easy to implement. In reality, it is quite difficult. To assist and simplify organisational change efforts one needs leaders who facilitate the process using proven, systematic methods for identifying the reason for the change, developing innovative alternatives to address the issue, selecting the best course of action, and planning for any problems that may get in the way of success.

### 3.2 STEPS LEADING TO ORGANISATIONAL CHANGE

The model is based on research by Kotter (1995:261) which shows that there are eight critical steps an organisation or service needs to go through to ensure that change happens and sticks.

These steps are:

1. Establish a sense of urgency, examine market and competitive realities and identify and discuss potential crises or major opportunities.
2. Form a powerful, guiding coalition and assemble a group with enough power to lead the change effort while encouraging the group to work together as a team.
3. Create a vision to help direct the change effort and develop strategies for achieving that vision.
4. Communicate the vision; use every vehicle possible to communicate the new vision and strategies to teach new behaviour by using the example of the guiding coalition.
5. Empower others to act on the vision and get rid of obstacles to change. Change systems or structures that seriously undermine the vision encourage risk taking and non-traditional ideas, activities and actions.
6. Plan and create short-term wins, planning for visible performance improvements and creating those improvements giving recognition and rewards to employees involved in the improvements.
7. Consolidate improvements and produce still more change using the increased credibility to change systems. Structures and policies that don't fit the vision should be replaced by hiring, promoting and developing employees who can implement the vision, reinvigorate the process with new projects themes and change agents.

8. Institutionalize new approaches, articulate the connections between the new behaviour and incorporate success to develop the means to ensure leadership development and succession.

These steps are summarized in the diagram below:

**FIGURE 3.1: STEPS TO LEADING ORGANISATIONAL CHANGE**
(Source: Kotter, 1995:178)

Figure 3.1 illustrates that one can group these eight steps into three stages:

- Creating a climate for change.
- Engaging and enabling the whole organization.
- Implementing and sustaining change.

This will form the basis of the design for the proposal of implementing change within ABSA in becoming a higher performing organisation. It is crucial that the management of ABSA is skilled in handling and leading the change process. In today's working life managers and leaders need to manage change and have the skills and abilities to guide change effectively. If ABSA wants to achieve the desired outcomes of the organisational change then change must be done on a needs-basis as determined by the organisational diagnosis. This is done by doing a planned
and systematic process of long-term change based on the scientific knowledge of the whole organisation and resistance to change needs to be managed proactively. The outcomes of the change should be to achieve the vision of becoming pre-eminent and double profits in the next three years. It should also be beneficial to the employees by improving the quality of the work life. Figure 3.2 takes note of the cycle of change in developing the organisation.

**FIGURE 3.2: CIRCLE OF CHANGE AND DEVELOPMENTAL PROCESS**
(Source: Naidu, 2007:31)

Change agents (organisational manager-leaders) need to be identified to assist in facilitating the change processes, not only to plan the change systems, but also to change the way people think, feel and behave. It is important to take note of the various feelings that the people within the organisation will be experiencing. The change agents need to be aware of the stages in the process of change. It is important to know where the employees are in the circle of change and if they are not moving on to the next change, to find something that can trigger the move to the next step into reaching the end objective. This circle is never complete and the employees can
run through the circle continuously for each change intervention. Throughout the process from the first step of crisis/tension, to transformation, transition and finally consolidation/development it is important for change agents to be supporting analysing the situation and giving guidance into reaching the next step by either assisting, and when necessary, creating the next trigger event to get the team moving in the right direction.

Change agents at ABSA should realise this and get involved in the process and get the team moving, getting them focused, dedicated and apply aligned commitment, leading to job satisfaction.

3.3 INTERPRETATION OF THE DESIGN

When translating the change design for an organisation it will have an impact on the climate within the organisation. The right climate firstly will have to be instilled so that total buy-in can be achieved at all levels within the organisation. This will assist in getting complete engagement amongst all staff and complete enablement within the whole organisation.

3.3.1 Creating a climate for change in ABSA

ABSA management should make a shift from traditional management roles of planning, control and organising to combining the two roles into that of manager-leader so as to unlock the potential of the people to lead them to higher performance. This goes hand in hand with a shared value system which is a set of principles which need to be developed and subscribed to by all employees, including management. They must understand this value system, accept it and live by it. These values should become the guidelines which determine the manner in which they conduct themselves in the workplace. This will assist with the work ethics which in turn is the way in which employees orientate themselves and their approach to their work and productivity levels. This in short is their commitment, dedication and pride of their work lives.

Furthermore, in order to improve the work ethics, it important to make the correct decisions and to manage dilemmas effectively. This is more than just creating a climate for change, but rather to ensure that a motivating climate for the workforce is present. Therefore, it is vital that the following elements in ABSA are present to achieve the right motivating climate for them to reach their goals:
• **Efforts** - The energy individuals are prepared to put into their work, whether they accept the responsibility for events or whether they react as a victim of the change process.

• **Goals and expectations** – goals must be understood and accepted whilst being challenging and specific with team members receiving regular feedback.

• **Unlocking potential of the team members** – management need to embrace a manager-leadership role and create a learning environment through a mentor program, making resources available and includes changing self-defeating and inhibiting behaviour related to self-concept, self-esteem, self-efficacy and fear of failure.

• **Performance** – potential X commitment X motivating climate equals the level at which goals and expectations are realized.

• **Results are outcomes** – this follows performance in the form of extrinsic outcomes and intrinsic results.

• **The experienced equity of outcomes** – this is the comparison between individuals of their perceived efforts and inputs versus that of other and what they receive in return for their inputs.

• **The perceived significance of the outcomes** – this is the attractiveness of the outcomes and the feedback/recognition that is provided and the extent to which it is satisfying for the employees (Coetsee, 2002:100).

All these elements together interact with the various dynamics and then lead to the following outcomes: It equates to aligned commitment due to the right level of knowledge, their level of being informed, being empowered, the level of rewards and recognition, and the level of understanding and living of the shared vision (goals and value system).

This also helps with the efficiency and effectiveness of the team which determines the level of success of the organisation. The end result is job satisfaction where employees are motivated to high performances and productivity.
3.3.2 Engaging and enabling the whole organisation

During any type of change, it is natural to gain insight from one’s peers or to speak with people who report to one. When a change is first announced, most people react emotionally not logically. So when communicating to others based on emotion, one may be releasing some feelings that are not conducive to moving forward with new processes. Focus the communication with those above you for the purpose of understanding more of the reasons, results and ramifications of the change. Once one has the information and feels more comfortable with the direction, communication downwards and sideways will be more logical in nature, rather than emotional. At this time your communication will assist the organisation in consistently getting out the right message and helping others through their adaptation process. If negative emotions escape, they are difficult to overcome later and may be detrimental to the success of the organisation. Managers lead by choice to empower employees and delegating meaningful assignment and tasks. Allow staff to handle their own projects as this is advancement for them, improving their skills. Managers need to lead for competence by supporting and coaching their employees. This is supported with positive feedback and sincere feedback which is also coupled with the assigning of more challenging tasks to fuel the employee’s intrinsic motivation. Managers lead for meaningfulness by inspiring their employees and modeling desired behaviour. This helps the employees to identify their passions at work creating an exciting organisational vision which the employees relate to.

Another important factor is good communication for the organisation as this builds trust amongst the employees. It keeps the employees informed and updated on issues like policies and decisions allowing for accurate feedback. Tell the truth at all times, be open regarding own problems and limitations. Be available and approachable. Provide help, advice and coaching support for all team members and their ideas. Managerial respect is important in the real decision making authority and delegation process. Be quick to give credit and recognition to those who deserve it. Be fair, making sure that all performance appraisals and evaluations are fair and objective. Managers need to be consistent and predictable in their daily affairs, keeping both expressed and implied promises. They need to enhance their credibility by demonstrating good business sense, technical ability and professionalism. In the process look for quick wins that can immediately add value and make a difference in the organisation.
3.3.3 Implementing and sustaining change

Manager-leadership must realise that leading the change and announcing the change is not the same as implementing it. They must allow people’s concerns with change to surface and it needs to be addressed. The people being asked to change must be involved in the planning of the change. There is no urgent or compelling reason to change – urgency needs to be created and sustained. The business case must be communicated to all involved in the change process. A compelling vision which will excite the people about the future must be developed and communicated. The change leadership team must include early adopters, resisters and other informal leaders to be involved. Change must be piloted, so the organisation can learn what is required to support the change. Organisational systems and other initiatives must be aligned with the change. Leaders must remain focused or else they will fail to prioritise relating to failure and non-sustainable change initiatives. People must be enabled or encouraged to build new skills. Those leading the change must be credible and must be very wary not to under-communicate the change initiatives and give out mixed messages. It is important that they model the behaviours that change requires.

Progress must be measured, and recognition needs to be given to the people who have worked hard to make the change initiatives work. People must be held accountable for implementing change processes. The change agents should acknowledge and respect the current organisational culture and the impact it could have on the new change initiative. They also need to investigate all the possibilities and options before a specific change is chosen.

3.4 IMPLEMENTING CHANGE

The transformational elements of Figure 3.3 below are based on three modern theories – the process theories of motivation. The first of these theories is the Expectancy Theory.
The Expectancy Theory can be summarised as a hope, expectancy or a goal (block 1A of the model). If this is not achieved via performance (block 3 of the model) the results (block 4 of the model) or outcome is negative, leaving a feeling of despondency. If the process is implemented correctly the outcome is the reverse – the individuals’ efforts (block 2 of the model) leads to the achievement of the goals, performance (block 3 of the model) and the outcome is the feeling of success.

The crux of this theory is that people are motivated by the attractiveness or valance, equity and significance (block 4A and 4B of the model) of the expected results/outcomes (block 4 of the model) of their efforts (block 2 of the model) and performance (block 3 of the model). Motivation is a function of the relationship between effort expended (block 2 of the model) which leads to a specific level of performance – achieving goals and meeting expectations (block
3 of the model). This is followed up with recognition and rewards – results or outcomes (block 4 of the model) which the individual finds attractive or of value (block 4A and 4B of the model).

The Expectancy Theory is supported by the other three theories that have been built into the model as depicted in figure 3.3 above. These three theories are:

- Goal-setting Theory (Block 1A) – goals and expectations
- Equity Theory (Block 4A) – employees need to know that they are being rewarded for their input and that the rewards compare fairly with similar inputs.
- Reinforcing Theory (Block 4, 4A and 4B) - this enhances desirable behaviour through positive reinforcement, negative reinforcement, punishment and extinction.

It is thus recommended that this model to reinforce change is employed. It is further recommended that the upskilling of all people within the organisation takes place on all levels. This is crucial so that strategy is interpreted correctly and aligned commitment is achieved.
CHAPTER 4

CONCLUSION, RESULTS FROM THE EMPIRICAL STUDY AND RECOMMENDATIONS

4.1 SUMMARY

The research performed as well as the literature review emphasises that it is clear that the proposed strategy for ABSA to become pre-eminent can only happen if the organisation changes to a higher performing organisation. This entails that the whole organisation will have to adopt the strategy to enable the change. Management/leadership plays a crucial role in this transformation process in leading the organisation to pre-eminence. This is the process of moving from good to great.

Management will also have to deal with the skills gap within the organisation that could prevent the company from becoming pre-eminent. The other problem is the manner in which leadership/management interprets strategy and how they transfer this to the lower levels. It cannot be left to middle management to translate and implement, but senior management right to the top needs to show their commitment.

The challenge, however, is to support the required development of a culture and workforce development (skills and competency, human resources) that strengthen capability and capacity to meet the key objectives for the organisation. The growth of an organisation needs to be appropriate, cost effective, and responsive to need, of acceptable quality, well integrated and sustainable, taking into account all key stakeholders. The pace of capacity building and building capability for any organisation involves the need for genuine dialogue rather than prescriptive solutions. Full consideration is given to local circumstances, constraints and opportunities when embarking on capacity and capability building. Key areas for capacity and capability building are agreed upon:

- Specific goals and objectives for each area are negotiated and agreed.
- Key stakeholders are fully involved throughout the process.
- A comprehensive assessment is essential to building sustainable strategies.
Capacity building must be realistic and recognise the need for long-term commitment.

It is imperative that capacity building needs to start at the top and then cascade to the lower levels. This will help in meeting the objectives of the strategy of becoming pre-eminent.

4.2 CONCLUSIONS

Striking a balance between the role of management and the role of leadership ensures organisations reach their vision and surpass their current goals and objectives. There is growing evidence that reflective practice for leaders, through the use of a coach, mentor and teacher, reaps tremendous benefits for organisations, teams and individuals. An ability to maximise all the resources available by allowing the full potential of those resources to eventuate is one of the biggest assets an organisation or leader can nurture. An organisation, team or service led by a skilled leader whose people perform to this level is a high performing organisation - High Performers = Good Returns.

Organisations can inadvertently serve to 'maintain the familiar', that which represent their comfort zone. Effective leaders do not solve problems; they create conditions in which others can solve their own problems for themselves. To lead change in an organisation that gives a cutting edge for that company or service, leaders need to be capable of distinguishing between good and great. A mentor or coach can create a safe environment where a developing leader can regularly raise the bar. The benefits to an organisation of engaging a coach and mentor for key staff can be described as follows:

- Staff recruitment and retention.
- Staff performance, a competitive edge and increasing business potential.
- Relationship management.
- Return on investment: High Performers = Good Returns.
- Quality, training, service delivery, profit.
- Legislative compliance.

The benefits to an individual of engaging a coach and mentor can be described as follows:
The coach/mentor brings with them significant expertise in both management and leadership. Coaching and mentoring is one way of receiving regular ongoing development through reflective practice.

The coach/mentor ensures the manager and leader being coached and mentored has ownership of the process of development and the ensuing results. Both ownership and results build confidence and competence.

The coach/mentor is somewhat detached from the organisation and the internal politics and is therefore able to give an objective view, acting as a sounding board or mirror for the manager and leader.

External coaching and mentoring allows leaders to be open and candid about both their aspirations and concerns.

The relationship between coach/mentor and leader/manager allows for an environment of trust to be built that is specifically designed for reflection on a regular, scheduled basis.

Coaching and mentoring allows time for leaders/managers to reflect on how they can remain focused, realistic and pro-active in the delivery of their management responsibilities, while maintaining a vision for the future and understanding the building blocks to get there.

An effective coaching and mentoring program can be the vehicle for ABSA to achieve its objectives.

4.3 RECOMMENDATIONS

Most leaders and managers understand that in the age of knowledge workers and the rise of service industries, employees properly leveraged can be their most important asset. In fact, the organisations that invest in the skills development of their human capital are increasingly able to differentiate themselves in the competitive global market. This new approach to human capital has resulted in the transformation of traditional management, focused on authority, to leadership centred on enabling employee growth and development. Coaching is viewed as an essential leadership tool to enable this human capital focus to unlock employee and team potential.
Coaching is a term that is increasingly used in the New Economy for higher performance organisations. The VISA coaching plan must be utilised to assist the organisation in moving toward pre-eminence (Nel, 2005:10). This plan drives the total leadership in a coaching context.

- **Vision** – this is the start of a model representing the compelling dream creating a vision in each leader in the entire organisation. This will bring about direction and this will then be communicated to all levels. By creating a vision leaders are excited and inspired their followers. The leaders believe in informed intuition and are able to challenge assumptions. Using vision, the leaders create a company vision that unlocks the potential and achieve high performance.

- **Interdependence** – this is recognising that interdependence is a vital part of being a leader. Leaders are expected to see the broad implications of every action they or the team take. By acknowledging their interdependence leaders are able to sow people at all levels how important their contribution is with regard to the success of the organisation. This also enables people to become system thinkers. The system thinker then endeavours to grasp how change that was introduced in one part of the organisation creates change in other parts of the organisation.

- **Structure** – rules of coaching and the third element of the VISA Coaching tool. This refers to the policies and practices that needs to put in place to ensure that pre-eminence is achieved. This scopes the need for rigorous discipline and the structures need to be liberating allowing for flexibility.

- **Action** – this translates thinking into action. This is a very important component of the coaching tool. If leaders action this tool effectively they will be able to unleash the individual’s potential and performance delivery.

These four steps in coaching are interlinked, but without transforming the deeds into action, it will equate to nothing.

It is thus recommended that the VISA coaching tool is used to coach leadership for pre-eminence. This will enable the bank to create a high performance team and in so doing they can replace the typical management activities like supervising, checking, monitoring and control with new behaviours like coaching and communication. The focus must also be on moving from transactional coaching to transformational coaching.
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