

An organisational alignment framework to improve South African mining companies

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ABSTRACT

South African mining organisations are facing numerous challenges: decreasing commodity prices, policy uncertainty, rising input costs and increasing stakeholder expectations. In order to successfully address these challenges, each mining organisation needs to respond in a unified, aligned way.

This study strived to determine the degree of perceived organisational alignment among managers within South African based mining organisations and to uncover the key enablers of organisational alignment. Based on a literature review and extensive dialogue with relevant role-players within the South African mining industry, *first*, a multidimensional construct of perceived organisational alignment was conceived and *second*, within the context of perceived organisational alignment, enablers of organisational alignment were postulated. Measureable variables of the aforementioned were subsequently developed.

An online questionnaire-approach was followed to collect data from 286 managers from a selection of all the major South African mining commodity sectors on their perceptions of the degree of organisational alignment as well as on the enablers of organisational alignment. Using exploratory factor analysis, the validity and reliability of the proposed organisational alignment construct and organisational alignment enabling factors were examined.

Six factors explained the organisational alignment construct whereas the posited enablers of organisational alignment were explained by eleven factors. Spearman's rank order correlation analysis followed and indicated statistically significant positive correlations between the eleven enabling factors and perceived organisational alignment.

Applying structural equation modelling, five of the eleven organisational alignment enabling factors indicated a unique influence of practical importance on perceived organisational alignment. Three data-model fit tests confirmed that the pattern of

variances and covariance in the data was consistent with the hypothesised framework of organisational alignment specified in this study.

The outcomes and practical value of this study were the following: a conceptual framework of organisational alignment; a validated and reliable measurement instrument of perceived organisational alignment and its enabling factors; and a range of recommendations on how South African mining organisations may improve organisational alignment.

Taking a largely sociological perspective of organisational functioning within the South African mining industry's fast-changing internal and external stakeholder environment, this study contributed to the discipline of strategy planning and execution in general and in particular to the subject area of organisational alignment.

Key words: value creation; open systems; organisational purpose; stakeholders; strategy execution; and organisational alignment.

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LIST OF ACRONYMS AND ABBREVIATIONS

β	–	Standardised regression coefficient
BCE	–	Before Common Era
BOG	–	Balanced objectives and goals
BSC	–	Balanced Scorecard
CA	–	Change anticipation
CEO	–	Chief executive officer
COG	–	Clarity on objectives and goals
CM	–	Chamber of Mines of South Africa
EOS	–	Enabling organisational structure
GDP	–	Gross domestic product
GFT	–	Goal framing theory
IKM	–	Information and knowledge management
KMO	–	Kaiser-Meyer-Olkin measure of sampling adequacy
NGO	–	Non-governmental organisation
OC	–	Organisational change
OV	–	Organisational values
PI	–	Planning inclusiveness
PM	–	Performance management
PMS	–	Performance management system
PwC	–	PricewaterhouseCoopers
Q	–	Survey question or statement
RDT	–	Resource dependence theory
Rho	–	Rank order correlation
SD	–	Standard deviation

- SEM – Structural equation modelling
- SER – Socio-economic responsibility
- SPMS – Strategic performance management system
- SV – Stakeholder voice
- SWM – Shareholder wealth maximisation

CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 Introduction

South Africa is the world's richest nation in terms of mineral resources and has the potential to be the world's most important and competitive mining industry. However, never before has the mining industry in South Africa faced such a degree of change and uncertainty. The mining industry is experiencing increasingly negative sentiments from investors and also government, the latter manifesting as resource nationalism. Compounding the aforementioned are pressures from communities for increased corporate social responsibility, cost pressures, commodity price uncertainty and demands from organised labour and environmental bodies (Deloitte, 2014:27). While mining organisations commit considerable resources to understand key risks, social pressures and opportunities, their ability to respond systematically to obtain the industry return on investment sustainably and responsibly in the medium and long-term interest of all stakeholders is not clear.

It is indeed an uncertain time in general. Kaletsky (2010:181) said that in a world where the future is indeterminate and shaped by reflexive interactions between human behaviour, expectations, and reality, the rational expectations concept of a single "correct" model that everyone believes in is a delusion. Amidst all the often competing forces of influence organisations experience, their purpose remains to create value. Porter (2008:101) argued that the creation of true economic value remains the final arbiter of business success. Collins and Porras (2005:76) argued that the purpose of an organisation and hence the measure of its success, goes beyond just making a profit and should encompass a set of fundamental reasons for its existence. Views on the meaning of economic value, however, will be diverse among an organisation's stakeholders, of which the organisation's management is probably the most influential being the primary role-players in the process of creating and trading value.

1.2 The South African mining industry – contribution and challenges

Humankind has engaged in the extraction of minerals and metals throughout human history. Human cultural history's three distinct periods: the Stone Age, the Bronze Age and the Iron Age, reflects the technological advancements related to the discovery and manipulation of earth materials and their impact on human civilisation. Human culture is bound to the availability of minerals and metals, and our prehistoric ancestors depended on mining just as we do today (Kogel, 2013:6). Since the discovery of diamonds in Kimberley in 1871 and the Witwatersrand goldfields in 1886, the mining industry has been a major contributor to the development of South Africa (Sorensen, 2012:21). During the 1960s and 1970s the growth in real gross domestic product (GDP) in South Africa was credited to the growth in mining and manufacturing that improved significantly during this period rising from 37.8% of GDP in 1960 to 48.4% of GDP in 1980 (Chirwa & Odhiambo, 2015:11).

Like many other African countries, South Africa has vast mineral wealth with immense value generation potential. With more than 52 commodities under its surface, South Africa has the world's largest reserves of platinum, manganese, chrome, vanadium and gold, as well as major reserves of coal, iron ore, zirconium and titanium minerals. The combined value of these resources is estimated at US\$ 2.5 trillion (Deloitte, 2013:5). In 2015, the South African mining sector sold commodities worth R391.4 billion of which 69% came from exports. Mining accounted for 7.7% of GDP directly and approximately 17% if direct, indirect and induced effects are included. The 7.7% contribution to GDP compares to a 14.7% direct share in 1994. In 2015, investment in mining shrank by 0.6% as organisations scaled back. Despite this, mining accounted for 10.8% of total fixed investment (gross fixed capital formation) and for 17% of private sector investment in 2015 (CM, 2016:23). Globalisation has led to a situation in which South Africa's mines are price takers, that is, the export and domestic prices are set in markets around the world. As a price taker, cost increases cannot be passed on to the end user of South African minerals, and the sector's efforts need to be directed towards containing costs through productivity improvement (CM, 2016:23). As a result of falling prices and rising costs, the South African mining industry experienced a loss-making

situation in the last two years, making mining the only loss-making sector in the economy. After tax and dividends, the net loss in mining of R10.6 billion in 2014 increased to a loss of R47.5 billion in 2015. The industry paid R11.36 billion in corporate tax in 2015, down from R14.6 billion in 2014, while dividends halved to R5.7 billion from R12.4 billion (CM, 2016:23).

The South African mining sector faced significant challenges in recent years: increasing costs, labour unrest and low commodity prices. Many mines struggled to remain profitable. Despite these factors, mining has continued to be a strong provider of employment in South Africa. The mining industry directly employed 462,000 individuals in 2015, although this is a decrease of 6.85% from 2014. The reduction in the number of employees is an indirect reflection of the pressure placed on the industry caught between input and employment costs that have been rising at a greater rate than inflation and the decline in global commodity prices that has contributed to a decline in the revenues from which all stakeholders must share equitably (CM, 2016:24). The industry faces a number of key challenges that include decreasing grades, rising input costs, higher capital costs and labour strikes. While not unique in this regard, the South African mining industry is facing particularly turbulent social, economic and political challenges. Mining organisations have to contend with the environment that is constantly evolving, including increasing scrutiny from governments, customers and other stakeholders and in order to stay in the playing field, mining organisations need to move quickly to innovate and transform themselves for long-term success and at the same time, keeping a close eye on short-term costs (PwC, 2012).

Although not unique in this regard, mining organisations have the unenviable task of balancing the needs of multiple stakeholders. Each stakeholder group has its own unique objectives, often conflicting with those of other stakeholders (Deloitte, 2013). In 2014 one of South Africa's costliest waves of strikes took place in predominantly the platinum industry and reportedly affected half of the global platinum supply in which organisations forfeited revenue of approximately R23 billion, employees lost earnings of some R10.7 billion and real GDP growth decreased by more than 0.7% as a result of the strike alone (Bohlmann *et al.*, 2015:403, 408). Mining is often

perceived as an environmental and socially disruptive activity and growing evidence illustrates sustainability is now a core nontechnical function of mining organisations itself – in parallel with innovation, market fluctuations and declining ore grades, according to Ololade and Annegarn (2013:568). Many mining operations, as a result, have become perfect storms: epicentres amid swirling reputational threats, land-use conflicts, political interference, regulatory uncertainty, infrastructure shortcomings, corruption, and often hostile community relations (Kirschke, 2014:44). Factors contributing to reduced optimism within the South African mining industry are slower than expected rate of economic growth, a prolonged and continuing downswing in commodity prices, an increase in short-term volatility, increased pressure on operating models, and regulatory uncertainty. Adding to these challenges is the increased difficulty in raising capital due to a loss of confidence by investors. Low share prices have resulted in capital markets being seen as a last resort for finding capital. With South Africa's mining sector being in a fairly mature stage of development, mining organisations are dealing with increasing operating costs and declining ore grades, placing pressure on operating models (PwC, 2015:5).

Furthermore, mining organisations' pursuit of profit needs to be increasingly balanced with the needs of society and of the environment (Sorensen, 2012:21; Deloitte, 2016:27). Owen and Kemp (2013:29) argued that a necessary first step for mining organisations is to reconcile its internal risk-orientation with external expectations which requires a less defensive and more constructive approach to stakeholder engagement and collaboration. Antin (2013:1) commented that while the South African mining industry has played a key role in attracting foreign investment and creating leading global organisations, it remains South Africa's most critically observed economic sector. The author observed that the South African mining industry has undergone major turmoil since the beginning of the 2008 global financial crisis that included increasingly vocal calls for the nationalisation of mines as a cure for the nation's hardships of poverty, inequality and unemployment. Antin (2013:18) concluded that the South African mining industry is highly volatile and stands at a crossroads, stating that any erroneous decisions related to the mining sector policies that are made will have an impact on the entire country's economy.

The overarching challenge South African mining organisations have is to find an equitable balance of interests, ensuring that mining is productive and profitable, as well as being fair to all stakeholder groups (Deloitte, 2013:5). Also, South African mining organisations need to be more innovative in the way they interact with local communities, government agencies, their employees and shareholders (Deloitte, 2014:38).

The review on the challenges facing the South African mining industry indicated that, more than ever, uncertainty and turbulence will remain. The challenges do not predominantly refer to varying demand and commodity prices or even competitive position, but rather refer to mining organisations' ability to respond to changing stakeholder expectations, changes of legislation, and the like.

1.3 Responding to the challenges

For mining organisations to successfully compete in an uncertain environment, it is crucial to respond and adapt in unison and still be efficient. Mining organisations' ability, then, to align with stakeholders becomes an imperative. Yet, while the majority of organisations consider alignment to be important, only 39% believe their alignment is effective (Valenzuela, 2003). Kaplan and Norton (2005) said that, on average, 95% of an organisation's employees are unaware of, or do not understand, its strategy. Ryu (2015:473) commented that leaders often find that their subordinates do not know the organisation's vision and goals, despite consistent efforts to make them understand and accept the organisation's vision and goals. Sull *et al.* (2015:63) found that less than one-third of senior executives' direct reports clearly understand the connections between organisational priorities, and the share falls to 16% for frontline supervisors and team leaders and that only 55% of middle managers can name one of their organisation's top five priorities.

To meet the previously mentioned challenges, mining organisations will need to integrate stakeholder strategies and develop and track performance indicators with the same thoroughness they use to track production. Until unaddressed stakeholder demands are considered as a direct business risk, mining organisations will struggle

to minimise the probability and financial impacts of those risks. Leading mining organisations are acknowledging the need to alter their business practices to meet the imperatives of sustainability, sparking the adoption of new operating models, governance structures and measures of wealth (Deloitte, 2012:11). While maximising shareholder value is probably still the reigning school of thought within South African mining organisations, they are increasingly being influenced by a variety of key stakeholders other than investors and shareholders, for example communities in which mining organisations operate, political parties, government, organised labour and environmental lobby groups. It is probably safe to argue that the balance of power is being challenged.

South African mining organisations need to ensure that the required engagement platforms are in place reflecting a more balanced approach towards the so-called non-traditional stakeholders. The wide-spread labour unrest within the mining industry during 2012 and 2014 with the consequent loss in production is a vivid reminder of the influence of key stakeholders. Ensuring alignment with the expectations of a more representative set of stakeholders is, however, only part of the solution towards being competitive – in the meantime, the quest to maximise profit remains a cornerstone of management's focus. The profit imperative is made clear by Bernstein (2010:311) who reasoned that organisations need to constantly find new ways of utilising resources and added that sustainable performance requires an increasing balance between short-term profit maximising and looking beyond shareholder wealth.

1.4 Research problem statement

In order to be able to meet the challenges referred to in the previous sections, mining organisations need to improve their capability to align their value creation process with the expectations of all its stakeholders. To be responsive, organisations require integrated and dynamic processes to align organisational resources, both internally in a coordinated way as well as a unit in response to the external environment.

This study focused on the South African mining industry and the main objective was to address the following research problem: *What are the antecedents and enabling factors influencing perceived organisational alignment within South African mining organisations?*

1.5 Research objectives

In order to address the above stated research problem, the following research objectives were formulated: *first*, to determine the degree of perceived organisational alignment; *second*, to determine the enablers and antecedents of organisational alignment; and *third*, to develop an organisational alignment framework.

1.6 Research design and methodology

This section outlines the selected research design and methodology and will also include a brief description of the perceived organisational alignment construct and the posited enabling and antecedent factors thereof.

This study utilised Mouton's (2011:137-142) *Three Worlds* explanation of the epistemological and methodological differences between the main research approaches to guide the research design and methodology. This study largely adhered to a post-positivism frame of reference, contending that one can make sensible conclusions about a phenomenon by combining empirical observations with logical reasoning. Ontologically, the researcher regarded organisational behaviour, within the context of on-going environmental change drivers, as essentially ordered and foreseeable. From an epistemological perspective, the researcher primarily focussed on understanding generalisable forms of behaviour and therefore objectively obtained the subjective self-reported views of individuals within organisations. A quantitative data collection approach was therefore decided upon. A predominantly deductive approach was followed, that is, concepts and patterns known from theory were tested using new empirical data. The topic of interest, research problem formulation and the subsequent development of the study objectives were a result of iterations between the researcher's first-hand experience

regarding organisational alignment challenges within South African mining organisations and theory on the subject of organisational alignment. Figure 1.1 illustrates the research process that was followed.

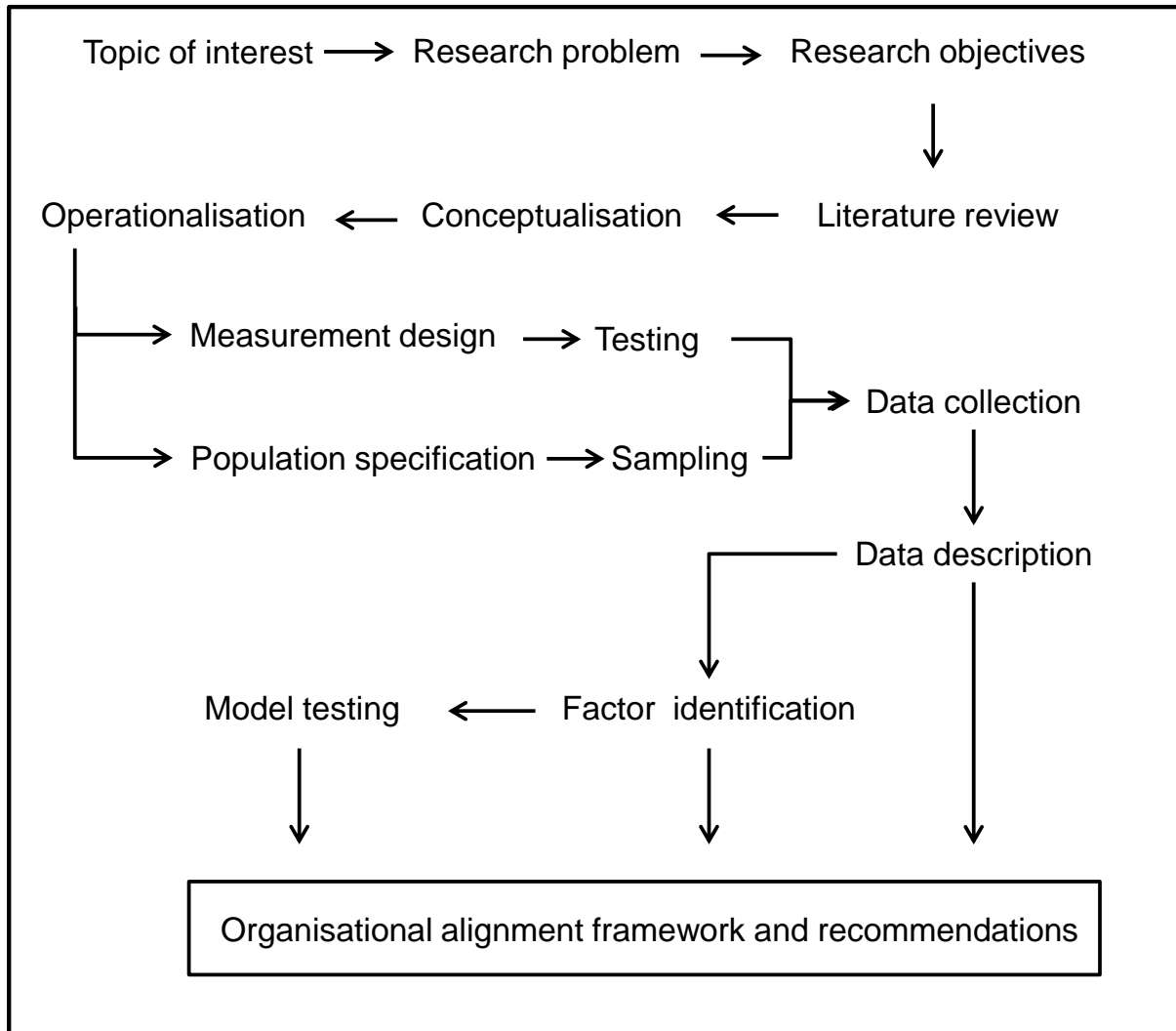


Figure 1.1: Research process

Source: Researcher.

The overall objective of the study was to propose a framework of organisational alignment and to make recommendations that will improve South African mining organisations' alignment capability. The research problem and research objectives were stated in section 1.4 and 1.5 earlier in this chapter. The objectives of the literature review were to guide the conceptualisation of the organisational alignment construct, its formative dimensions as well as the operationalisation of its formative

dimensions. The review on literature was also used to guide the identification of measurable variables of the formative dimensions. Lastly, the literature review was used to guide the identification of possible factors that may affect organisational alignment. Mouton (2011:117) explained conceptualisation as the process when the meaning of a concept is clarified through the deductive origin of its constitutive meanings. The conceptualisation of organisational alignment was developed from the supposition that an aligned organisation is not a directly observable organisational characteristic and should therefore be treated as a latent construct, possibly consisting of multiple elements or dimensions. Conceptually, the following definition of organisational alignment – from a state as well as a process perspective – was formulated. An aligned organisation is able to sustainably meet the expectations of its internal and external stakeholders (state perspective). Organisational alignment takes place through on-going formal and informal agreement on objectives and goals, stakeholder priorities and resource allocation among internal role-players (process perspective).

The scope of this study is internal-to-organisation perceptions of organisational alignment and its enabling and antecedent factors. Organisational alignment was operationalised as internal role players' perceived degree of agreement on three dimensions namely: the organisation's purpose, stakeholder priorities, and execution focus. The following categories of organisational alignment enabling factors were identified: culture, strategy, structure, and systems.

The design of the measurement instrument addressed the following objectives of the empirical stage of the study:

- a) Determine the level of perceived organisational alignment;
- b) Determine attitudes and opinions on a proposed set of factors that may affect organisational alignment; and
- c) Identification of correlations among measurable variables in order to identify the underlying interrelated factors between perceived organisational alignment and factors affecting organisational alignment.

The overall classification of this study was cross-sectional, descriptive, and correlational research. Based on the aforementioned classification and taking into account that the research problem required data on perceptions and attitudes, it was decided that primary data will be obtained. A quantitative approach regarding data collection was decided on implying that data related to the research problem were coded and quantitatively tabulated and analysed.

A rigorous questionnaire development process focussing on content validity was followed that involved numerous role-players that included managers within the South African mining industry, a management consulting company as well as individuals with academic research experience. The input from a focus group consisting of managers from one of the target population organisations was also obtained. The proposed electronically emailed questionnaire was subsequently piloted in order to address any remaining concerns. Managerial levels within mining organisations were selected as the target population. The target population was further defined as South African-based mining organisations with operations in the Southern Africa region.

This study's sampling approach can be categorised as nonprobability-convenience sampling. A list of operational South African based mining organisations' management contact details was sourced from a third party. This list was complemented with the researcher's personal "mining contacts" data base. Two-hundred and eighty-six (286) responses were received (corresponding to a 28.7% response rate), a number considered to be sufficiently large to allow the application of the envisaged statistical analysis techniques.

The study's statistical analysis was undertaken by the Statistical Consultation Services of the North-West University (Potchefstroom campus) using the Statistical Package for the Social Sciences (IBM SPSS Statistics Version 23) and consisted of univariate and multivariate techniques. Univariate analysis was applied to describe the general properties (descriptive statistics) per individual statement or question and included frequency distribution in percentages, central tendency in arithmetic mean and range in standard deviation. The survey instrument's face validity was assessed

during the pre-testing stage in collaboration with mining industry and academic role-players. The review on literature and an extensive measurement development process took place in order to ensure maximum content validity. In order to assist in the substantive interpretation of the response data, the process of exploratory factor analysis was applied to identify the structure and factors of the formative dimensions of the organisational alignment construct as well as the structure and factors of each of the posited enabling categories of organisational alignment. Exploratory factor analysis was also used to determine the structural validity of the survey questions and statements.

In order to determine the internal consistency reliability of the factors, Cronbach's Alpha coefficients were calculated. With the aim to validate the theorised organisational alignment framework, the study applied structural equation modelling to test the proposed framework's fit with the data set and was assessed with three data-model fit tests – the aim being to determine whether the pattern of variances and covariance in the data was consistent with a hypothesised framework specified in this study. Structural equation modelling was also applied to determine which of the identified organisational alignment enabling factors had a unique or specific influence on perceived organisational alignment.

1.7 Division of the study

The study is divided into the following chapters:

- **Chapter 1: Nature and scope of the study.** This chapter deals with the background to the topic of interest, the South African mining industry, the problem statement, and research objectives. It also provides a brief overview of the research process applied.
- **Chapter 2: Organisational context.** This chapter deals with organisations as value creating entities from an open systems perspective. The role of stakeholders is also discussed.
- **Chapter 3: Organisational learning and leadership.** This chapter deals with organisational learning as well as the role of leadership.

- **Chapter 4: Organisational alignment concepts.** This chapter will discuss organisational alignment concepts and processes.
- **Chapter 5: Research design and methodology.** This chapter will discuss the research design and methodology that were utilised. This chapter will also discuss the conceptualisation and operationalisation of the organisational alignment construct and the posited organisational alignment enabling categories.
- **Chapter 6: Interpretation of results.** This chapter will discuss the descriptive statistics, exploratory factor analysis and structural equation modelling results.
- **Chapter 7: Discussion, conclusions and recommendations.** This chapter will discuss the main conclusions and recommendations and will present a framework of organisational alignment. It will also discuss the study's limitations, the study's contribution, and suggest areas for future research.

1.8 Chapter summary

This chapter provided an overview of the alignment challenges South African mining organisations face. The background and rationale of the stated research problem were discussed and the formulated research objectives were stated. This was followed by a brief explanation on the selected research design and methodology.

The next chapter entails the organisational context of organisational alignment.

CHAPTER 2

ORGANISATIONAL CONTEXT

2.1 Introduction

The classical approaches to management largely responded to the issues of their times, in particular, the need for efficiency (Burnes, 2009:47). However, with increased competition brought about by globalisation, the business environment became increasingly complex and uncertain. Organisations realised that in order to survive, they had to take the larger business and societal aspects into consideration (Carroll & Buchholtz, 2012:5). However, consideration of, and interaction with external role-players were not necessarily viewed as a business imperative but rather as a defensive tactic.

In this chapter organisations as value creating entities from an open systems perspective and the role of stakeholders are discussed.

The aims of this chapter are to:

- Provide an overview of the organisation within an open system context;
- Discuss organisations as value-creating entities;
- Discuss the role-players involved in organisational alignment; and
- Discuss organisational purpose.

2.2 Systems view of an organisation

2.2.1 Introduction

Organisations may best be regarded as *systems* which exist within an ever changing and turbulent environment in order to transform inputs into outputs (Yukl, 2013:93; Schneider & Somers, 2006:353). Studying organisations from a systems theory

perspective can be described as studying it from a collective or wholeness perspective instead of the parts. A collective perspective of a system implies that it consists of an irreducible pattern of interacting events (Gunaratne, 2008:180; Burnes, 2009:75). This means the focus of attention shifts from understanding the parts or entities of which the whole was composed to the interaction of subsystems (agents) that forms the system (Alaa & Fitzgerald, 2013:3). Alaa and Fitzgerald (2013:3), citing Stacey, argued that organisations should therefore not be seen as parts adding to a whole but rather as a collaboration of efforts in which the interactions between its employees are of primary importance where forms of behaviour are determined by the tendency to achieve a certain goal.

The basis behind a "science of wholes" perspective was that a complex organism could not be truly understood by breaking it down to its smallest units and studying its apparent parts; to do so was to overlook the crucial relationship between its components, that is, individuals and groups of individuals within and outside of an organisation. (Complexity theories are concerned with the emergence of order in dynamic systems (Burnes, 2009:183).) Instead, the theory suggested *the whole* must be the subject of analysis (Senge, 1990:69; Alaa & Fitzgerald, 2013:3). Senge (1990:23) commented that system thinking should be viewed as a discipline for seeing wholes, a framework for seeing interrelationships rather than objects or subjects, for seeing patterns of change rather than static snapshots, whereas Burnes (2009:253) concluded that an organisation's external and internal environments cannot be separated.

Schneider and Somers (2006:352) stated that systems theory is often used as a conceptual framework for describing and analysing events that over time are interrelated in a persistent manner. Such relationships are on-going because they sustain themselves by acquiring energy and information input from external, environmental events. These phenomena include groups of individuals in interdependent relationships, and the interaction of these individuals with their environment, governed by the principle of equilibrium or homeostasis. In a perfect competitive environment, organisations that have a narrow view on external as well

as internal interdependencies will eventually experience a decline in performance as relationships extinguish or become destructive due to the inadequacy of interaction.

Smith and Lewis (2011:386) distinguished between static and dynamic equilibrium. Static equilibrium means a system at steady state, when all components are at rest. When periodic action creates an imbalance, the system responds to regain equilibrium. Dynamic equilibrium, in contrast, assumes constant motion across opposing forces. Yukl (2013:93) argued that organisational system dynamics involve complex relationships, multiple cause and effect relationships, lagging effects, and cyclical causality.

2.2.2 Input-process-output perspective of an organisation

Table 2.1 below contains the characteristics of an organisation from an open systems perspective and is based on an input-process-output perspective. Such a perspective, however, should not be interpreted as a unidirectional process but rather as an iterative process between all system role-players.

Table 2.1: Open system characteristics of an organisation

Characteristic	Description
Input	Information is imported from the environment
Throughput	Inputs are converted through the use of energy
Cyclicity	System events are structured by cycles
Emergence	Some activity and states occur that is not induced by the environment
Goals and outcomes	Produced outcomes are exported into the environment and may not be the same as the planned goals
Negative entropy	The transformation cycle is a cycle of entropy, leading to disorganisation. To survive, negative entropy is acquired by storing energy from the environment

Table 2.1: Open system characteristics of an organisation (continue)

Characteristic	Description
Interdependence	Role-players interact due to perceived shared outcomes, common goals and process and/or task interdependencies
Negative and positive feedback	Interaction between parties is needs-based and negative feedback allows for necessary correction
Adaptation	The basic principles are preservation and adaptation of the character of the system
Integration and coordination	Integration and coordination are necessary to counter the tendency towards greater differentiation
Equifinality	The same final state can be reached from differing conditions and a variety of paths
Hierarchy	Complex systems consist of a number of subsystems

Source: Adapted from Schneider and Somers (2006:353).

Inputs consist of information and signals about the environment and system functioning as well as materials and information that are to be transformed into products and services (Schneider & Somers, 2006:353). Inputs also describe antecedents as well as enabling or constraining factors on members' interactions. These include individual characteristics (for example, competencies, personalities, personal values), team or group-level factors (for example, task structure, external leader influences, demographics), and organisational and contextual factors (for example, organisational design features, environmental complexity) (Ford, 2008:176; Mathieu *et al.*, 2008:412).

Organisations are essentially a social system, that is, the interacting units are people. The psychic systems (minds) and interactions (people) constitute the environment of social systems (Gunaratne, 2008:177). Kahn *et al.* (2013:378) put forward that relationships within organisations exist in the setting of the departments,

teams, and functions. Relationships are the nervous system of the organisation, the source of complex social interactions and coordination of systems. Formal and informal work relationships can be considered as underlying relational systems that stretch beneath units and shape what occurs within them. These systems are defined by patterns of affect, cognition, and behaviour among members of enclosed groups ranging in size from dyads (between two individuals) to organisations as a whole (Kahn *et al.*, 2013:378 – citing Alderfer). From the perspective of this study's objective, inputs (information and signals) refer to inputs from the external as well as the internal environments of the organisation's role-players.

In an operational sense, *throughputs* refer to the processes required to transform inputs into outputs (typically goods and services), that is, to create value (Lepmets *et al.*, 2012:1440). The *cyclicity* inherent in the throughput process is largely a process of dynamic planning and re-planning (Schutte, 1993:103) and includes episodic cycles. Episodic cycles refer to situations where different processes are executed at different times, depending on task demands (Mathieu *et al.*, 2008:414).

Whereas throughputs (deliberate processes to transform inputs) are considered to be the primary mediator between inputs and outputs; *emergence* refers to internal system states that form over time (Kozlowski & Ilgen, 2006:79) and its formation is not a direct consequence of the inputs from the environment (Mathieu *et al.*, 2008:420; Schneider & Somers, 2006:354). The perspective a manager or an organisation as a collective will have of what the value creation process entails will depend on their view on what constitutes *value* to start off with (Burnes, 2009:172). The value an organisation plans to create may be incorporated within its purpose or mission statement and subsequent strategic, tactical and operational objectives and goals, leading the discussion to *outcomes*.

The *outcomes* of a process may or may not be the same against what was expected (that is, the stated or unstated objectives and goals). Organisational and individual objectives and goals are often completely arbitrary, and the perceived organisational objectives and goals often vary from one person to the next. Importantly, goals are assumed as given inputs into decision-making situations (Rosencrantz; 2008:37).

Therefore, should the perspective be limited to, for example, “the purpose of the organisation is primarily to satisfy the customer”, it can be reasoned that the allocation of resources and requirement for information will be biased and focussed towards achieving the stated purpose. Strategic leadership theory suggests that the values, experiences, and knowledge of leaders in the upper echelons of organisations impact the strategic decisions made by these leaders, ultimately influencing organisational performance (Colbert *et al.*, 2008:82). Conditioned by personal values and intra-organisational dynamics, all layers of management will interpret and filter top-down initiated assignments and events (Smets *et al.*, 2012:878). The aforementioned not only implies the openness of an organisational system, but also system boundaries and stable patterns of relationships within the boundaries (Gunaratne, 2008:177). Yukl (2013:291) reasoned that for organisations to perform optimally, the organisation’s various leaders need to agree about what to do and how to do it.

Although organisations are cognitively open and therefore interacts with its environment – albeit not necessarily in a structured way – it needs to be operationally closed in order to allow constant alignment of purpose (Gunaratne, 2008:176). This alignment is required as a counter to entropy – to do so organisations accumulate and store more energy than required as a form of *negative entropy*. This additional and often redundant energy takes the form of organisational expansion, elaboration and bureaucracy in the form of policy and procedures and is often perceived as constant conflict between flexibility and standardisation (Schneider & Somers, 2006:353).

Systems theory influenced many management theorists to envision the organisation as more organic and holistic, that is, as an “organism” rather than as a “machine” (Ford, 2008:175). Viewed holistically, then, all of an organisation’s elements or components are “necessary” to be able to fulfil its purpose. The *interdependence* characteristic provides the reason for looking at a system as a whole in that its parts interact and has an effect on one another.

Accordingly, Gunaratne (2008:180) argued that a system is more than the sum of its parts because the character of a system as a pattern of organisation is altered with the addition, subtraction or modification of any piece. Interaction between role-players (including unilateral communication) takes place because role-players perceive an interdependent relationship triggered by a common goal, service-expectations and process or task dependency (Mathieu *et al.*, 2008:443; Kozlowski & Ilgen, 2006:88). According to Ford (2008:175) systems theory describes the organisation as depicting the control mechanisms (positive and negative feedback loops) that maintain the system at some desired state. Triggers from the outside (environment) influence the system to adjust in order to maintain a degree of internal order in response to the external environment in which it is embedded. Negative feedback mechanisms reduce the effect of these fluctuations, while positive feedback mechanisms increase these fluctuations to sustain this equilibrium state.

Adaptation refers to the preservation and changing of the character of the organisation. Adaptation also refers to the organisation's renewal as it responds to treats and opportunities in its environment (Lazenby, 2007:28). Burnard and Bhamra (2011:5583) stated that an organisation is required to change and adapt in response to environmental fluctuations in order to sustain function and retain advantage. Related to the concept of adaptation is organisations' responsiveness. Grant (2011:212) argued that responsiveness involves two organisational capabilities namely its ability to anticipate change in its external environment and also the speed it is able to respond. In an open system, environmental interchange is on-going and because the environment is in a constant state of change, the system must be adaptable. This adaptability should go beyond homeostasis to accommodate self-organisation (control) following a destabilising event (Gunaratne, 2008:182; Sabherwal *et al.*, 2001:180). Gunaratne (2008:181) argued that the parts of a system must behave in accordance with its rules and must adapt to the environment on the basis of feedback, which explains the ways systems use their own outcomes to gauge effect and make necessary adjustments. Gunaratne continued, stating that open systems are self-governing or autonomous (but not "independent" in as much as they are conditioned by the environment and its inputs). An open system must be capable of sensing deviations from the "assigned" norm and of correcting these

tendencies thereby maintaining a degree of balance. A primary function of the interacting subsystems (that is, departments or groups of individuals within an organisation) is to help maintain system balance. Schneider and Somers (2006:355), citing Kauffman, commented that not all systems have equal capacity to adapt. Highly chaotic systems cannot maintain their behaviours, as small forces can result in systems disruption (the so-called butterfly effect). Highly chaotic systems have too few stable components and tend to fail due to too little buffering and low adaptability. On the other hand, highly ordered systems are often too rigid to coordinate new behaviours and likewise tend to fail. As organisations expand, the need arises for increased integration and coordination as a counter, the authors concluded.

When discussing complexity theory, Grant (2011:471), however, argued that organisations may be able to engage in complex activities without necessarily resorting to complex structures. In the absence of complex structures, Schneider and Somers (2006:357) cited Wheatley who found that self-organisation (as a form of simple structures) succeeds when the system supports the independent activity of its managers by giving them a strong frame of reference. Kellermanns *et al.* (2011:127) qualified “independent activity” by managers as having to be consistent with the actions of others and consistent with the spirit of decisions taken.

The characteristic of *equifinality* in open systems means the same final state can be reached from differing conditions and a variety of paths (Katz & Kahn, cited by Gresov & Drazin, 1997:403). (Path dependency theory, in contrast, states that unique final states may be reached due to sensitivity to initial conditions (Grant, 2011:153).) In an organisational context, equifinality therefore means that the final state – for example the performance goals of an organisation – can be achieved through multiple and different organisational structures and processes even if the contingencies the organisation face are the same. Furthermore, equifinality implies that strategic choice or flexibility is available to organisations to achieve high performance (Gresov & Drazin, 1997:404). Related to the equifinality characteristic of open systems, Senge (1990:73) argued that the essence of systems thinking lies in a shift from seeing interrelationships rather than linear cause-and-effect chains. The converse, George and Bennett reasoned (cited by Etienne, 2011:327), can also

take place in that different effects can be consistent with a common cause, that is, “multi-finality”.

Citing Littlejohn, Gunaratne (2008:180) stated that *hierarchy* refers to the attribute that every complex system consists of a number of subsystems – the system therefore has a series of levels of increasing complexity. Burnard and Bhamra (2011:5584) reasoned that organisations’ subsystems are composed of interconnected role-players that form a network of linkages that interact nonlinearly to form the organisation’s unique identity. The hierarchy of complexity within an organisation would be: an individual, a group, and the organisation. Systems enclose and are enclosed by other systems with which they are in constant communication (Gunaratne, 2008:180; Schneider and Somers, 2006:352). The aforementioned is congruent with the view of organisations as living systems in that an organisation has internal components or subsystems as well as numerous cross-boundary subsystems with each component interacting with its environment both internally and externally (Swanson, 2008:600).

In summary, an organisation is a complex social system that requires on-going adaptation (alignment and re-alignment) to an ever-changing environment. Inputs are from an array of sources and should not be limited to the traditional operational “upstream/supplier” perspective. Adaptation will only take place if interdependence is perceived. Adaptation will also only be efficient if sufficient common cause and process and task interdependence is present.

2.3 Organisations as value-creating entities

An organisation is a system of cooperating human activities with the objective to create, transform and exchange utilities (Burnes, 2009:57). Freeman *et al.* (2007:312) described an organisation as a complex open system that exists to create and trade value to the benefit of a variety of constituencies or stakeholders, whereas Grant (2011:35) argued that an organisation could be considered to be a coalition of interest groups operating for the benefit of multiple constituencies. Value, however, has different and often conflicting meaning not only in between all of the

organisation's external constituencies, but also internally between role-players (Grant, 2011:36; Burnes, 2009:172).

The process of value creation in this study refers to the managing-related processes or activities the organisational role-players engage in, in order to create value. Value created can only be judged as valuable if perceived as such. "Value" is therefore a social phenomenon. Value is created in a context, with the help of others and with others who value what is created. This principle acknowledges that business or organisational activity is explicitly social and applies *that* understanding to enhance the process of value creation (Freeman *et al.*, 2007:311).

The reason for an organisation's existence may also be referred to as its purpose and is often articulated in its mission statement. Thompson and Strickland (1993:21) quoted Drucker: "One of the most important things an organisation can do is to determine exactly what business it's in" – that is, what is its purpose. From a managerial point of view, organisational purpose (organisational purpose and organisational mission are often used interchangeably) is operationally defined as a statement of: what is being satisfied (needs); who is being satisfied (customer groups); and how the needs are satisfied (processes and resource allocation) (Thompson *et al.*, 2012:75). The above mentioned, typical management theory definition, however, do not encompass the dynamic open system nature of an organisation. The limiting element of this definition is that organisations define value primarily from the customer perspective and not from a broader, more inclusive stakeholder perspective. Related to the aforementioned would be the finding of Ben *et al.* (2016:1) that organisations' marketing efforts has shifted in recent years from satisfying customer needs to value creation for stakeholders. At the heart of a discussion on value creation is self-interests, and whose needs are to be addressed. Every organisation has to ask: what are we trying to achieve, that is, what is our purpose? And a subsequent question: how would the attainment of its purpose be measured, as perceived by a variety of stakeholders?

2.4 Organisational purpose

Dignum and Dignum (2007) defined an organisation as a set of entities regulated by mechanisms of social order and created by largely autonomous agents to achieve common goals (that is, the organisation's purpose or mission). Porter *et al.* (2004:31) argued that the generic purpose of an organisation is to create and trade value in a productive and sustainable way and that productivity depends both on the value of an organisation's products and services, measured by the prices they can command in open markets, and the efficiency with which they can be produced. According to Lazenby (2007:27) questions such as "why do we exist" (purpose), and "who are we" (identity awareness), are critical in the strategy formulation process. A key role of organisational leaders is to define the above mentioned and to subsequently align all efforts towards the organisation's purpose. From a pure economics perspective, it can be argued that an organisation's purpose is to maximise its long-term market value – the main driver being to maximise profit in a sustainable way. This argument implies that an organisation's primary objective should be to maximise shareholders' return on investment. The question arises; can a shareholder-return focus be the default reference in the development of organisational purpose?

Value has traditionally been measured predominantly in financial terms (Iselin *et al.*, 2008:72; Kaplan & Norton, 1996:3). Jones and Felps (2013:208) argued that, while the dominant normative mandate to organisations remains shareholder wealth (or shareholder value) maximisation (SWM), increasing evidence points towards an alternative corporate objective function of satisfying a wide (or wider) range of stakeholders, referring to it as normative stakeholder theory. Stakeholders are defined as an individual or group that claims to have one or more stake in an organisation. Stakeholders may affect the organisation and may in turn be affected by the organisation's actions, policies, practices and decisions (Carroll & Buchholtz, 2012:87).

Hughes (2010:49) reasoned that creating and trading value in an efficient and effective manner has to be the goals of organisations in order to be successful within a complex economy. The managers of the organisation (agents), however, are

autonomous individuals, each with their own interpretation of *value* as well as their own sense of *purpose*, and as a result the interests of the principles and the agents are not necessarily aligned. Such divergence of interests and subsequent organisational goals result in loss of efficiency and associated residual loss (Acharya *et al.*, 2011:689; Donaldson & Preston, 1995:82; Hill & Jones, 1992:132). Andriof *et al.* (2002:66) stated that SWM is accepted by many economists, investors, shareholders and organisational leaders as the appropriate objective for financial decision-making, and effectively guides non-financial decision-making as well. The authors, however, added that SWM is increasingly criticised for condoning the exploitation of employees, communities, customers, and other stakeholders, and encouraging short-term managerial thinking. Mitchell *et al.* (2016:270) commented that there is strong institutional inertia in support of SWM within organisations that in turn, supports a particular management incentive structure. Whereas the aforementioned might address shareholder agency problems, it can create stakeholder agency problems, the authors concluded. Jones and Felps (2013:208) held the same views arguing that the pursuit of SWM as the *only* corporate objective function will not necessarily be sustainable because only in conditions of perfect competition would SWM lead to optimum social welfare.

Discussing multiple organisational objectives, Mitchell *et al.* (2016:270) cautioned that a single-objective organisation may be problematic when managers, who lack a sound theoretical basis for operating according to multiple objectives, are burdened with reconciling the expectations of a single objective while being cognisant that, in reality, they are acting according to multiple objectives. Furthermore, the authors reasoned that theoretical constraints imposed by a single-objective function hinder managers' ability to suggest more innovative, multi-objective agendas. At the same time, they added, a multi-objective organisation function can introduce new forms of stakeholder agency problems – problems that might hamper stakeholder satisfaction because self-serving management actions are pursued under the guise of stakeholder-sensitive and society-sensitive motives.

Danielson *et al.* (2008:62) were also critical of SWM, reasoning that it encourages managers to maximise the organisation's current share price. The authors added

that because an organisation's share price can be manipulated in the short term, incentives to increase the share price can distort operating and investment decisions. When wealth maximisation is properly defined as a long-term goal, they continued, it is not as narrowly focused as critics believe. The authors concluded that the main prescription of shareholder theory – invest in all positive net present value projects – benefits not only shareholders, but also key stakeholders including employees and customers.

Freeman *et al.* (2004:367) contended that, although the above mentioned approach is convenient for managers, it distorts reality (both legally and morally) and nurtures a view where managers do not see themselves as moral agents responsible to a wide(r) group of stakeholders for their actions. The authors added that if making money for shareholders is an organisation's primary focus and its managers do not have responsibilities to other groups, it may be easier to rationalise questionable practices that could potentially harm non-shareholder stakeholders in the name of increased profitability.

Danielson *et al.* (2008:63) argued against the views of Freeman mentioned earlier, stating that stakeholder theory provides inadequate guidance on how to balance the competing interests of various stakeholder groups – adding that stakeholder theory can encourage managers to adopt a short-term focus to the detriment of an organisation's long-term value. According to Sundaram and Inkpen (2004) a single organisational objective function provides clarity to managers as it cuts through the range of claims and responsibilities managers need to deal with. The authors claimed management has only one responsibility; to make money for the shareholders.

Andriof *et al.* (2002:66) reasoned that the most relevant framework to discuss value maximisation (and what value means) as a corporate objective, is grounded in stakeholder theory. Stakeholder theory, in contrast with SWM's grounding in economics, is based on organisational behaviour, interests of special groups and managerial self-interests.

Ball (2004:334) argued that organisations cannot be maximisers. As a whole, organisations maximise neither profit nor overall utility (for individuals). (The notion of a utility function, that is, a function that captures human preferences and thereby explains human choices, is widely used in many business-related fields, according to Gill (2008:1).) While individuals do seek to maximise their utilities, this does not induce or result in such behaviour in the organisation as a whole. Organisations that perform best are not those that aim not to make the most profit, rather, sustainability follows from being able to attract and retain the most productive employees. The author remarked that some market fundamentalists regard profit maximisation as a principle of sound management as well as a social obligation, the notorious “greed is good” paradigm. However, if an employee follows a maximising profit (that is, maximum utility) approach, so does the organisation, the author countered.

Whereas profit maximisation is probably still most organisations’ objective function with the least ambiguity and the most relevance within a competitive market environment, assessing whether an organisation is successful remains complex. Indeed, Watts and McNair-Connolly (2012:10) cited Drucker having said that an organisation is the only system which has both quantifiable and non-quantifiable results and events, each equally important, a viewpoint supported by Grant (2011:58).

According to Freeman *et al.* (2004:364) stakeholder theory provides a relevant framework to describe the favoured view of an organisation mentioned above in that it addresses the “what” and the “who” from a wider, more inclusive perspective. The authors articulated the focus of stakeholder theory in two core questions:

- a) What is the organisation’s purpose? This question stimulates managers to articulate the shared sense of the value they create (or plan to create) and flowing from that, what brings its core stakeholders together. This shared sense of value creation provides direction to the organisation. Also, critically, a stakeholder approach provides a common reference from which to determine the organisation’s performance indicators, that is, how does the organisation know whether it is successful; and

- b) What is management's responsibility towards stakeholders? This forces managers to articulate how they want to do business, that is, what is the nature of the relationships they want and need to have with their stakeholders to deliver on their purpose.

According to Freeman *et al.* (2007:304) five contemporary accounts of capitalism show that each privileges the rights of one group over the others. In addition, all five descriptions make a set of assumptions about markets and capitalism that are believed to be counterproductive:

- a) Labour capitalism: the interests of the capitalist and the labourer are mostly in conflict with each other;
- b) Government capitalism: the markets are too complex for individual organisations to create and trade value for the good of larger society;
- c) Investor capitalism: the investor's goal is assumed to be in competition with alternative stakeholders' goals;
- d) Managerial capitalism: managers (as agents) have a contractual or fiduciary obligation to shareholder interests above and beyond any other relationship in managing the shareholder's property (the organisation in this case); and
- e) Entrepreneurial capitalism: the role of the entrepreneur in the capitalist system as the agitator who leads all others out of the status quo, and is singled out from capitalists, property owners, managers, and labourers.

Participating in the debate on SWM versus stakeholder theory, Freeman *et al.* (2007:311) offered a set of principles that is not based solely on private property, self-interest, competition, and free markets – naming it *stakeholder capitalism*:

- a) The principle of stakeholder cooperation: value can be created, traded, and sustained because stakeholders can jointly satisfy their needs by making voluntary agreements with each other;
- b) The principle of stakeholder engagement: to create and trade value in a sustainable way, organisations must engage its stakeholders. Almost every business transaction involves customers, suppliers, communities,

employees, and financiers. Other stakeholders, such as media, additional civil society representatives, non-governmental organisations, and so forth, are often affected or can affect value creation;

- c) The principle of stakeholder responsibility: value can be created, traded, and sustained because parties to an agreement are willing to accept responsibility for the consequences of their actions. When third parties are harmed, they must be compensated, or a new agreement must be negotiated with all of those parties who are affected;
- d) The principle of complexity: value can be created, traded, and sustained because human beings are complex psychological creatures capable of acting from many different values and points of view. Individuals are socially situated and their values are connected to their social context;
- e) The principle of continuous creation: organisations are the source of value creation. Cooperating with stakeholders and motivated by values, organisations continuously create new sources of value; and
- f) The principle of emergent competition: competition emerges from a relatively free society so that stakeholders have options. Competition is an emergent property rather than a necessary assumption of capitalism.

2.5 Defining organisational purpose from a stakeholder theory perspective

2.5.1 Introduction

Byerly (2013:10) remarked that the world is shaped by a legacy of economically-driven behaviour that is anchored in the championing of individualism, the principle of utility (in the pursuit of personal gain), and a mechanistic approach to the purpose, structure, and activities of organisations. The overriding majority of role-players within an organisation as well as parties interacting with an organisation probably do so “to gain or obtain value” – even if the expected gain or value is non-tangible. How should business activity therefore be described? And from a more inclusive stakeholder perspective the question may be posed; whose (organisational) purpose is it anyway?

Freeman and Phillips (2002:331-332) and Freeman *et al.* (2004:368) described business activity as individuals partaking in value creation and trade but also as greedy and having a primarily utilitarian view of business – referring to it as shareholder capitalism – and added that the ethics or morality of a pure shareholder capitalism view were, according to the authors, being challenged from *outside* organisations – that is, outside of the narrower value creation and trade perspective within organisations. Adding to the ethical debate, Freeman and Phillips (2002:331) and Freeman *et al.* (2004:368) argued that the internal-to-organisational role-players need to understand the social effects of their actions and to subsequently, most importantly, link their actions to economic effects. The authors concluded with the question on how value creation and trade takes place (in an efficient way) in a world which individuals have a complex psychology, where individuals and groups of individuals desire to be, and mostly are, responsible for the effects of their actions (good and bad) on others.

The realisation that organisations do not function in isolation and also that its shareholders are not the only constituency that need to be considered; led to the development of stakeholder theory. Adopting a stakeholder view of organisational strategy and ethics is managerial, according to Freeman and Phillips (2002:333) who stated; “an organisation's success is dependent on how well it manages the relationships with key groups such as customers, employees, suppliers, communities, financiers, governments and others that can affect the realisation of its purpose. The manager's role is to keep the support of all of these groups, balancing their interests, while making the organisation a place where stakeholder interests can be maximised over time.”

Watts and McNair-Connolly (2012:6) argued that organisations are institutions of society, existing to add value to the economy, society, and individuals. Porter *et al.* (2004:31) stated that an organisation's purpose is to create and trade value; how *value* will be perceived will be different between an organisation's stakeholders – therefore, for managers to be able to align their functional areas' purpose with interfacing role-players (or any player that perceives to have an interest in the organisation), they would need to determine and understand what the needs (that is,

value expectations) of role-players are – implying that managers have accurately identified who their specific organisational function's stakeholders are to begin with.

Harrison and Wicks (2013:97) argued that due to the above mentioned lack of a clear understanding of what value means to different stakeholders, the process of value creation is compromised. It may subsequently be argued that this lack of common understanding among an organisation's leadership will subsequently complicate the identification of stakeholders and will in turn result in misalignment of objectives and goals. Furthermore, understanding stakeholders' judgement of value is not only important from a theoretical perspective, it is also important from a managerial perspective in order to be able to better allocate resources to create value, to better communicate the value created, and to better anticipate and potentially influence stakeholder reactions to organisational outcomes, that is, resources allocated (Lankoski *et al.*, 2016:248). Harrison and Wicks (2013:101) subsequently offered a sample of possible notions of "value" namely:

- a) Value in exchange: value is based on how much a given item is worth within a marketplace exchange;
- b) Value of use: value is based on a subjective evaluation of how much an item is worth to a particular individual;
- c) Value of labour: value is based on how much labour was required to create an item;
- d) Value of production: value is based on the total costs involved to produce an item; and
- e) Subjective versus objective value: subjective typically refers to the assessment by an individual and what they happen to like, whereas objective typically refers to a norm that operates across individuals or at a higher level of analysis (for example, a universal moral norm, a social value, a human right).

Harrison and Wicks (2013:101) concluded by defining "value" as "anything that has the potential to be of worth to stakeholders" and added that "utility" reflects the value a stakeholder receives that has merit in the eyes of the stakeholder.

2.5.2 Stakeholder identification

The identification of stakeholders an organisation needs to align with is convoluted if one considers the tension between stakeholder theory and shareholder theory (Friedman cited by Harrison & Wicks, 2013:97). Donaldson and Preston (1995) suggested a three-part classification that assists organisations in the identification of its stakeholders, namely: normative (how should the organisation relate to its stakeholders); instrumental (what happens if the organisation relates to its stakeholders in particular ways); and descriptive (how does the organisation actually relate to its stakeholders). The normative question is important because it differentiates stakeholder theory from other prominent organisational concepts such as resource dependence, managerial cognition, and institutional theories in that it addresses ethical aspects.

Freeman and Phillips (2002:336) contributed to the above mentioned reasoning stating that instrumental stakeholder management suggests that to maximise shareholder value over an uncertain time frame, managers should pay more attention to key stakeholder relationships. Debating the merits of a normative or instrumental motive for organisations to develop sound stakeholder relations, Waddock and Graves (2006:92) argued that regardless of the motive, sound stakeholder practices can potentially provide a basis for the type of valuable resource that serves as a source of competitive advantage.

Some authors refer to shareholders separate to stakeholders. Also, Harrison and Wicks (2013), Jones and Felps (2013:214), Lawrence (2010:92), and Sundaram and Inkpen (2004:350) distinguished between so-called market and non-market stakeholders – the former referring to role-players that contribute or engage in direct economic activity (for example, suppliers, customers, employees, investors) whereas the latter would refer to role-players such as non-governmental organisations and the community. This study applied the aforementioned classification to distinguish between stakeholder groups.

Donaldson and Preston (1995:86) drew a further distinction between *influencers* and stakeholders arguing that some role-players, for example, large investors, may be both, whereas some stakeholders, for example job applicants, have no influence, and some influencers, for example the media, have no stakes. In this study, reference to stakeholders will include shareholders as well as the above referred-to influencers. Given the growing “political” power that the so-called non-market stakeholders wield in South Africa and especially within the mining industry, this study’s reference to stakeholders is therefore more inclusive.

From a stakeholder-management perspective, a multi-dimensional view is subsequently required when considering the input-process-output dynamics of an organisation. While the researcher subscribes to the input-process-output view of organisational “events”, as stated previously, this perspective should not be limited to a unidirectional-set-of-events perspective. The traditional unidirectional view describes investors and suppliers (as a sample of possible stakeholders) as the key input elements *into* an “organisation” that creates value to the customer (left hand figure 2.1).

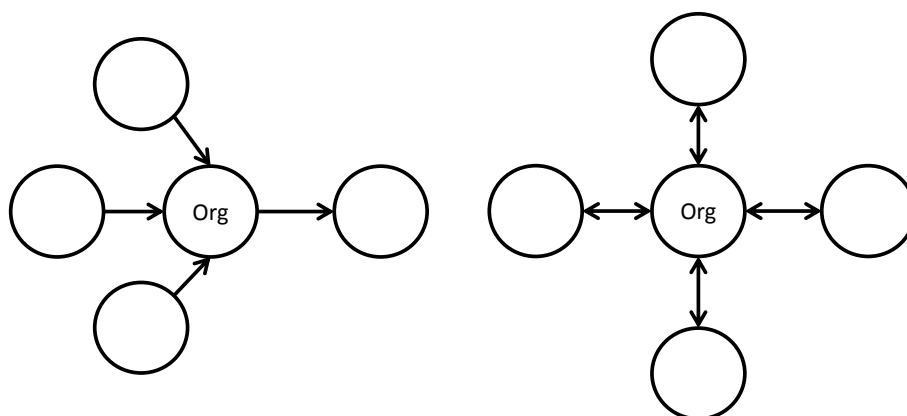


Figure 2.1: Input, process and output perspectives

Source: Adapted from Carroll and Buchholtz (2012:65).

Donaldson and Preston (1995:68) and Carroll and Buchholtz (2012:65) suggested that organisations should be illustrated as depicted in the right hand figure 2.1. This stakeholder-oriented perspective contrasts with the input-process-output view in that all role-players with legitimate interests participating in an organisation’s endeavours

do so to capture value and that there is no prima facie priority of one set of interests and benefits over another. Managing the often competing interests and inputs of the stakeholders are therefore not viewed as a zero-sum game (that is, addressing the needs of one stakeholder does not necessarily come at the expense of another). Hence, the arrows between the organisation and its stakeholder groups point in both directions.

Smith and Lewis (2011:381) pointed out that while organisations need to anticipate changes in their environments, the sheer management challenge to obtain and organise resources presents a wide range of, often opposing, tensions such as the trade-offs between collaboration and control, individual versus collective, flexibility versus efficiency, exploration versus exploitation, and profit versus social responsibility.

In their seminal work on the theory of an organisation, Jensen and Meckling (1976:305) described an organisation as a legal entity that serves as a nexus for a set of explicit and implicit contracts among individuals (with different needs), functioning in a way as to meet the relevant marginal conditions with respect to inputs and outputs, thereby maximising profits. The authors continued stating that, except for a few recent and tentative steps, no theory explains how the conflicting objectives of the individual participants are brought into equilibrium (alignment) so as to yield the expected result of maximised sustainable profits.

The above mentioned view of an organisation is complemented with Scott's (1995:33) definition of organisations as "highly resilient social structures composed of cultural-cognitive, normative, and regulative elements that provide stability and meaning to social life".

According to Freeman and Phillips (2002:341), organisations are founded (and operated) on the basis of making agreements and interaction with each other and is the foundation of the principle of stakeholder cooperation, that is, value is created because stakeholders can jointly satisfy their needs and desires by making voluntary agreements with each other. When stakeholders pool their resources to create

value, no one has the right to prevent their actions, provided they do not impose substantial harms on innocent third parties.

2.5.3. Prioritising stakeholders

Assuming that an organisation identified an inclusive range of stakeholders, simultaneously meeting the needs and expectations of all will be difficult. Even though an organisation has clarified their view on stakeholders, it is still predominantly its managers that interact with all stakeholders in the execution of their roles. What are the principles and criteria presented in literature on how managers should “discriminate”, and subsequently prioritise between stakeholders?

Mitchell *et al.* (1997:854) and Carroll and Buchholtz (2012:67) suggested that stakeholders can be identified by their possession or attributed possession of one, two, or all three of the following attributes: the stakeholder's *power* to influence the organisation; the *legitimacy* of the stakeholder's relationship with the organisation; and the *urgency* of the stakeholder's claim on the organisation.

Grant (2011:181) stated that cooperation problems arising from goal misalignment between certain groupings of stakeholders refer to the so-called *problem of agency*. Mitchell *et al.* (1997:863) referred to agency theory and resource dependence theory to explain why power, in particular, plays such an important role in the attention managers give to stakeholders. The central problem agency theory addresses is how principals (shareholders as well as managers) can control the behaviour of their agents to achieve their own, rather than the agents' interests. The power of agents to act in ways that conflict with the interests of principals may be limited to incentives or monitoring so that agents are expected to attend to those stakeholders having the power to reward or punish them. Resource dependence theory suggests that power accrues to those who control resources needed by the organisation, creating power differentials among parties and it confirms that this possession of resource power may result in a certain stakeholder being more important to a manager.

Harrison and Wicks (2013:98) argued that at the heart of the debate around stakeholders are who should have a claim to the profits of an organisation, adding that, for example, legitimate stakeholders presumably should receive a larger share. An inherent assumption is that the concept of value is understood as economic value. If the only relevant value created by an organisation is economic, then the legitimacy arguments may actually feed animosity among stakeholders. This type of animosity is in contrast with the underlying philosophy of stakeholder theory emphasising the "joint-ness" of stakeholder interests and the need for all stakeholders to benefit over time through their cooperation.

The future drivers of organisational performance, if one defines drivers as influencing forces, are probably more complex than ever before. According to Freeman (cited by Andriof *et al.*, 2002:9) the changing role of the organisation is to drive all stakeholders' interests to move in generally the same direction. The organisation is a mere means and an instrument for satisfying the interests of stakeholders.

Organisations should therefore put in place the required processes to continually ensure alignment. The profit-maximising practices to increase shareholder wealth have to be balanced with the needs of all stakeholders, internally as well as externally. One cannot separate business from society (Andriof *et al.*, 2002:8). Thus, society is to some extent represented within the organisation and interacts with most of the influencing forces as part of normal operations. The organisation's ability to balance its strategy and ensure alignment of all functions within the organisation will be the key to sustainable performance.

A narrow view on stakeholders' legitimacy is often based on the reality of limited resources, limited time and attention, and limited tolerance of managers. In general, a narrow view of stakeholders specifies stakeholder legitimacy in terms of their direct (or potential) influence on the organisation's core economic interests (Mitchell *et al.*, 1997:857). Related to the legitimacy viewpoint on stakeholders, Grant (2011:64) argued that from a core business perspective, an organisation's customers and suppliers should be the most important.

The aspect of urgency refers to the degree to which stakeholder claims call for immediate attention from the organisation. Whether dealing with the prevention of losses or the pursuit of goals, one constant in the stakeholder-manager relationship is the attention-getting capacity of the urgent claim (Mitchell *et al.*, 1997:864). The authors clarified urgency further by stating two criteria namely; time sensitivity, the degree to which managerial delay in attending to the claim or relationship is unacceptable to the stakeholder and also the importance of the claim or the relationship to the stakeholder or the organisation.

Lan and Heracleous (2010:295) added team specificity as an additional criteria to the determination of stakeholder power. The degree of team specificity – and therefore power – is described as inversely proportional to ease of exit (with the role-player). Carroll and Buchholtz (2012:68), in turn, added proximity as an additional stakeholder attribute, reasoning that the geographical distance impacts on the potential effect of a stakeholder.

Figure 2.2 depicts a qualitative classification of stakeholders based on the power, urgency and legitimacy criteria.

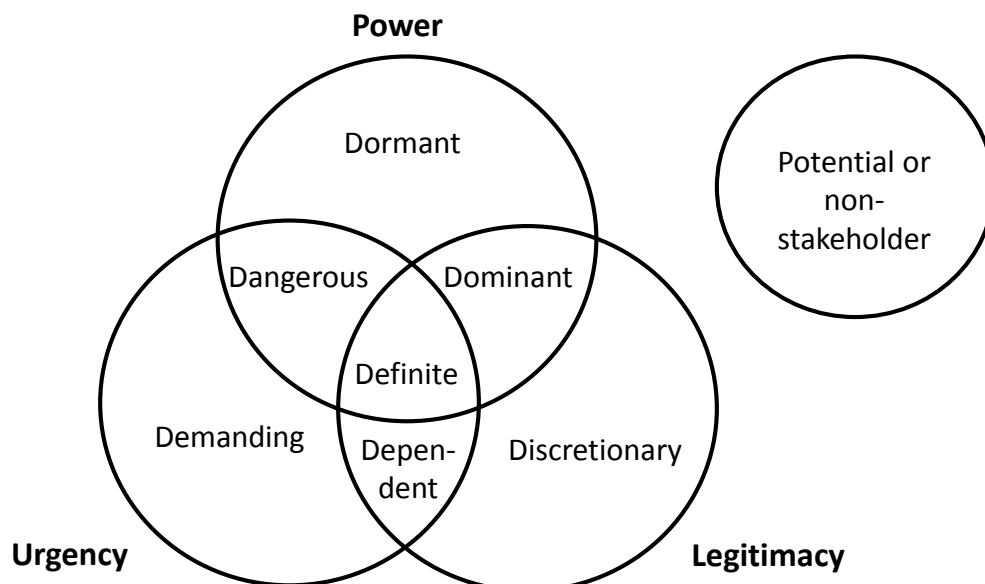


Figure 2.2: Qualitative classes of stakeholders

Source: Adapted from Mitchell *et al.* (1997:874).

2.5.4 Management of the organisation's stakeholders – an internal perspective

Addressing the tension management experiences when dealing with the often conflicting expectations of external and internal stakeholders, Jones *et al.* (2007:137) identified a need to identify organisation-level factors that could help predict how organisations manage stakeholder relationships. Stakeholder culture represents an organisation's collective reconciliation of conflicting expectations in the past and, as such, consists of its shared beliefs, values, and emergent practices regarding the approach to recurring stakeholder-related challenges. Often, the "solution" found in an organisation's stakeholder culture is a relatively clear set of prescriptions about whether self-regarding or other-regarding norms will prevail, or whether some compromise between the two will be applied.

Management behaviour, from an agency theory perspective, views humans as rational actors who seek to maximise their self-interest or utility. Within this perspective – that originates from an economics-based paradigm – individuals prefer optimising their own gains against sacrificing for the benefit of others. Agency theory represents the extreme end of focusing on individual self-gains, suggesting that managers will pursue actions that benefit themselves, regardless of the consequences to stakeholders in general and shareholders in particular (Hernandez, 2012:172).

According to the seminal work of Guth and MacMillan (1986:313), the only organisational conditions under which self-interest would not dominate would be when the goal structures of managers are congruent (congruence in this context referring to goal-related cause-effect relations not only in between managers but also taking into account stakeholder expectation). However, differences in the information available to managers as well as different attributions of causality can lead to differences in the forecasting of organisational outcomes.

Agency theory, therefore, is concerned with resolving two problems that occur in agency relationships. *First*, the agency problem that arises when the expectations of the principle and the agent conflict and *second*, it is difficult and expensive for the

principal to monitor and verify what the agent is actually doing. Furthermore, the principal and the agent may have different risk profiles that may lead to different actions being taken (Eisenhardt, 1989:58).

However, Davis *et al.* (1997:20-22) argued that assumptions made in agency theory about individualistic utility motivations resulting in principal-agent interest divergence may not hold for all managers by arguing that both agents and principals in agency theory seek to receive as much possible utility with the least possible expenditure. Thus, given the choice between two alternatives, the rational agent or principal will choose the option that increases his or her individual utility. The authors concluded that exclusive reliance upon agency theory is undesirable because the complexities of organisational life are ignored.

Citing Doucouliagos, Davis *et al.* (1997:20) argued that although agency theory addresses manager-principal interest conflict and subsequent goal divergence, additional theory is needed to explain what, if anything, causes interests to be aligned. According to Tosi *et al.* (2003:2055) and Davis *et al.* (1997:20), stewardship theory was introduced as a means of defining relationships based upon other behavioural premises. Stewardship theory defines situations in which managers are not motivated by individual goals, but rather as stewards whose motives are aligned with the objectives of their principals and potentially a more inclusive set of stakeholders. In stewardship theory, the model of humankind is based on a steward whose behaviour is ordered such that pro-organisational, collectivistic behaviours have higher utility than individualistic, self-serving behaviours. Given a choice between self-serving behaviour and pro-organisational behaviour, a steward's behaviour will not be in conflict with the interests of his or her organisation (Davis *et al.*, 1997:21).

Hernandez (2012:172) asserted that under the stewardship model, managers maximise their utility as they achieve organisational rather than self-serving objectives. In contrast to agency theory, stewardship theory draws from sociology and psychology to offer an alternate view in which organisational role-players expect longer-term utility in other-focused pro-social behaviour than in self-serving, short-

term opportunistic behaviour. Within this perspective, relationship-centred collaboration within the organisation fosters pro-organisational and trustworthy behaviour in managers. Stewardship entails placing the long-term best interests of a group ahead of personal goals that serve an individual's self-interests, the author concluded.

Previously, stewardship theorists have focused on enabling structures for upper managers. For example, Davis *et al.* (1997:26) citing Donaldson and Davis, argued that for executive management who are stewards, their pro-organisational actions are best facilitated when the governance structures give them high authority and discretion.

The above stated is also consistent with the assumptions of stewardship theory, including a view of human nature as collectivist and cooperative rather than individualist and opportunist, and it assumes goal alignment among parties, rather than role conflict. Management are unambiguously responsible for the fate of the organisation and should have the power to determine strategy without fear of being vetoed. Thus, stewardship theorists focus on structures that facilitate and empower rather than those that monitor and control (Davis *et al.*, 1997:24-26).

Stewardship theorists present ways to arrange the work context to encourage pro-organisational behaviour such as a collectivist culture, low power distances and an involvement-oriented situation (Davis *et al.*, 1997:36; Hernandez, 2012:178). A concept related to stewardship theory is organisational citizenship behaviour, that is, individual behaviour that is discretionary, not directly or explicitly recognised by the formal reward system, and that in the aggregate promotes effective functioning of the organisation (Aggarwal & Singh, 2016:16; Markoczya *et al.*, 2009:321).

2.5.5 Addressing agency concerns

Nyberg *et al.* (2010:1030) and Hernandez (2012:172) proposed equity ownership by management (as a form of reward) and independent boards (as a form of control) as two ways to minimise agency problems. While the views of Pieper *et al.* (2008:374-

377) on how to reduce agency costs relates to the aforementioned, suggesting incentives and increased monitoring, the authors also stated that informal, or social control through aligned culture, to be an effective way to address agency challenges – especially in organisational dynamics that are too complex and ambiguous to be controlled by traditional means (that is, bureaucracy and market control). Freeman *et al.* (2004:364) and Grant (2011:182) also emphasised the importance of shared values (and ethics) and relationships as an effective way to address agency concerns.

Grant (2011:182) added that incentives and rewards should also be considered as ways to address agency challenges. Extrinsic rewards are the tangible rewards that are mostly of a financial nature, such as remuneration increases, bonuses and benefits. Intrinsic rewards are psychological rewards that employees obtain from doing meaningful work and performing it well. Extrinsic rewards, though significant, play a dominant role in organisations where the work is generally more routine and bureaucratic in nature. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work (Sahoo & Mishra, 2012:99).

Foss and Lindenberg (2013:93), however, cautioned that reward structures should have a clear cause-and-effect with the normative goal frame (that is, individual rewards should explicitly recognise contributions to joint production). In addition to non-contingent rewards linked to position, managers also need to be rewarded individually in a contingent manner to maintain the motivation to engage in certain activities. But contingent gain rewards, such as status advancement and monetary gains, should remain modest, as it can foster a gain goal frame, just as contingent hedonic rewards, for example enjoyable projects, can foster a hedonic goal frame.

Grant (2011:428) provided the following guidelines when designing incentive and reward systems: financial incentives to be a large component; incentives to extend to all managerial levels; and a clear cause-and-effect between managers' incentives and their areas of accountability.

Whether the descriptive view of an organisation's practices points to stakeholder or shareholder theory, the researcher is of the opinion that many organisations' management compensation practices (for example incentive share options) can lead to ineffective short-term actions and decision-making as managers try to maximise the organisation's market value (that is, the current value of future cash flows). Decisions are therefore probably made without adequately taking into account, and consequently underestimating, the long-term implications on non-shareholders.

2.6 Chapter summary

Organisations are social systems that operate within an ever-changing internal and external environment transforming input into output – their continued existence being dependent on its ability to create and trade value in an efficient way. What *value* constitutes will, however, vary between stakeholders. For an organisation to align stakeholders behind a common purpose, it first needs to identify who their relevant stakeholders are.

The organisation's view on what its purpose is will determine the perceived legitimacy and power of its identified stakeholders as well as the urgency required when dealing with them. Functioning within an open system, however, certain external (and internal) stakeholders may have very different views on the organisation's purpose. It can, therefore, be argued that the development of organisational purpose should be done in consultation with all internal stakeholders and should formally take into account external stakeholder perspectives and expectations.

Using the organisation's purpose as the overall point of reference, the organisation's leadership needs to manage the tension between stakeholders in order to be efficient. A model of governance is therefore required that orientates management behaviour toward advancing collective benefit, versus a perspective that views managers as rational actors who seek to maximise their self-interest.

Achieving the above mentioned is, however, a challenge, especially if Mayo's remarks are taken into account (in Hersey and Blanchard, 1988:3): "our greatest failure as human beings has been the inability to secure cooperation and understanding with each other" and added that "consequences for society of the imbalance between the development of technical and social skills have been disastrous."

In the next chapter organisational learning, governance structures and the role of leadership will be focussed upon.

CHAPTER 3

ORGANISATIONAL LEARNING AND LEADERSHIP

3.1 Introduction

Organisations function in an open system context. From a social and management perspective, Augustine and Woodcock (cited by Alaa & Fitzgerald, 2013:1) viewed organisations as actors with the intrinsic ability to deal with change, interacting with each other and with the business environment.

The aims of this chapter are to discuss:

- Organisational learning within the context of change and adaption;
- Governance structures from an organisational alignment perspective;
- The role of leadership related to organisational alignment;
- The importance of organisations working towards a common end;
- The inevitability of conflict as a result of dependency and power; and
- The effect of organisational culture on organisational alignment.

3.2 Change, adaptation and organisational learning

3.2.1 Change and adaptation

The interrelatedness and interdependence between organisations and the external environment (including subgroups within organisations interacting with each other) not only gave rise to the systems perspective to management but also many contemporary approaches such as the contingency and resource dependence theories as well as the learning-organisation (Mondy *et al.*, 1983:58; Ashmos & Huber, 1987:616).

Lazenby (2007:28) argued that the environment in which organisations operate will continue to change and managers have to find ways of ensuring that their organisations and its environment are aligned. Organisations need to create a culture of organisational learning in that it will promote openness to external stakeholder views (as well as internal stakeholder views) in order to be able to respond to events. Lazenby (2007:29), citing Swieringa and Wierdsma, asserted that the dilemma organisations have is finding a balance between continuity and change, adding that organisations comprise individuals, thus any re-alignment as a result of environmental effects will have to commence bottom-up (bottom-up in this context referring to individuals and not hierarchical).

Alignment between the organisation and its environment is also a key premise of strategic management if it is to maintain competitiveness as well as the survival of the organisation over the long run. Alignment and re-alignment, Fiol and Lyles (1985:804) argued, implies that the organisation must have the potential to learn, unlearn, or relearn based on past behaviours. Even from a stakeholder management perspective a primary managerial task is to influence, manage, and balance the set of changing relationships that can affect the achievement of an organisation's objectives (Freeman & Phillips, 2002:334).

Organisations are typically reluctant to embrace change due to inertia and “comfort” with the current situation and have proven to be good buffers for individuals against the constant change drivers from the external environment (Yukl, 2013:91; Ball, 2004:334). Alvesson and Spicer (2012:1195) described the aforementioned organisationally-supported situation as characterised by a lack of reflexivity, substantive reasoning, and justification. It entails a reluctance to use intellectual resources outside narrow and “safe” views – a situation that provides a sense of certainty that allows organisations to function smoothly, reducing potential conflict by reducing doubt. Discussing organisational change, Argyris (cited by Alvesson & Spicer, 2012:1198) referred to the prevalence of “skilled incompetence” – suggesting that many managers are considered skilled because they know what to do when faced with a situation. However, the authors added, they are incompetent insofar as

this skill ultimately leads to negative outcomes by avoiding difficult and searching questions.

Skilled incompetence is often reinforced by defensive and conflict-avoiding routines in an organisation. These are routines that make certain issues “not negotiable” and help managers to avoid surprise, embarrassment, and threat. It also allows managers to avoid learning and inquiry into challenging questions. The result is that the organisation becomes trapped into patterns where the skills and abilities of managers lead to habitual avoidance of asking difficult but pressing questions. Alvesson and Spicer (2012:1198) concluded that while “skilled incompetence” can provide organisational order and subsequent certainty in the short term, it could also lead to problematic patterns of thinking and group-think and that this lack of adaptation would eventually lead to individual and organisational dissonance as the lack of organisational alignment with its environment becomes evident.

Constant change for the sake of change, however, can be disruptive to an organisation. Gell-Mann (cited by Esade & McKelvey, 2010:421 and Schneider & Somers, 2006:357) argued that emergent complexity within an organisation is a function of the variety present in its environment. Whenever the variety externally imposed on an organisation (as an adaptive system) exceeds the variety internal to the system, *adaptive tension* emerges that fills the gap between what the environment requires of the organisation as to ensure its integrity or survival and what it can deliver at a given moment. Referring to Ashby’s law of requisite variety, Esade and McKelvey (2010:421) reasoned that “only variety can destroy variety”. The law holds that for an organisation to be adaptive, the variety (or complexity) of its internal order must match the variety (or complexity) imposed by environmental factors. Based on Ashby’s law, Esade and McKelvey developed a conceptual perspective (figure 3.1) on whether an organisation has a balanced degree of reflexivity to change-drivers.

Figure 3.1 follows on next page.

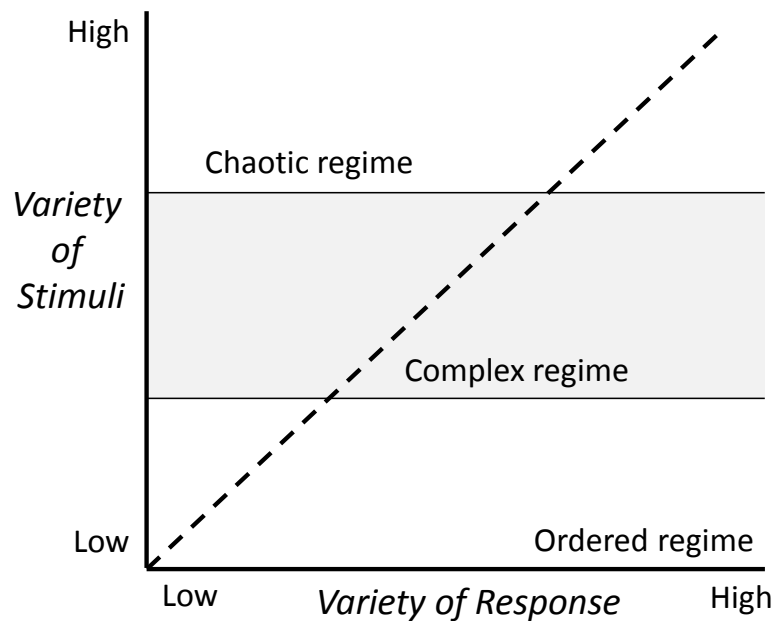


Figure 3.1: Organisations' degree of reflexivity

Source: Adapted from Esade and McKelvey (2010:421).

The vertical axis measures the variety of external change drivers on an organisation whereas the horizontal axis measures the variety of responses generated internal to the organisation. The diagonal indicates where the variety of responses matches that of the change drivers and is therefore suitably adaptive. Above the diagonal, the variety of the responses fails to match the change drivers and below it, the variety of responses is excessive relative to what is adaptive and wastes energetic resources.

In the chaotic regime, change drivers present no obvious predictability. In the complex regime, more sense can be made of change drivers to the extent that an organisation can functionally respond. In the ordered regime one can subordinate all the variety encountered in incoming stimuli to some ordering principle (Esade & McKelvey, 2010:421). Fiol and Lyles (1985:805) argued that if either the internal or external environment is too complex for an organisation to handle, an overload may occur and learning will not take place, suggesting that learning requires both change and stability between learners and their environments. Moreover, even if organisations are able to engage in adaptation of organisational forms, if the rate of environmental change is faster than the rate at which organisations can adapt their

organisational forms, then such adaptation efforts are likely to be ineffective (Ethiraj & Levinthal, 2004:405).

3.2.2 Organisational learning

Citing Argyris and Schön, among other authors, Burnes (2009:146) described a learning-organisation as the highest state of organisational learning, a state in which an organisation has achieved the ability to continuously transform itself through the development and involvement of all its members. Citing Martin, Burnes (2009:379) described organisational learning as the capacity of members of an organisation to detect and correct errors and to seek new insights that would enable them to make choices that will improve outcomes.

Senge (1990:14) broadly described a learning organisation as an organisation that is continually expanding its capacity to create its future – adding that a form of “adaptive learning” is required, that is, the learning challenge organisations have goes beyond survival and is referred to as “generative learning”, learning that enhances their capacity to create. Senge (1990:6-10) described five dimensions that need to be present to create a learning organisation: shared vision, systems thinking, mental models, personal mastery, and team learning. Morgan (2004:67) described organisational learning as the institutionalisation of a body of knowledge while Daft (cited by Lazenby, 2007:28) defined a learning organisation as one in which everyone is engaged in identifying and solving problems that will enable the organisation to experiment, change and improve its capacity to achieve its purpose.

Fiol and Lyles (1985:811) considered organisational learning as the development of insights, knowledge, and associations between past actions, the effectiveness of those actions, and future actions but also, importantly, distinguished organisational learning from adaptation. Adaptation, the authors argued, is the ability to make incremental adjustments as a result of environmental changes or goal structure changes. According to DeVilbiss and Gilbert (2005:62) a learning organisation proactively responds to outside stimuli and changing conditions, stating that its collective consciousness creates an efficient and effective organisation that will

adapt timeously to changing stakeholders' needs, and focus the necessary resources to respond. Organisational learning should be distinguished from individual learning. Citing Argyris and Schön, Morgan (2004:72) explained that learning occurs at multiple levels within an organisation, that is, at individual, group, department, business unit level, and so forth. Although these levels interact, the author continued, it is generally accepted that learning follows a sequential path between individuals, groups and organisations. Citing Hedberg, Fiol and Lyles (1985:804) explained that although organisational learning occurs through individuals, it cannot be concluded that organisational learning is simply the cumulative result of individuals' learning. Organisations have cognitive systems and memories; as individuals within organisations develop their personalities, personal habits, and beliefs over time, organisations develop world views and ideologies. Members come and go and leadership changes, but organisations' memories preserve and sustain certain behaviours, mental maps, norms, and values over time.

Fiol and Lyles (1985:804) argued that while learning enables organisations to build an organisational understanding and interpretation of their environment, four contextual factors affect the probability that organisational learning will occur:

- a) An organisational culture that encourages learning;
- b) A strategy that allows flexibility (strategy also influences learning by providing a boundary to decision-making and a context for the perception and interpretation of the environment);
- c) An organisational structure that allows innovativeness and new insights. A centralised, mechanistic structure tends to reinforce past behaviours, whereas an organic, more decentralised structure tends to allow shifts of beliefs and actions. By reducing the information demands, decentralised structures reduce the cognitive workload of the individual, thereby facilitating the assimilation of new patterns and associations. Functional organisations may be efficient but are less likely to adapt and questions of adaptability emerge around issues of differentiation. Meyer (cited by Fiol & Lyles, 1985:805) suggested that formalised and complex structures

constrain learning but that learning is enhanced by structures that diffuse decision influence; and

- d) The environment, noting that although too much stability within an organisation can be dysfunctional (there is little incentive to learn if established behaviours are perceived to never grow obsolete), too much change and turbulence make it difficult for organisations to map their environment.

In his seminal work on organisational learning, Argyris (1982:4) conceived, and Burnes (2009:149) elaborated on, the concepts of single-loop and double-loop feedback within the context of organisational learning. Single-loop feedback (and subsequent learning) takes place when the control processes enable the organisation to implement its chosen plans to achieve its goals – deviation from the expected goals is therefore simply corrected. When the underlying assumptions and objectives are however questioned, it is referred to as double-loop feedback. Single-loop learning, therefore, changes a process in response to information from past experiences and focuses on the symptoms. Double-loop learning uses symptoms only as indicators, shifting focus to the root causes of problems to change the underlying principles and theory behind a process.

Kuwada (1998:722) suggested two types of organisational learning that complements Argyris' above mentioned concept namely: business learning, whereby organisations acquire business-level knowledge (within a given set of basic assumptions); and strategic learning, whereby organisations acquire corporate-level knowledge and reconstruct the strategic routines and plans as a consequence. Business learning leads directly to changes in strategic behaviours at the observable level. In contrast, strategic learning leads to changes in the strategic orientation of the organisation. Business learning is a type of single-loop learning whereas strategic learning can be considered a form of double-loop learning. Senge (cited by Chinowsky & Carrillo, 2007:123) categorised learning into two separate categories namely adaptive and generative. However, the mentioned authors (2007:123) argued that while Argyris' categorisations (referred to earlier in this chapter) of learning centre on *what* is changed during the learning process, Senge's

categorisations focus more on *when* learning takes place. Adaptive learning is an organisation's way of reacting to a dynamic environment – this implies that an organisation making use of only adaptive learning remains stagnant in its knowledge until it is forced by a new experience to adjust. In contrast, generative learning enhances organisations' ability to create, or to be innovative. In this sense, generative learning is inspired by the possibility of change in the future while adaptive learning is imposed by actual change in the present.

Citing Ford and Ford, and Tsoukas and Chia, Ford (2008:174) distinguished between episodic (planned) and continuous change scenarios. Episodic change most frequently takes the form of a planned intervention whereby a new strategy or programme replaces the previous. Interventions are manufactured interruptions intended to correct and/or remove a previous condition to restore equilibrium. Planned change is therefore goal-oriented, rational and intentional. Continuous change, on the other hand, consists of small adoptions that emerge from organisational learning.

Lazenby (2007:25) observed that the more structured an organisation is, the more it may stay entrenched in established practices. Larger organisations find it hard to adapt and to deal with change and do not recognise the opportunities that lie in generative change. In most organisations change is primarily reactionary as a result of external pressures. An organisation's ability to respond to change drivers may also be affected by so-called rationality within organisations. According to Alvesson and Spicer (2012:1197) and Burnes (2009:438) "bounded rationality" captures managers' inability to make completely rational and appropriate decisions due to lack of time, information, and information processing capacity. This means managers will make, at best, reasonable or acceptable decisions, but only within the constraints of resource and time availability. Managers subsequently make decisions based on existing cognitive scripts that specify a typical sequence of occurrences in a given situation. Organisations also have informal procedures that guide responses to situations and demands. When learnt, these informal procedures make it possible for managers to act without too much consideration, which promotes efficiency. But, the

authors concluded, learned scripts can blind managers to situations that fall squarely outside them.

3.3 Organisational governance

Human beings are biologically adapted for participating in collaborative activities involving shared goals and socially coordinated action plans (Tomasello *et al.*, cited by Lindenberg & Foss, 2011:500). Within the context of an organisation as a social system where role-players with multiple motives are attempting to collaborate efficiently towards often competing purposes; how are they aligned, led and governed?

In a publicly listed organisation the generic view is that shareholders are the *de facto* owners of the organisations and as the principles, they contract agents to lead and manage the process of value creation and trade. The board of the organisation could be considered the primary agent and in turn appoints a chief executive officer (CEO) to lead the strategic and operational process of creating and trading value. A publicly listed organisation is commonly viewed as an organisation run by CEOs and monitored by a board of directors on behalf of shareholders (Acharya *et al.*, 2011:689).

Davis *et al.* (1997:22) stated that, as agents of their principals, managers are morally responsible to maximise shareholder utility. However, management accepts agent status because they perceive the opportunity to maximise their own utility. Principals invest capital in organisations and apply governance systems in ways that aim to maximise their utility. Agents accept the responsibility of managing a principal's capital because they perceive the possibility of gaining more utility with this opportunity than by accepting other opportunities (under perfect market conditions).

The organisation that took control of the corporate governance debate in South Africa was the Institute of Directors in Southern Africa, by way of the King Committee. The preferences of the South African business community from South Africa's pre-1994 history was to take a conscious decision to align itself, not only with

the mainstream of economic developments in the post-1990 international arena that was characterised by a sentiment that the ideological economic debate in the world was conclusively settled in favour of capitalism, but also with the Commonwealth corporate governance preference for a more diffuse (“wider”) ownership system (Diamond & Price, 2012:64).

Referencing the King III report for the Governance of South Africa, the Institute of Directors in Southern Africa (2009:13) maintained that although the board is accountable to the company itself, the board should not ignore the expectations of its stakeholders. In the board’s decision-making process, the inclusive approach to governance dictates that the board should take account of the legitimate expectations of the organisation’s stakeholders in making decisions in the best interests of the organisation.

Organisational governance is defined by Daily *et al.* (2003:371) and Lan and Heracleous (2010:295) as the determination of the broad uses to which organisational resources will be deployed and the resolution of conflicts among the many participants in organisations. Daily *et al.* (2003:371) stated that this definition is in contrast to earlier governance research, in which the focus was on the control of management self-interest and the protection of shareholder interests. The shareholders of the major companies listed on the Johannesburg Stock Exchange indicate that they mostly consist of financial institutions, both foreign and local. These institutions are trustees for the ultimate beneficiaries, who are individuals. The ultimate beneficiaries of pension funds, who are currently among the largest holders of equities in South Africa, are individuals who have become the new owners of capital, as opposed to wealthy families, which was the norm until the end of the first half of the 20th century (Institute of Directors in Southern Africa, 2009:9).

A stakeholder-inclusive organisational governance approach recognises that organisations have many stakeholders that can affect the organisation in the achievement of its strategy and long-term sustained growth. Stakeholders can be considered to be any group who can affect, or be affected by, the organisation or its reputation. Some of the important stakeholders include shareholders, creditors,

lenders, suppliers, customers, regulators, employees, the media, analysts, consumers, auditors and potential investors (Institute of Directors in Southern Africa, 2009:109).

The market capitalisation of a publicly listed organisation equals its economic value and not its book value. The financial report of an organisation as seen in its balance sheet and profit and loss statement is a snapshot of a moment in time of its financial position. In buying a share in an organisation, an assessment is made of the economic value of the organisation, which takes into account the value of variables not accounted for, such as future earnings, brand, goodwill, the quality of its board and management, reputation, strategy and other sustainability aspects (Institute of Directors in Southern Africa, 2009:15).

Within the context of this study, it is important to consider that investors are increasingly assessing organisations' sustainability issues pertinent to its organisation that would include environmental and social aspects. However, whereas investors have been concerned with social and environmental issues for decades, the alignment of organisational financial goals with the aforementioned has lagged behind (KPMG, 2011). Also, organisations should not ignore the expectations of its stakeholders. Organisations' decision-making processes should be inclusive, that is, it should take into account the legitimate expectations of all the organisation's stakeholders (Institute of Directors in Southern Africa, 2009:18).

Citing Smith, Fox and Lorsch (2012:54) argued that because managers take care of other people's money they cannot be expected to look after that money with the care that owners would have. The challenge shareholders have to ensure managers are effective is the root of agency theory and is largely addressed through organisational governance practices that aim to prevent agents taking advantage of their principals. Tosi *et al.* (2003:2054) argued that these two different approaches to managerial control in organisations (that is, agency and stewardship) are reflected in McGregor's classic distinction between Theory X and Y. Theory X, McGregor claimed, is a set of managerial assumptions based on the premise that people are passive, not intrinsically motivated to work and need to be controlled by strict organisational

governance structures. Theory Y, Tosi *et al.* (2003:2054) continued, is an alternative set of assumptions that claims managers will not be passive, have a high capacity for assuming responsibility, and are intrinsically motivated. According to Theory Y, empowering structures should prevail so that managers can achieve their own goals by directing their efforts toward organisational objectives.

According to Diamond and Price (2012:65) South African organisational governance reform has been influenced by international and domestic political realities. The authors continued stating that, although there was a significant shift in the emphasis on organisational governance from the first King Report to the second King Report, the basic tenets of the shareholder-centred approach on governance remained, contrary to what could be expected after a country has undergone such fundamental transformation as South Africa has. The reasons this fundamental normative instrument of society remained firmly anchored in mainstream capitalist thinking are to be found in the complex relationships between various stakeholders within the organisational governance debate, their relative strengths at the negotiating table and the political realities affecting their conduct, Diamond and Price (2012:65) concluded.

Ball (2004:316) said that traditional theory of an organisation has had little to say about the complex relationship between managers and the organisation's stakeholders. To reduce residual loss to shareholders, ideally, a common understanding and agreement (that is, alignment) between all stakeholders on the organisation's purpose would be required. Within the organisation, furthermore, alignment would be required between all levels of management on the short and long-term objectives and goals that are required to fulfil an organisation's purpose (Hillman *et al.*, 2009:1405).

Discussing alignment and organisational governance, Acharya *et al.* (2011:692) argued that since managers collect rents at different time horizons means that each has to pay attention to the others' residual claims in order to elicit cooperation. Lan and Heracleous (2010:305) discussed two forms of organisational governance structures namely the shareholder primacy model where shareholders are principals

and the director primacy model where the organisation is viewed as the principal. Figure 3.4 provides a graphical comparison between the shareholder primacy model (left-hand model) and the director primacy model.

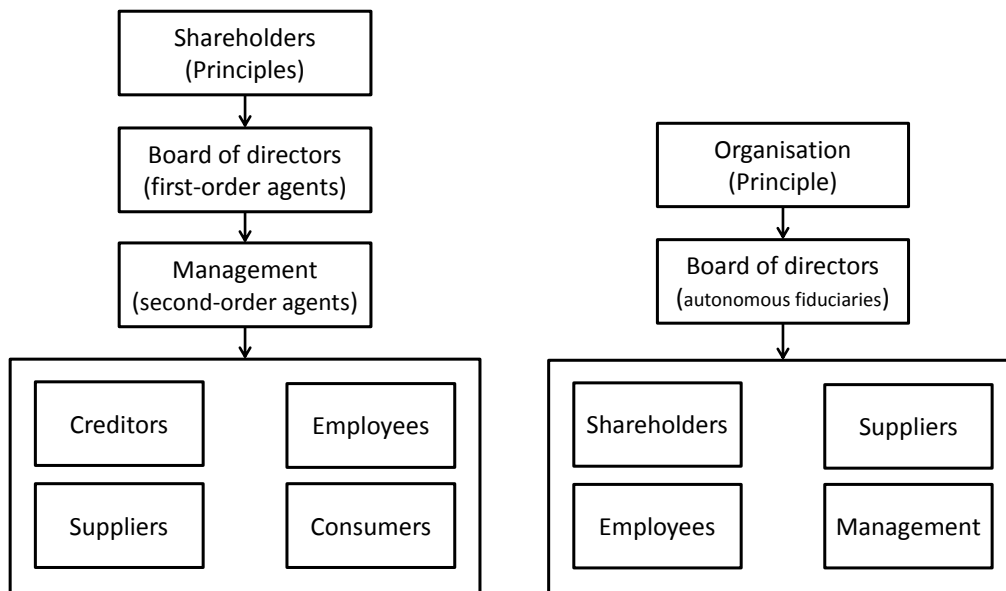


Figure 3.2: Shareholder primacy and director primacy view

Source: Adapted from Lan and Heracleous (2010:302).

Lan and Heracleous (2010:305) argued that the appeal of the director primacy model and the related team production theory of an organisation lie in the existence of “positive theories”, contesting the assumption of self-interested managers. Management is subsequently considered as one of the groups contributing to team production, where the organisation is the principal and the perspective shifts to viewing management as a bona fide cooperative team member. At the top of the hierarchy is the board of directors whose role would include serving as the final arbiter of disputes between any groups of stakeholders. To allow this form of governance the board will have to have legitimacy with key stakeholders and may even necessitate board membership representation from non-traditional stakeholder groups such as the community. Lan and Heracleous (2010:298) also presented perspectives on organisational governance (see table 3.1 below) as it progressed over time. The central themes entailed the following: the increasing legitimacy of a broader set of stakeholders; and the (resulting) increasing requirement of directors and management to balance the interests of all stakeholders.

Table 3.1: Perspectives on organisational governance

Key Ideas	Managerialism	Shareholder primacy model	Stakeholder/communitarian model	Director primacy model
Framework outline	Management is the centre of strategic decisions	Shareholders are the main residual claimants of the income stream	Stakeholders' interests are equally important to those of shareholders	Board is the central, independent decision maker
Position of shareholders	Passive; little understanding of operations – would rather sell shares than to exercise their voting rights	Powerful; have ultimate control over the organisation (management) through the organisation's board	More powerful than stakeholders; are in a position to manipulate the organisation's direction to its own advantage	Willingly cede control to the board for their own interest
Role of the board/directors	Figureheads with little understanding of operations; rubber stamps decisions	Agents of shareholders serving a monitoring role to ensure that professional managers do not exploit corporate inputs and resources to the detriment of shareholders	Balances the interests of all parties with the assistance of management	Mediates the balance of the competing claims of all contributors and distributes residual claims
Management's role	Objective implementation of shareholders' wishes	To maximise shareholders' wealth	To take into account stakeholders' interests in decision-making	One of the parties contributing to organisational success
Organisational governance structure	To devise a structure that would confer a wide range of management discretion so as to not curb the creativity and flexibility needed to operate the business	Based on agency problem; devise means to align managers with shareholders' interest	Governance structure needs to balance the diverse interests of shareholders and stakeholders	To maximise the sum of all risk-adjusted returns enjoyed by the groups that contribute towards organisational success through mediating and control of strategic decisions
Time line	1928-1980s	1980s-present	1990-present	1999-present

Source: Adapted from Lan and Heracleous (2010:298).

3.4 Organisational structure and formal interaction

3.4.1 Organisational structure

From the perspective of organisations functioning within open systems, organisational structure is a pattern of relationships between individuals that transfers and modifies information and physical objects. Structures have functionality only in the context of the use of the structure to contribute to a systemic need. In and of themselves, structures are only physical, or in the case of organisations, social arrangements or patterns (Thompson *et al.* 2012:393; Gresov & Drazin, 1997:406). Practically, the term organisational structure refers to the division of work and division of authority in organisations.

Organisation structure may be seen as the interplay between the principles on how to divide, allocate, and measure tasks (Puranam *et al.*, 2012:420). Formal structures refer to deliberate patterns of activities in organisations and are useful as contextual variables when studying behaviour in organisations, according to Walton (2005:570-571). Informal “structures”, in turn, are characterised by personal contacts, interactions and groupings that take place among people working within the formal structure (Callahan *et al.*, 1986:311).

Drazin and Van de Ven (1985:536) cited Child as having found that multiple contextual factors (for example, organisation size, the environment and task uncertainty) can have conflicting effects on organisation design and subsequent organisational performance. Burnes (2009:75) considered technology, the environment, and organisational size as the key determinants of an organisation’s structure. Sillince (2005:608) referred to structural contingency theory of rhetorical congruence and argued that attempts to adapt structure to contingencies will be unsuccessful unless there is also rhetorical congruence, which has two parts. *First*, rhetorical congruence exists if rhetoric is applicable to contingencies. For example, decentralisation aimed at increasing local responsiveness will lead to more requests by head office for advice from operations units. *Second*, rhetorical congruence exists if the various rhetorical processes are in balance with one another. For example, as

the environment becomes more uncertain and as more differentiation rhetoric is implemented in response, further integration rhetoric will be prompted to re-establish balance.

Citing Mintzberg, Grandori and Furnari (2008:461) maintained that in the classic organisation design paradigm, structural contingency theory, the effective shape of an organisation has been seen as a “consistent” set of attributes, which fit to some relevant states in its environment. According to Walton (2005:570) structural contingency theory’s underlying premise is that context and structure should fit together. Structural contingency theory proposes that variations in formal organisational structures relate to variations in contingencies such as size, strategy, technology and environment. Furthermore, levels of organisational effectiveness depend on the fit between structures and contingencies. Design “attributes”, Grandori and Furnari (2008) continued, typically include criteria for specialising units and ways of connecting them (through lateral communication, hierarchy, rules and procedures, teams, liaison roles, integration units, and so on). The contextual variables, which the before mentioned attributes should be contingently designed to, includes environmental dynamism and uncertainty, strategies, technology, type of interdependence and organisation size. Organisational attributes and contextual variables have been connected through the notion of fit, understood in at least three ways in contingency studies: selection fit (structures’ alignment with context); interaction fit (bivariate interaction between pairs of context and structure variables affecting performance); and systemic fit (multivariate interaction of multiple structural characteristics and multiple context variables affecting performance). According to the contingency theory, there is no single optimum form of organisational structure for all scenarios; each organisation must find the appropriate fit between contextual factors (such as the environment), the structural characteristics of the organisation, and the strategy to be developed (Altman, 2016:13; Pertusa-Ortega, 2008:139).

Gammeltoft *et al.* (2012:178) asserted that for any given strategy only a limited number of potential structures will be suitable, depending on certain contingency factors. A taxonomy consisting of three elements can be used to further describe organisational structure: specialisation (complexity), formalisation, and the degree of

centralisation versus decentralisation. Specialisation can be subdivided into three categories: horizontal differentiation, vertical differentiation and spatial differentiation.

Horizontal differentiation describes how many positions, professions and specialities exist. It also describes the degree of departmentalisation. Vertical differentiation concerns how many levels, that is, how pointed or flat the “pyramid” is. The fewer the number of levels, the greater is the span of control for each manager. Spatial differentiation has to do with the physical location of the organisation and its departments and staff. The greater the distance between them, the more complex is the organisation. Formalisation describes the degree to which work and tasks performed in the organisation are standardised. The structural dimension of formalisation describes the degree to which work and tasks performed is regulated or controlled by rules, routines and procedures. Centralisation/decentralisation refers to *where* in the organisation decisions are made. Maximum centralisation implies decisions taken at the highest level possible while maximum decentralisation means that decisions are taken at the lowest level possible (Thompson *et al.*, 2012:398; Andersen & Jonsson, 2006:238; Walton, 2005:572).

Discussing organisational structure, Lawrence and Lorsch (cited by Powell, 1992:119) reported that successful organisations in uncertain environments adopted more differentiated structures than unsuccessful organisations, and applied integration tactics (such as cross-functional task forces and liaison teams) appropriate to this greater degree of differentiation. Lawrence and Lorsch’s seminal work (1967:142) argued that as organisations grow and become more complex, the need for both standardisation (integration or coordination) and specialisation (or differentiation) increases – the two, however, the authors added, are antagonistic.

The structure-follows-strategy debate is irrelevant according to Atkinson (2006:1444) and Drazin and Van de Ven (1985:514). The respective authors pointed out that organisations need to simply acknowledge the need for a clear fit between strategy and structure, that is, there needs to be strategy-structure congruence in the context of the operating environment. If the size and complexity of modern organisations and the subsequent inevitability of bureaucracy are taken into account, the following

statement from Weber's seminal work, cited by Scott (1981:293) is of interest: "Bureaucracy has been and is a power instrument of the first order. The individual bureaucrat cannot squirm out of the apparatus in which he is harnessed. In the great majority of cases, he is only a single cog in an ever-moving mechanism which prescribes to him an essentially fixed route of march". Citing Ilinitch *et al.*, Schneider and Somers (2006:351) commented that the very notion of organisation has evolved, from a bureaucracy with clear boundaries and internal areas of authority to a new form, which has fluid and flexible external and internal boundaries.

3.4.2 Formal interaction between organisational role-players

Meetings are planned gatherings of two or more people who assemble for a purpose that is presumably related to aspects of organisational functioning. Meetings are distinct from casual interaction in that it has an organisational purpose, involves multi-party interaction and is considered episodic because they include certain role-players and issues during a particular space and time, while excluding others. In this definition, all meetings are formal, to the extent that they are planned gatherings for a purpose. Furthermore, meetings serve a role within wider organisational activities; for example, as a platform for coordinating different organisational perspectives and agendas. As such, meetings help to sustain the unity of the organisation by "socially validating" the current order or by serving as a place for participants' sense-making. Commensurate with this approach, meetings are posited to be part of an on-going flow of organisational activities, as meetings tend to give rise to subsequent meetings (Jarzabowski & Seidl, 2008:1394).

From a strategic and operational management, as well as from an organisational governance perspective, formal meetings are the most dominant institutionalised social activity within organisations. Formal meetings within organisations take on many forms: manager-subordinate, focus groups, cross-functional, ad hoc, and so on. In classical organisation-studies literature, according to Simon (cited by Jarzabowski & Seidl, 2008:1393), meetings are typically perceived uncritically as tools for accomplishing specific tasks, such as decisions, but argued that it is not a very effective tool. In contrast to this instrumental view, Jarzabowski and Seidl

(2008:1393) viewed the role of meetings as routinized social practices that serve to stabilise the wider social system of which they are part. In organisations, management plans the work, and then monitors employees' performance to ensure that appropriate policies and procedures are followed. Centralised authority, positioned within a hierarchical unity of command and division of work, reinforces routines. Failure to obey routines results in some form of punishment; communication and feedback thus becomes distorted and only information the manager wants to hear are typically shared. Since the mid-to-late 1970s, decentralised, lateral, and mission-centred organisational forms have emerged that were characterised as post-bureaucratic. Post-bureaucratic theory conceives organisational design as team-based, flexible and less rule-bound than the bureaucratic. Cross-functional teams encourage the breaking down of functional "silos" in order to increase lateral processing (Ford, 2008:175).

3.5 Organisational leadership

Probably the first reference to the importance of leadership and management has to be the pyramid building projects of the Egyptians in the period 5000 to 525 BCE. According to George (1972:5) the great pyramid of Cheops (it contains 2.3 million stone blocks each weighing two and half tons and covers 13 hectares) took twenty years to complete by a workforce of hundred and twenty thousand men. When considering the planning and execution demands of a project of this magnitude it is easy to argue that the managerial concepts and techniques that we know today were not conceived in the twentieth century. While the basic management concepts of planning, organising, leading and controlling have been extensively documented and is still being applied in its rudimentary form, the concept of leadership has been far more ambiguous and contentious.

The role of leadership in an organisation is an important aspect of this study and hence a discussion on the importance of leadership and a clear definition is required. Within the typical large scale organisation, at any given time, some of the following questions are being posed. At the board and executive management level: what should be done differently to retain or grow investor confidence and will the chosen

course and execution plans have the support of all stakeholders? How do we get all internal and external stakeholders on board? And especially during turbulent times, what is the organisation's purpose? How will it be fulfilled? What are the risks?

At senior and middle management level: do I understand and agree with the chosen course and is it realistic? If I do not agree, what would be the best tactics to influence the decision makers? What modification and additions should be made to my plans in order to execute the strategy, for example, is the current organisational structure suitable? Is the enterprise system functionality still suitable? Do I have the right people in leadership positions? What about plant and people capacity?

Within junior management and frontline management positions: how do I motivate my staff to execute the plan? Have I received clear direction and authority to execute the strategy at an operational level? Will my section be sufficiently resourced?

The strategic aspects of organisations (purpose clarification, exploration, market positioning, capital expenditure, and so on) and the people side of organisations (values, motivation, accountability, courage, and so on) are often respectively referred to as the hard/objective and the soft/subjective side of organisations. Referring to the strategic and personal side of business when discussing so-called hard and soft aspects, Koestenbaum (2002:8) stated that nothing is harder than the effort required to garner the necessary personal will or having to influence business decisions under often extreme uncertainty with corresponding risks.

Classic literature on management refers to planning, organising, directing and controlling as the main functions of management with leadership included in the directing activity (Callahan *et al.*, 1986:167; Smit & De J Cronjé, 1997:278). However, considering the key element of effective leadership, and thus by default effective management, being the ability to influence (Callahan *et al.*, 1986:167; Kreitner & Kinicki, 1992:516) then a distinction between management processes (planning, organising, and so forth) and leadership processes is required.

Nag *et al.* (2007:946) described management's role as follows: understanding the dynamics of external and internal environments; positioning and managing within these environments; relating competencies and advantages to opportunities within external environments; and strategic management is the process of building capabilities that allows an organisation to create value for customers, shareholders, and society while operating in competitive markets. Peters and Austin (1986:265) suggested that the model of a manager as a referee, analyst and decision-maker be replaced with *leader*, describing the required attributes and behaviour of managers (that is, leaders) as: passion, care, consistency, and facilitator.

The researcher will, however, subscribe to Yukl's (2012:66) description of leadership: *the influencing and facilitating of individual and collective efforts to accomplish shared objectives*. While there are many theories on leadership, the following classification developed by Yukl (2012) is considered to be an appropriate framework to discuss a number of key leadership roles and behaviours within the context of organisational alignment.

The classification is presented in table 3.2 and consists of four meta-categories and its component behaviours.

Table 3.2: Leadership behaviour classification

Meta-category	Objective	Component
Task-oriented	Effective and efficient task accomplishment	Clarifying
		Planning
		Monitoring operations
		Problem solving
Relations-oriented	Trusting relationships with relevant stakeholders	Supporting
		Developing
		Incentivising and recognising
		Empowering

Table 3.2: Leadership behaviour classification (continue)

Meta-category	Objective	Component
Change-oriented	Adaptation to the internal and external environment through collective learning	Advocating change
		Envisioning change
		Encouraging innovation
		Facilitating collective learning
External	To acquire the necessary information and resources, and to promote and defend the interests of the team or organisation	Networking
		External monitoring
		Representing

Source: Adapted from Yukl (2012:68).

What follows is a brief explanation on each of the categories and its objectives within the context of organisational alignment. The *task-oriented* category has resemblance to Fayol's theory on leadership activities. In his 1916 classic, *Administration Industrielle et Generale*, Fayol divided the manager's role into five functions: planning, organising, command, coordination, and control. Fayol further recommended fourteen universal principles of management and while some modern observers criticise Fayol's emphasis on discipline and hierarchical chain of command as being outdated, the majority of the principles are still relevant today (Kreitner & Kinicki, 1992:19). The Deming-cycle, as it is known, consists of plan-do-check-action phases (Dennis, 2006:69) and also has similarities with both Yukl and Fayol's management actions.

Clarifying would include understanding of what to do, the methodology to be used as well as the elements and timing of the output. *Planning* refers to decisions about objectives and priorities, organising work, assigning responsibilities, scheduling activities, and allocating resources. *Monitoring* of operations entails assessment of progress against the plan followed by engaging in problem solving to correct deviations from the expected level of performance. *Problem solving* includes reactive and pro-active actions by monitoring trends in performance and subsequent corrective and pre-emptive interventions (Yukl, 2012:70).

The outcome of any organisational process consists of the objectively measurable task deliverables (for example, tonnes produced, safety record, unit costs, share price) as well as subjectively measurable outcomes (individual and group outcomes such as change in employee attitudes, investor sentiments, and so on) (Kozlowski & Ilgen, 2006:78).

Relations-oriented behaviours are required to enhance team member skills, the leader-team member relationship, identification with the work unit and the organisation, and commitment to the organisational purpose, building trusting relationships with stakeholders, and so forth (Yukl, 2012:70). Social exchange theory, according to Blau, cited by Gong *et al.* (2009:265), refers to actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others.

The required leadership behaviours of *incentivising*, *recognising* and *empowerment* are also relevant within the context of organisational alignment. Leaders use praise and other forms of recognition to indicate appreciation for effective performance and important contributions to the team or organisation (Yukl, 2012:71).

Coordination failures, manifesting as delays, misunderstanding, and poor synchronisation, occur when interacting individuals are unable to anticipate each other's actions and adjust their own accordingly. In contrast, cooperation failures occur when interdependent individuals are not equally motivated to achieve the collective outcome because of conflicting incentives. Coordination failures can occur quite independently of cooperation failures, even when incentives are fully aligned (Puranam *et al.*, 2012:425).

The nature and degree of empowerment influences an organisation's performance. Leaders can empower subordinates by providing more autonomy over decisions about their work. Consulting stakeholders, for example when a manager liaises with a supplier or a board member engaging with a government official, includes eliciting suggestions and taking them into consideration when making a decision. A stronger form of empowerment would be to delegate decision-authority. The leadership

behaviour style of instructing is considered to be the least empowering. The opposite extreme form of empowerment is often referred to as “participative” leadership, referring to the behavioural element of empowerment, the face-to-face engagement of information sharing and obtaining input on decision-making (Yukl, 2013:114; Jukl, 2012:72). Burns (cited by Colbert *et al.*, 2008:81) wrote: “The function of leadership is to engage followers, not merely to activate them, to commingle needs and aspirations and goals in a common enterprise and in the process to make better citizens of both leaders and followers”. Employee engagement is described by Ostroff (cited by Sahoo & Mishra, 2012:100) as the degree to which an individual is attentive and absorbed in the performance of his or her role.

Sarkar (2011:63) posited that employee engagement is the level of commitment and involvement an employee has towards their organisation and its values, and that the degree of employee engagement may be viewed as a barometer that determines the association of a person with the organisation and its values. Miles (cited by Sahoo & Mishra, 2012:96) described employee engagement as intensively involving all employees in high-engagement cascades that create understanding, dialogue, feedback and accountability, and empower managers to creatively align their subunits, teams and individuals with the organisation’s purpose, objectives and goals.

When engaged, people employ and express themselves physically, cognitively and emotionally during role execution. Employee engagement is thus the level of commitment and involvement an employee has towards his/her organisation. Engaged employees are aware of the business context, and are subsequently able to improve collaboration with all of their stakeholders. Organisations need to develop and nurture engagement, which requires a two-way relationship between the managers and their subordinates. The positive outcomes of an engaged workforce include improved commitment and alignment with the organisation’s objectives and goals (Sahoo & Mishra, 2012:94, 98). Conger and Kanungo (1988:474) suggested that empowerment be viewed as a motivational construct – meaning to enable rather than simply to delegate. The authors subsequently defined empowerment as a process of enhancing feelings of self-efficacy among organisational members

through the identification of conditions that foster powerlessness and subsequently through the removal of these conditions.

Grant (2012:462) stated that empowerment involves four psychological states namely: meaning (purpose), self-determination (choice), competence (self-efficacy), and (strategic) impact (influence on strategic, administrative, or operating outcomes), all of which are highly relevant to the organisational practice of alignment. Also, a lack of strategic consensus and clarity undermines effective upward communication. Furthermore, a top-down management style is often the main barrier to honest upward communication and organisational learning (Beer & Eisenstat, 2000:33).

Getting managers to voice their opinion is recognised as a key driver of improved decision-making and subsequent organisational performance. *Voice* is defined as upward-directed, discretionary, verbal behaviour intended to benefit the organisation and can either be perceived as supportive or challenging. Research on *voice* has shown positive effects of employees speaking up on decision quality, team performance and organisational performance. Consequently, researchers have highlighted the antecedent factors that encourage managers to speak up, for example, leadership style (Burriss, 2012:851).

Two types of responses are associated with managers speaking up. First, managers will speak-up when they want to initiate "change rather than escape from an objectionable state of affairs". The level of their superior manager's endorsement of their suggestions, displayed through the allocation of additional attention and resources for these ideas, is an important precursor to making changes in organisational routines or processes. Therefore, persuading superiors to endorse and eventually adopt their suggestions is an outcome managers assess when speaking up. The second outcome is the superior's assessment of the manager who speaks up. These assessments point toward an evaluation of the manager's overall performance and potential to positively contribute to the organisational performance (Burriss, 2012:852). When managers are confronted with an organisational context they find problematic, but which includes no room for objections, they react in different ways. Some subjectively distance themselves from the organisation and

engage in a process of reflexion. Others take a pragmatic approach, subjectively distancing them while behaving according to the organisational norms. A third group may sign up to, and even “internalise” dominant notions. The individuals in the latter group bring their own senses of self into alignment with the dominant themes in the organisation (Alvesson & Spicer, 2012:1207).

The upward relationship managers have with their superiors, specifically related to their level of influence, is a powerful determinant of managers’ ability to influence their own subordinates. Although managerial authority in organisations contains important leadership elements, its distinctive characteristic, which differentiates it from informal leadership, is rooted in the formal power and sanctions the organisation bestows upon managers (Scott, 1981:88). Yukl (2013:224), citing various authors, also claimed that managers’ favourable exchange relationships with their superior managers are more likely to establish a positive relationship with subordinates.

Recognising that, due to the interaction organisations (externally and internally) have with their environment and the subsequent need to react and adapt, leadership behaviour related to *change* is an imperative, according to Burke and Litwin (1992:535). Regarding change, Yukl (2012:73) argued that an effective way for leaders to build commitment to new strategies or initiatives is to articulate a clear, appealing vision of what can be attained by the specific work unit or the organisation as a whole. This ability to envision change is especially important at executive and senior management level. However, while many organisations state their purpose and vision, expecting it to inspire subordinates, it is often viewed as vague (Payne, 1996:13; Williams, 2002:217). Yukl (2012:73) reasoned that *envisioning* change is probably the most important component behaviour related to change-oriented meta-category and is often viewed as the starting point of transformational leadership (Grant, 2012:458). Managers are subsequently finding it difficult to align their own functions to the stated vision or to place their own required contribution in context.

The traditional view on leadership largely referred to internal relational behaviour. There is, however, a growing realisation of the role and value of leadership

behaviour beyond the positional or hierarchical. Yukl's meta-category of *external leadership* behaviour deals with the aforementioned trend realisation and entails the component behaviours of *networking*, *external monitoring* and *representing*. The aim of networking is to obtain information and resources and secure political support. External monitoring would enable managers to assess and anticipate changes in the organisation's external as well as the manager's internal environment. Representing would entail defending the team's reputation as well as the boundaries of their scope (Mathieu *et al.*, 2008:457) and securing resources (Yukl, 2012:74).

Leadership behaviour within the change-oriented category effectively relates to adaptation to external changes (that is, external to the organisation but also external to the manager's department). Specific component behaviours include advocating change or on-going adaptation, articulating an inspiring vision, encouraging innovation, and encouraging collective learning. The first two component behaviours emphasise leader initiation and encouragement of change, whereas the second two component behaviours emphasise leader facilitation of emergent change processes (Yukl, 2012:68).

Citing Mintzberg, Boswell (2006:1493) argued that those at lower levels within an organisation are likely to share or hear "only vague echoes of the organisation's goals". Citing Etzioni and Mohr, the author furthermore reasoned that agreement on organisational priorities is more likely among individuals at similar levels within the organisation and that managers "closer to the top" should have greater understanding of organisational objectives as defined by the strategic decision-makers. Knowledge of an organisation's strategy and how to contribute is also likely to evolve as managers become familiar with the organisation.

Boswell (2006:1494), however, added that increased tenure in a particular position may detract from line of sight to an organisation's objectives. Among those with similar organisational tenure, managers in one position for a long period may become entrenched in their environments, obsolete in their knowledge, and less in touch with the "bigger picture". This misalignment with the "bigger picture" is similar at the organisational level in that too much fit can lead organisations to become

“ingrown”, making it difficult to see beyond how things have always been done even when the external environment necessitates change. This isolation from the larger needs of the organisation may occur when a manager remains too long in one position. Similarly, holding a variety of positions within an organisation (controlling for organisational tenure) may better enable a manager to understand the larger organisational objectives and goals and how to contribute. Kathuria *et al.* (2007) proposed that alignment requires a shared understanding of organisational goals and objectives by managers at various levels and within various units of the organisational hierarchy – the authors also came to the conclusion that in the hypercompetitive, global marketplace, the time has come for a renewed focus on certain aspects of vertical alignment and, perhaps more importantly, a new focus on horizontal alignment is required.

The receptiveness of an organisation’s managers to triggers from the environment (and their subsequent response) will to a large extent depend on their understanding, and support, of the organisation’s strategy. Under conditions of lack of common purpose or role ambiguity, there is a tendency towards strategic inertia, as different interest groups in the organisation pursue their own goals in relative isolation, with little collective strategic action from the organisation as a whole (Jarzabkowski & Seidl, 2008:1396). Citing March, Alvesson and Spicer (2012:1197) reported that a high level of goal ambiguity simply prevents people from mobilising their cognitive capacities fully, and acting rationally.

3.6 Goal setting

Organisations are social systems held together with the glue of shared commitment to common ends. People are goal-oriented and are “pulled” along by a sense of purpose, desire, and value expectations (Brightman & Moran, 2001:254, 259). According to Vancouver *et al.* (1994:667), the degree to which organisational members agree on organisational goals has a significant effect on attitudes including satisfaction, organisational commitment, and intention to leave the organisation. Citing various authors, Ayers (2015:171) stated that establishing goal alignment (including the alignment of priorities) is critical for increasing organisational

performance. Managing an organisation requires purposeful activity and all purposeful activity, in turn, requires goals. The organisation itself is an entity whose defining characteristic is the attainment of a specific goal or purpose (Parsons, cited by Sundaram & Inkpen, 2004:350). Goals constitute one of the most important conceptual differences between action and mere events – actions being created by a conscious agent and the events being caused by natural or random occurrences (Rosencrantz, 2008:40). To be effective, organisational and subsequent individual goals need to be consistent with long-term goals and linked to strategy (Grant, 2011:50) while Thompson *et al.* (2012:68) commented that goal-setting is a top-down process that should extend to the lowest organisational level.

All of an organisation's goals should have clear cause-and-effect relationships (that is, its strategy) with its overall purpose (that is, the value it aims to create). Foss and Lindenberg (2013:85), however, argued that many of the causal linkages between strategic management processes and value creation are unclear – in particular, how strategic goals affect value creation. The authors hypothesised that strategic goals mainly steer the cognition and actions of management and that strategic goals affect the very functioning an organisation in the sense that they influence its internal governance and the cognition and motivation of all organisational members, not just the executive management. Individual contracts (that is, clarity on individual goals), according to Ordonez *et al.* (2009:7), motivate performance better than “do your best” guidance. According to the authors' findings, specific goals provide clear, unambiguous, and objective means for evaluating managers' performance.

Goal-setting theory, as a motivation theory, has a widespread application of goal-setting principles within organisations – the main premise is that encouraging a goal that is specific and difficult (but realistically achievable) will yield better performance than specific but easy goals (Kleingeld *et al.*, 2011:1289). While acknowledging that specific, challenging goals drive behaviour, Ordonez *et al.* (2009:6) cautioned that certain side effects are related to goal setting, for example, too narrow focus neglecting non-goal areas, distorted risk preferences, inhibited learning, and reduced intrinsic motivation. Individuals' goal orientation also needs to be considered within the context of organisational goals as the nature of anticipated future goals can differ

considerably between managers. Vansteenkiste *et al.* (2004:755) cited Deci and Ryan's reference to self-determination theory and suggested that the content of longer term goals (that are either intrinsic or extrinsic) will enhance the perceived utility value of the present task (that is, short-term goals). The authors added that a task can have positive value to a person because it facilitates the attainment of a longer term goal even when the individual is not interested in the activity for its own sake and does not experience intrinsic satisfaction executing the task.

Vansteenkiste *et al.* (2004:755), citing DeBacker and Nelson, Eccles, and Eccles *et al.* stated that within expectancy-value theories, utility value is considered as one component of task value along with attainment value, intrinsic value, and costs. Utility value, the authors explained, refers to the perceived instrumentality or the degree of perceived usefulness of the present task to attain short-term and longer term goals. Within organisations, management constantly face a variety of often competing, goals: growth versus short-term profit, maintenance expenditure versus production output, staff development versus direct-production spend, capital (growth) spend versus dividend payment, and so on.

According to Lindenberg and Foss (2011:500), goal-framing theory (GFT) accepts that managers frequently pursue several heterogeneous goals at the same time, whether these goals are chosen autonomously or triggered by their environment. For action to occur, one of these multiple goals takes precedence while the other goals take a secondary role, although not necessarily a negligible one. Decision making is considered a situated activity, and one's goals and perception of the decision situation are related. This implies that goals steer selective cognitive processes and subsequent motivation, thus filtering how individuals perceive and make sense of their environment.

Etienne (2011:306) mentioned that GFT provides a useful model when trying to understand the above mentioned competing-goals scenarios and added that GFT explains why an overarching goal most conducive to value creation would be the one that promotes motivation for joint production. Lindenberg and Foss (2011:500-506) also posited that a goal frame is an overarching goal (only) when it is focal (that is,

when it is activated), together with the integrated cognitive and motivational (affective) processes that are driven by this goal. However, overarching goals “compete” for the privilege of being focal (that is, for being a goal frame) and try to inhibit each other. The overarching goal connected to a supra-individual orientation would be the normative goal, and it can best be indicated by the desire to act appropriately in the service of the supra-individual entity. (Supra-individual: one that would be created above all individuals (Hornby, 1982:869).) Such a goal can be inhibited (that is, driven into the cognitive background) by one of two competing overarching goals connected to an individual orientation: the gain goal, which entails the desire to improve (or preserve) one’s resources (situation), and the hedonic goal, which typifies the desire to improve (or preserve) the way one feels at the moment. While there are other overarching goals, none refer to the collective goal orientation and its direct competitors (hedonic and gain goals) that are central to joint production motivation.

Foss and Lindenberg (2013:86) argued that sustaining joint production is difficult due to the instable nature of the normative goal frame and its tendency to be subordinate to competing goal frames. The motivation that is most conducive to (collective) value creation is not mobilised by overarching goals that make blatant reference to the maximisation of profits or shareholder value maximisation – such goals prompt managers to adopt goal frames that are not conducive to joint production motivation. Rather, profit, shareholder value maximisation, and market share should not be pursued as the single explicit strategic goal but indirectly through more socially oriented goals. Grant (2011:50) went as far as to state that reference to long-run maximisation of profit outside of the organisation’s executive level would be meaningless unless properly translated into each managerial level’s specific functional area.

3.7 Power, dependency and conflict handling

There are key dependencies within organisations where control over resources is not necessarily controlled primarily through the use of positional power. The most evident examples thereof are the functions within the internal value chain (horizontal

view) of the organisation as well as where functional or service support is required, for example, the production-engineering and production-marketing relationships. Also, relationships with external role-players such as suppliers or investors are not necessarily governed by positional power.

The aforementioned relationships are often difficult to manage in that intergroup leadership is required without the requisite positional power (Hogg *et al.*, 2012:232). The absence of clear positional power is further complicated when the degree of dependency between parties are not perceived to be mutual or it is imbalanced (Casciaro & Piskorski, 2005:169). Based on the premise that power is the ability to influence another party and that influence is a function of the other party's dependency, power is then not so much an attribute of the actor but rather relates to the degree of imbalance between the mutual dependencies (Davis & Cobb, 2009:3, 14; Conger & Kanungo, 1988:472).

Mutual dependency exists between two parties when the value added by the execution of each party's tasks is different when the other task is performed versus when it is not (Puranam *et al.*, 2012:421). Focusing on the dependencies that are generated by task allocations in the division of labour, many contemporary theorists have thereby emphasised "functional" sources of power at the expense of "formal" sources of power. The popularity of the power-dependence theory, however, should not overlook the importance of hierarchical authority, a concept that is not based primarily on the analysis of dependencies (Astley & Sachdeva, 1984:105). Table 3.3 illustrates the potential power-dependence configurations between parties.

Table 3.3 follows on next page.

Table 3.3: Power-dependency configurations

Party B's dependence on A	High	Power imbalance 2 Mutual dependence 4	Power imbalance 1 Mutual dependence 5	Power imbalance 0 Mutual dependence 6
	Medium	Power imbalance 1 Mutual dependence 3	Power imbalance 0 Mutual dependence 4	Power imbalance 1 Mutual dependence 5
	Low	Power imbalance 0 Mutual dependence 2	Power imbalance 1 Mutual dependence 3	Power imbalance 2 Mutual dependence 4
		Low	Medium	High
Party A's dependence on B				

Source: Casciaro and Piskorski, (2005:171).

The power imbalance in each configuration refers to the degree of difference between the levels of dependency between two parties while mutual dependence indicates the combined level of dependency. The shaded diagonal indicates configurations where there is no power imbalance between two parties. Above the diagonal, power imbalance favours party A with the reverse being the case below the diagonal. Cuevas *et al.* (2015:150) argued that trust-relationships within organisations may be increased under conditions of goal congruence, even in a situation of power imbalance. Unlike within the hierarchical context in organisations where positional power can be used to influence outcomes, a manager's ability to influence along horizontal (value chain) lines is often determined by the degree of dependency symmetry (Robbins & Judge, 2012:198). Lan and Heracleous (2010:304) discussed the contingency theory of intra-organisational power; the higher an internal or external stakeholder's power, the higher their priority in the management decision processes. Stakeholder power depends on the ability of a stakeholder to assist a manager deal with uncertainty, their centrality (connection with other stakeholders), and their non-substitutability. The theory suggests that the higher these factors, the more important a stakeholder is and, therefore, the higher its power. Even though this theory was originally developed as applicable to intra-organisational groups, the criteria it suggests can apply to stakeholders more broadly.

The relevance of the power-dependency framework within organisations can also be explained from a resource dependence theory (RDT) perspective. RDT describes an organisation as an open system, dependent on contingencies in its external environment (that is, its external stakeholders) (Fiegenbaum *et al.*, 1996:226). RDT recognises the influence of external factors on organisational behaviour and explains that although constrained by their context, managers can influence environmental uncertainty and dependence. Central to managers' actions (that is, potential influence) is the concept of power, which is the control over vital resources. Organisations attempt to reduce stakeholders' power over them, often attempting to increase their own power over stakeholders (Casciaro & Piskorski, 2005:167; Fiegenbaum *et al.*, 1996:223; Hillman *et al.*, 2009:1404). The relevance of RDT within the context of this study is best understood when one considers Pfeffer and Salancik's statement (cited by Hillman *et al.*, 2009:1404); "to understand the behaviour of an organisation you must understand the context of that behaviour" – that is, the ecology of the organisation. Organisations' actions to influence external stakeholders also affect the intra-organisational power balance and subsequent intra-organisational behaviour.

According to Davis and Cobb (2009:2), RDT is the most comprehensive in the scope of its approach to organisations, combining an account of power and influence within organisations with a theory of how organisations seek to manage their external stakeholder relationships. Criticism of contingency theory (in the context of managing external relationships) is that it presents organisations as reacting to their environments and not necessarily initiating change (Schneider & Somers, 2006:353). Katz and Kahn (cited by Gelfand *et al.*, 2012:4) commented that every aspect of organisational life that attempts to create order and coordination of effort must overcome other tendencies to action, and in that fact lays the potential for conflict – adding that conflict in organisations is inevitable given that humans therein need to manage their mutual dependence. Conflict can be defined as a process that is triggered when one party perceives another party has, or is about to, negatively affect something the first party values (Robins & Judge, 2012:210). Callahan *et al.* (1986:283) refer to conflict as the antecedent conditions to the conflict episode (for example scarcity of resources), affective states (for example hostility or anxiety),

cognitive states (relative to their awareness of conflict situations), and conflict behaviour (that may range from passive resistance to overt aggression).

While there are a wide variety of conflict management strategies, Gelfand *et al.* (2012:4) cited Blake and Mouton; Chen *et al.*; De Church and Marks; De Dreu and Van Vianen; Deutsch; Lovelace *et al.*; Pruitt and Rubin; Rahim and Magner; and Weingart and Olekalns when suggesting that conflict management converges on a broad distinction between three styles namely: cooperation, competition, and avoidance. Co-operators prefer a proactive approach and easily engage in constructive negotiations and collaborative problem solving. Competitors are inclined to compete and try to dominate the conflict partner. Avoiders tend to steer away from addressing conflict and rather suppress the expression of conflict (Gelfand *et al.*, 2012:5). Although individuals may have preferences for different conflict management styles, organisational contexts often provide guidance on the normative way to manage conflict. In addition, managers within the same work environment tend to influence one another thus creating their own (unique within the organisation) views on how to manage conflict (Gelfand *et al.*, 2012:5).

3.8 Organisational culture

Organisational culture develops over time and is characterised by shared values, norms (how things should be conducted), meaning, and behaviours among employees. When employees are committed to deeply held values, as they are in strong organisational cultures, the culture can influence a high level of behavioural control by specifying and reinforcing standards of behaviour (Makins *et al.*, 2012:158; Burnes, 2009:198). Jones *et al.* (2007:142) cited Barney who associated successful organisational cultures to strong core values about how to treat employees, customers, suppliers, and others – that is, the organisation's stakeholders. However, according to Bezrukova *et al.* (2012:77), citing Adkins and Caldwell; Chao and Moon; and Martin and Siehl, cultures are often complex enough to accommodate subcultures. The authors argued that subcultures have the potential not only to reinforce but also to deviate from the values set by the higher level organisational unit.

Simha and Cullen (2012:20) described organisational culture as the organisation's beliefs, philosophy and procedures (formal and informal) about how affairs ought to be conducted and may be strong or weak depending on individuals' commitment to collective goals. Too strong cultures, however, can constrain an organisation's ability to adapt to change-drivers in its environment (Makins *et al.*, 2012:158). Related to the aforementioned, Burnes (2009:378) cited Dawson having said that attempts to realign internal behaviours with external conditions require strategies that are culturally sensitive. Simha and Cullen (2012:20) indicated that while an organisation's overall culture consists of many subsets, for example innovation culture and safety culture, ethical culture is known to influence behaviours to a larger degree. Ethical culture can be defined as the perception of what constitutes correct behaviour, and thus becomes a psychological mechanism through which ethical issues are managed.

Victor and Cullen (cited by Simha & Cullen, 2012:21) developed a framework that consisted of a two-dimensional model of ethical culture types based on ethical philosophy and the sociological theory of reference groups. The ethical philosophy dimension includes three criteria: egoism, benevolence, and principle. Egoism refers to behaviour that is concerned with self-interest. Similarly to utilitarianism, benevolence refers to decisions and actions taken to achieve the maximum good to maximum of people. Principle implies that decisions and actions are taken in accordance with laws, rules, and procedures. The sociological theory dimension entails three focus areas: individual, local, and cosmopolitan. The focus areas respectively refer to individuals making decisions based on their own personal beliefs and values, the organisation itself, and the community or society external to the organisation.

The classic justification for the capitalism economic system is fundamentally utilitarian, a moral perspective that aims to achieve the greatest social benefit, net of social cost. (Social cost means the costs organisations impose on other parties without paying the due price while gaining benefit from the production of their goods or services (Batra, 2012:185) and may refer to environmental pollution, discriminatory hiring practices, and so on (Stahl & De Luque, 2014:238).)

Utilitarianism is said to take two forms namely act and rule. Act utilitarianism guides managers to make decisions that result in the maximum net social benefit, whereas rule utilitarianism directs the manager to follow rules that are intended to produce the maximum net social benefit over time (Jones & Felps, 2013:212; Premeaux & Mondy, 1993:350). From an operational perspective, an organisation's management is the dominant link between all stakeholders (employees, shareholders, suppliers, customers, and so on) and therefore the ethical actions of managers directly affect the ethical direction and health of the organisation, according to Premeaux and Mondy (1993:349).

Lastly, and probably relevant particularly within the South African context, is the effect of workforce diversity on organisational culture. Burnes (2009:479;503) described workforce diversity not only as differences between people due to age, gender, race, socio-economic background, and so on (citing Jones *et al.*), but also as differences among groups of people (citing Ricks) and concluded that management needs to be aware of diversity issues when adopting a certain leadership style.

3.8.1 Alignment between individual and organisational values

An organisation's purpose, stated and unstated, should be complemented by a set of organisational values that ideally includes reference to commitments to different stakeholder groups and ethical guidelines (Grant, 2011:55). Values are general beliefs about the importance of normatively desirable behaviours or end states (Robins & Judge, 2012:74; Edwards & Cable, 2009:654; Kreitner & Kinicki, 1992:105). Crabb (2011:27) suggested that employees should align their values to those of the organisation more effectively, ultimately serving to enhance their well-being and engagement, and thus be more likely to improve their performance. Individuals draw from their personal values to guide their actions, and organisational value systems provide norms that specify how organisational members should behave and how organisational resources should be allocated. Value congruence refers to the similarity between values held by individuals and their organisations (Edwards & Cable, 2009:654). Importantly, Howell *et al.* (2012:740) found that

employees' affective commitment is higher when the organisation's advocated values and its demonstrated behaviour are perceived to be congruent, a view supported by Ryu (2015:476). Hoffman *et al.* (2011:781) found that transformational leaders articulate a vision that emphasises the way in which collective goals are similar to follower values, causing followers to regard organisational goals as their own. In the context of this study, a distinction should be made between instrumental and terminal values. Instrumental values (or means) refer to the behaviour that are preferred to achieve the terminal (or end) values, that is, the goals of the organisation or individual (Callahan *et al.*, 1986:50; Robbins & Judge, 2012:74).

3.9 Chapter summary

Organisations function in open systems and in order to stay competitive, need to find systematic ways to ensure alignment with its environment. Organisations at the same time need to find a balance between continuity and change – this can be achieved by the improved matching of internal variety compared to the variety imposed from the environment. Most change efforts will be resisted due to inertia and comfort with the current situation. A systematic approach towards on-going adaptation and change is required, that is, organisations need to be able to “learn” and this can only be achieved through single feedback loops (to stay on course) but also, and more importantly, double feedback loops that will constantly trigger the challenging of the organisation's overall objectives. A high degree of complexity is involved to systemically align multiple role players towards the desired organisation's objectives, while at the same time acknowledging that the “organisation's objectives” are influenced by each individual's expectations of how personal value or utility will be gained. In large multi-hierarchy level organisations, stated as well as pursued objectives are weighted more towards the top echelons' expectations due to the increased level of authority. From an organisational governance perspective, boards of organisations play an important role to ensure appropriate allocation of resources in such a way that all legitimate stakeholders' needs are addressed in a balanced way. While a stewardship-based approach is ideal, the absence of sufficient common goals will make joint-production efforts difficult due to the precariousness of

the normative goal frame. The aforementioned inevitably leading to a more agency-based form of governance and management.

Organisational structures need to support the overall governance approach by facilitating the requisite interaction between internal as well as external role players. Leadership is required at all levels of the organisation and behaviour related to envisioning and managing change should extend beyond the traditional organisational hierarchy by fostering relationships with a broader set of stakeholders. While governance and management is essentially a “top down” activity, employee voice is usually inhibited by the reality of organisational bureaucracy and hierarchies. Interaction within an organisation as well as with external parties is largely driven by role-players’ need to reduce its dependency on the other and/or to increase its power on the other party. Further to the positional or hierarchical power that leads to power-dependency differentials, any effort to coordinate and create order will lead to tension in relationships and subsequent conflict. The degree of value congruence (value defined in the broadest sense) between internal role-players and also with stakeholders can be considered a factor moderating organisations’ efforts to align role-players towards a common goal. Finally, organisations first and foremost consist of formal and informal social structures – the primary purpose of the social interaction is to facilitate the cooperation towards a common set of goals with the ultimate objective to increase the aggregate wellbeing of its stakeholders.

In the next chapter the concept of organisational alignment and alignment strategies will be focussed upon.

CHAPTER 4

ORGANISATIONAL ALIGNMENT – CONCEPTS AND PROCESSES

4.1 Introduction and aims of the chapter

According to Avison *et al.* (2004:224) the debate regarding what organisational alignment is, why it is required, how organisations can improve alignment, and how it should be researched, is on-going. The authors added that although alignment is a top-management concern, no comprehensive model of the construct is commonly used. The authors concluded that while there is limited agreement on conceptualising alignment and its research foundation, literature on the subject is critical on how organisations carry out alignment in practice. Sabherwal *et al.* (2001:179), citing Nadler and Tushman, defined alignment as the extent to which two or more organisational dimensions meet theoretical norms of mutual coherence. Sabherwal *et al.* (2001:179) furthermore referred to Miller's empirical findings supporting organisational alignment's role in improving organisational performance. However, the authors added that despite the recognition of the importance of alignment, there has been little research on the dynamics of alignment. Corsaro and Snehota (2011:1042-1043) commented that the concepts of alignment and misalignment remain vague, that gaps exist in the literature, and that scholars hold different opinions about the meaning and the consequences of alignment. Baker *et al.* (2011:300) suggested that theoretical refinement is needed to describe the concept of alignment and the measurement thereof, in order to make clear its role in providing value to the organisation. However, alignment is a broad topic and the concept originally developed from the idea that organisations should match their resource allocation with the competitive environment – Cao *et al.* (2012:568), citing Drazin and Van de Ven; Venkatraman and Camillus; and Venkatraman and Prescott.

The aims of this chapter are to *first*, provide an overview and synopsis of the concept of, and perspectives on organisational alignment and *second*, to discuss versions of

strategic performance management methods employed to facilitate organisational alignment.

4.2 Organisational alignment concepts

4.2.1 The value of organisational alignment

The concept and practice of organisational alignment is cited within the broad subject field of organisational effectiveness and strategic management. The relationship between organisational alignment and organisational performance is intuitive and various authors have argued the importance thereof (Baker *et al.* 2011:300; Powell, 1992:119; Priem, 1994:421; Roca-Puig & Bou-Llusar, 2006:24; Tarigan, 2005:586). Kaplan and Norton (2005) argued that alignment creates focus and coordination across even the most complex organisations, making it easier to identify and realise synergies. Kaplan and Norton (2006:2) referred to organisational alignment as one of the five key strategy implementation management processes (the balance of the management processes being: mobilisation, strategy translation, employee motivation and governance), and found that the greatest gap between the successful and less successful organisations in their study related to organisation alignment. A McKinsey survey (2006:1) found that 67% of executives indicated “aligning management with the strategy” is an element of the strategic-planning process and that the top two suggestions to improve strategy development and implementation were improving (internal) organisational alignment with strategy and monitoring of progress against the plan.

De Smet *et al.* (2007:14) suggested alignment as one of the five attributes of a healthy organisation, arguing that although organisations often seem resilient in the face of internal and external challenges, they lack cohesiveness towards a common cause. Alignment – towards a common cause – the authors posited, is achieved when organisations formulate a compelling vision that includes all stakeholder groups, articulating a shared identity, reflecting stakeholder concerns in values, and reinforcing the sense of common cause with performance contracts. Nautin (2014:137) maintained that achieving true organisational alignment, where strategy,

goals, and meaningful purpose are mutually reinforcing, provides organisations with a major advantage because it has a well-defined sense of what to do at any given time, and it can trust role-players to move in the right direction. According to Labovitz and Rosansky (1997:x) growth and profit are ultimately the result of alignment between people (that is, employees), customers, strategy, and processes while O'Reilly *et al.* (2010:105) contended that the alignment of managers across the organisation's hierarchical levels to be important during the implementation of strategy.

4.2.2 Strategy and organisational alignment

Discussing organisational strategy, Peters and Waterman (1982:11) referred to alignment as fit, and proposed that when organisations achieve harmony among the three "hard Ss" of strategy, structure, and systems, and four "soft Ss" of skills, staff, style, and shared values, they tend to become higher performing or excellent organisations. The aforementioned came to be known as the McKinsey-7S framework on strategy execution. When discussing organisational alignment, Thompson and Strickland (1993:262) stated that "fits" (with strategy) need to be created in organisational structure, skills, budgets, support systems, reward and incentives, policies and procedures, and culture. The aforementioned resembles the McKinsey-7S framework.

Fry and Smith's (1987) seminal work on organisational strategy suggested that an organisation's ability to achieve its goals is a function of the congruence between various organisational components and if the components "fit well," then the organisation functions more effectively. Strategic management, organisation theory, and organisation behaviour literature, the authors continued, suggest that a particular structure should be "matched", that technology "dictates" structure, that the environment and strategy should be "aligned", that internal systems should "cluster" into a way of managing, that administrative systems should "fit" strategy, that leader characteristics should be "consistent" with strategy, and that reward systems should be "congruent" with strategy. The authors added that the majority of studies on

congruence referred to organisational structure as a key determinant of organisational alignment.

According to Powell (1992:119) initial strategic management research on organisational performance was dominated not by the alignment approach, but by Porter's work on competitive strategy, which stimulated empirical work on the sources of sustainable competitive advantage. Many of these studies on competitive advantage embraced the generic strategy approach of examining the conditions under which cost leadership, differentiation and niche strategies are required. Others followed the strategic group approach, focusing on group formation, and on the role of mobility barriers in protecting competitive advantage from being imitated. Powell (1992:120) concluded that, although the "organisational alignment" and "competitive advantage" approaches each consider financial performance as the primary dependent variable, they developed independently of one another, observing that the alignment approach emphasises organisation structure and environment, and neglects strategic positioning, whereas the competitive advantage approach emphasises competitive strategy, and neglects internal organisational attributes.

Burton and Moran (1995:15) argued that to be profitable, organisations need to focus its resources in the most productive manner possible and that the focussing process requires the alignment of strategic and business plans. The authors' views on complete organisational alignment were: the development of a long-term strategic plan, the deployment to the organisation, the empowerment to respond with specific short-term strategies to achieve it, review and negotiate measures of success, monitor progress, provide an uninterrupted two-way flow of communications, constant focus on waste reduction and simplification of work, and the on-going monitoring of the environment.

Viewing the concept of fit from a configuration perspective, Roca-Puig and Bou-Llusar (2006:17-19) argued that despite the importance of fit in configuration research, limited studies have conducted a thorough analysis of its nature and implications and that one persistent concern is the lack of an operationalised definition of fit. The authors concluded that the most appropriate definition of fit has

yet to be determined and as a result, various approaches are available to study the configuration model, each using different concepts of fit.

Citing various authors, Williams (2002:219) suggested that a clear link between an organisation's culture and strategy be fostered so that the identity of the organisation, including its intended route, is known to all relevant role-players. On-going change in societies, markets, customers and competition is forcing organisations to redefine themselves, to create new visions and develop new strategic planning processes outside the traditional strategy formulation methods. Williams (2002:219) asserted that strategic planning involves more than establishing a long-term plan for realising a vision or dealing with current and anticipated environmental factors. Strategic planning is an on-going dynamic process that redefines an organisation as its resources and core competencies changes. It involves a process of openness, for building direction around internal realities, collective competencies and the collaborative qualities that link an organisation to the interests it serves.

Hammal and Prahalad (1993:77) argued that an organisation's strategy essentially revolves around three elements: alignment between the organisation and its environment; the allocation of resources among competing opportunities; and a long-term perspective. Porter (2008:37) stated that while operational effectiveness is about achieving excellence in individual activities, or functions, strategy is about combining activities and refers to it as fit where competitive advantage grows out of an entire system of activities working together. Indeed, when Porter (2008:65) critiques strategy models and suggests a more sustainable approach, three of the six views he has refers to alignment namely: all activities to be tailored to the strategy; competitive advantage arising from fit across processes; and that sustainability comes from the activity system, not the parts. Ghemawat *et al.* (2001:113), citing Tushman and O'Reilly, commented that the real test organisations have is to be able to compete successfully by both increasing the alignment or fit among strategy, structure, culture, and processes, while simultaneously preparing for the inevitable revolutions required by discontinuous environmental change.

4.2.3 Organisational alignment and the external environment

Strategic management literature often refers to alignment as “fit” and endorses the notion that an organisation’s strategy needs to address both external and internal environmental realities (Meier *et al.*, 2010:161; Hillman *et al.*, 2009:1413; Thompson & Strickland, 1993:263). From a resource dependence perspective, the requisite alignment ability is required within an organisation – especially if the views of Roca-Puig and Bou-Llusar (2006:24) and Beehr *et al.* (2009:1) on organisations are taken into account. The authors maintained that organisations are systems of interdependency among the internal and external organisational variables, all of which must be consistently coordinated (aligned) for the organisation to be competitive. Adjacent to the concept of alignment is strategic consistency. Lamberg *et al.* (2009:48) defined strategic consistency as the degree to which an organisation’s actions are consistent with the organisation’s history as well as with the influence of its external environment. The authors argued that, while intuitively flexibility and speed are required in most competitive positions, consistency is also a necessary condition for improved organisational performance. The concept of complementarity is often used as a synonym for fit and congruence and supports the arguments of fit between contextual elements, strategy and structure. Complementarity exists when two activities reinforce each other in a way that doing more of one thing increases the value of doing more of the other. However, complementarities may increase resistance to change when system elements are too tightly coupled (Ennen & Richter, 2010:209).

Doty *et al.* (1999:1196) studied the importance of fit and focussed on organisational structure. The authors found that increased organisational performance is attributed to the internal consistency (or fit) among patterns of contextual and structural factors and concluded fit to be a good indicator of organisational performance. Park *et al.* (2011:488) studied the fit among organisational variables (for example, environment, strategy, structure and executive leadership) that may result in high performance and refers to macro and micro fit – confirming a distinction used by Fry and Smith (1987:120) and Cunningham and Kempling (2011:194). Macro fit is defined as creating and developing organisation-environment relations or inter-organisational

relations in order to improve performance. By contrast, micro fit is defined as creating and developing sound strategy-structure relations or intra-organisational relations. Park *et al.* (2011:491) concluded that more studies are required to study the role of transformational leadership (versus transactional leadership) in moderating the degree of intra-organisational or micro-fit. Nightingale and Toulouse (1977:266) referred to the degree of congruence between the organisation's environment, management's values, interpersonal and intergroup processes and reactions-adjustments of an organisation's role-players. The authors posited that over time an organisation must achieve congruence in that predictable relations result from the mentioned concepts due to the reciprocal nature thereof. Congruence, the authors concluded, is whether the variables inter-correlate as predicted.

4.2.4 Organisational alignment and the internal environment

Regarding the alignment of internal organisational role-players, Skinner (cited by Joshi *et al.*, 2003:353) implicitly theorised the requirement for "strategic consensus" or "alignment" of priorities throughout the organisation (strategic consensus is used interchangeably with alignment by the cited authors). Boswell (2006:1489) posited that organisations may improve performance through employee contributions that are aligned with the demands of an organisation's strategic approach. The author focussed on the individual as the unit of analysis and subsequently operationalised alignment into two components: *first*, the employees' understanding of the organisation's objectives and *second*, how they individually contribute to those objectives. Boswell (2006:1490) found that without so-called line of sight to an organisation's overall objectives, employees may develop conflicting goals that interfere with an organisation's functioning. In effect, if employees lack line of sight there is arguably a greater risk of ineffective or inappropriate behaviours.

Patten (2015:291) suggested that in a situation of organisational alignment employees are well-informed and collaborate towards organisational objectives in a culture that is adaptive, that is, resources are shifted to support the most critical aspects of the strategy execution. Collins and Porras (2005:202) argued that

alignment means that all the elements of an organisation work together in concert within the context of the organisation's core ideology and the type of progress it aims to achieve. Kaplan and Norton (1996:199) argued that, in an ideal world, every person in the organisation, from the board room to the back room, would understand the strategy and how their individual actions support the "big picture".

The model of an organisation that Nadler and Tushman (1980:43-45) developed consisted of four components namely: formal organisational arrangements, informal organisational arrangements, tasks and the individual. Furthermore, their model consisted of two major elements. The first is strategy, the pattern of decisions that emerges over time about how resources will be deployed in response to its environment. The second is organisation, the mechanism that is developed to turn strategy into output (execution). The fundamental dynamic is that congruence among the components is required. Nadler and Tushman (1980:45) defined congruence as the relative degree of consistency, or "fit" between each pair of organisational components. The fit between two components is defined as the degree to which the needs, demands, objectives, goals, and/or structures of one element are consistent with the needs, demands, goals, objectives, and/or structures of another element. Dutta (2013:47) defined organisational alignment in terms of how multiple business units in organisations work together to display a synergistic effect and cohesion in their working styles, ultimately leading to achievement of the overall organisational goals.

Citing Boyer and McDermott, Tarigan (2005:586) stated that strategic consensus is improved when an organisation's internal role-players agree on the prioritised actions for the organisation to succeed. Specifically, the authors defined strategic consensus as the level of agreement within an organisation regarding the relative importance of cost, quality, delivery and flexibility to the organisation's operational goals. Kellermanns *et al.* (2011:127) commented that strategic consensus assumes a collective appreciation of the reasons behind a strategic decision as well as a common awareness of the intended action. Notably, in a study by Ramos-Garza (2009:854), it was found that lower levels of consensus within top management teams correlated with higher performance in simple environments. The better

organisations manage to develop a fit between its environment, strategy and structure, the better it will perform (Meilich, 2006:161). Sousa and Tan (2015:86), citing Venkatraman and Camillus, commented that organisational fit effectively states that the probability of organisational survival increases as the fit or match between strategies of different internal business units increases. Maille and Fleck (2011:81-82) commented that the concepts of fit and congruence are often viewed as synonymous (citing Speed and Thompson) but added that while abundant literature exists on the concept of congruence, none provide clear definitions or shed further light by means of measurement. Lillis and Sweeney (2013:564) commented that although consensus exists that organisations should strive for consistency between their competitive strategy and their operational capabilities (referring to *consistency* as internal strategic fit), there is a lack of guidelines on how this consistency can be measured and improved. Lillis and Sweeney (2013:569) concluded that there is a need for a procedure to assist managers to understand their organisations current internal strategic fit.

The importance of alignment towards the achievement of an organisation's strategic objectives can also be grounded in control theories (agency theory among others). Control has been defined as any process that helps an individual's actions align with the overall interests of the organisation. If employees have a common understanding of the organisation's objectives and how to contribute towards the achievement thereof, it should be more likely that employee behaviour will align with the organisation's interests. The same argument applies to teams; a strong and consistent group-oriented goal will increase team effectiveness. Conversely, divergent goals are likely to impede successful attainment of an organisation's strategic objectives (Zander *et al.*, cited by Boswell, 2006:1491).

Drazin and Van de Ven (1985:537) described fit as a concept of broad utility and argued that organisational performance is a function of the fit between work design and leadership, referring to the aforementioned as strategy-structure relationships. Alignment (organisational) is also referred to as *agreement* in a not too dissimilar way to Boswell's (2006) discussion on line-of-sight by Kellermanns *et al.* (2005:721) who posited that the degree of agreement between managers on the strategic

objectives of the organisation will correlate with organisational performance. The author's definition of agreement also included the element of shared understanding, arguing that a shared understanding of the rationale behind a strategic objective allows managers not only to act independently but also to act in a way that is consistent with the actions of others and consistent with the spirit of the decision.

Vancouver *et al.* (1994:666) researched the concept of organisational congruence with reference to the degree supervisors' goals were agreed with their subordinates as well as their peers and to what extent agreement between supervisors and subordinates affected employees' commitment. The authors found that person-organisation fit is a determinant of goal congruence and that goal congruence is a precursor to employee attitudes related to organisational commitment. Citing Boswell, and Vancouver and Schmitt, Colbert *et al.* (2008:83) reported that dyadic goal importance congruence may be associated with follower attitudes for the following reasons. When leaders and followers have similar perceptions about the importance of organisational goals, the followers are more likely to receive reinforcement for their work since efforts are directed toward organisationally supported goals that may, in turn, be positively associated with their job satisfaction. Additionally, leaders may have healthier relationships with followers who share their views on organisational goals. Referring to previous studies, Boswell (2006:1492) reported that agreement between employees and internal constituents (for example their immediate supervisors) on objectives and goals correlates positively with work attitudes and employee retention and suggested that taken together, the notion of fit generally and goal congruence specifically supports the importance of employee alignment. Declercq *et al.* (2014:696) found that employees' involvement in organisational deviance is lower to the extent that they share common goals with their supervisor.

Dignum and Dignum (2007:286) contended that organisations are instruments of purpose, that is, they are seen as coordinated by role-players' intentions and goals. The authors added that organisational theory defines an organisation as an entity that allows and supports an individual to recognise their role, and the roles of others, in accomplishing collective goals. Organisations are subsequently described as a set

of entities regulated by mechanisms of social order and created by largely autonomous agents to achieve common goals. Working towards common goals, the authors argued, congruence is required between the organisation's strategy, its structure and the environment in order to improve performance. Within the aforementioned context, Pieper *et al.* (2008:373) described common goals (aligned goals) as the degree of overlap between the goals of organisational role-players. Iselin *et al.* (2008:72) referred to an organisation as being aligned when a series of objectives and goals are linked and, importantly, when the aforementioned and performance reporting measures are mutually reinforcing. (Goals indicate a specific end state whereas objectives provide "general direction" (Rosencrantz, 2008:41).) Corsaro and Snehota (2011:1042) hypothesised that when role-players perceive misalignment, and when there are no constraints to action, efforts to align objectives and goals produce positive effects, even when misalignment persists.

4.2.5 Alignment from a state and process perspective

Regarding the debate on whether alignment should be viewed as a state or as a process, Avison *et al.* (2004:226) cited Ciborra, Labovitz and Rosansky, and also Venkatraman who argued that alignment is effectively a dynamic process. This view is in contrast with the earlier work of Weill and Broadbent, Earl, and Porter and Millar who viewed alignment as a state (Avison *et al.*, 2004:226). Avison *et al.* (2004:228) cited Reich and Benbasat who suggested that (strategic) alignment may be approached from a process or an outcome perspective. Process research involves investigating planning activities, while outcome research involves realised plans. Research of these two types would either examine strategies, structures and planning methods, or would focus on role-players, values, communication and understanding. There are therefore two dimensions to strategy creation, the authors concluded: an intellectual dimension that investigates the content of plans and planning approaches, and a social one looking at the people involved in the creation of alignment. Regarding alignment practices, the researcher considered the following views on what is meant by management practices. Management practices are what managers do in the normal course of events and are viewed as the natural way of doing things, a particular collection of specific behaviours (Burke & Litwin, 1992:532;

Gondo & Amis, 2013:229) and are thus the locally embedded behaviour built on the social and institutional context of an organisation and implies a shared practical understanding (Parker, 2007:18; Smets *et al.*, 2012:879).

4.2.6 The dynamic nature of organisational alignment

Avison *et al.* (2004:226) argued that the pedantic application of concepts such as the strategic fit between resources and opportunities, the generic strategies of low cost versus differentiation versus focus, and the strategic hierarchy of goals, strategies and tactics may make the strategic process inflexible and it can distort and constrain creative thinking. Sabherwal *et al.* (2001:179) asserted that alignment is often considered to be a moving target (versus a state), suggesting that it should rather be examined as an emergent state within an environment that continues to change after alignment is achieved. The authors subsequently posed the question: if business strategy and/or structure are changed in response, would the other elements be altered in a synchronised fashion so as to maintain alignment, or would there be periods of less-than-optimal alignment until the other elements are realigned? Cited in section 3.4.1, Sillince (2005) expressed similar views to the aforementioned, referring to it as rhetorical congruence. Sabherwal *et al.* (2001:180) furthermore commented that alignment evolves over time in a punctuated equilibrium way, that is, extended periods of stability are followed by short periods of significant change. If this sort of model applies, the authors added, static contingent models are probably not appropriate, proposing a punctuated equilibrium perspective. This perspective's argument is that even after alignment is achieved, environmental changes can erode alignment due to complacency and inertia, resulting in a need for significant change. Referring to the punctuated equilibrium perspective, Baker *et al.* (2011:314) stated that long periods of stability can lead to institutional inertia and a lack of alignment.

Avison *et al.* (2004:229) found that some organisations have low alignment or dysfunctional alignment even during evolutionary periods adding that all the revolutions (significant change) resulted from a combination of five triggers namely: environmental shifts, sustained low performance, influential outsiders, strong leadership and perceptual transformation. Orlikowski's viewpoint was that stability

should be the preferred state of organisations whereas Brown and Eisenhardt argued that realistically, continuous change should be the norm (cited by Burnes (2009:352). An open system perspective of organisations implies a self-regulating “natural” adaptation and alignment process not only with the external environment but also within the organisation (Ashmos & Huber, 1987:608; Schneider & Somers, 2006; Scott, 1981:291). However, some organisations may not be able to effectively adjust their alignment practices to accommodate environmental changes due to two major reasons. *First*, an overemphasis on alignment could constrict the organisation's outlook, inhibiting the recognition of alternative perspectives. *Second*, complacency and inertia; alignment facilitates short-term success, that may lead to inertia that in turn leads to unresponsiveness when environmental conditions suddenly shift (Greenwood & Hinings; Miller; Tushman & O'Reilly; as cited by Sabherwal *et al.*, 2001:182).

4.2.7 Synopsis of organisational alignment concepts and perspectives

Table 4.1 contains a summary of the cited authors’ organisational alignment and alignment-related concepts and perspectives.

Table 4.1: Organisational alignment concepts and perspectives

Author(s)	Concept/ perspective	Description/explanation
Peters & Waterman (1982)	Fit	Harmony among organisational elements of shared value, strategy, structure, systems, skills, style, staff
Thompson & Strickland (1993)	Fit	Alignment of structure, skills, budgets, support systems, rewards and incentives, policies and procedures, and culture with the organisation's strategy
Fry & Smith (1987)	Fit	Components should fit (structures, strategy, technology, systems, rewards, leadership characteristics)

Table 4.1: Organisational alignment concepts and perspectives (continue)

Author(s)	Concept/ perspective	Description/explanation
Porter (2008)	Fit	‘Working together’ of all organisational systems activities as a source of competitive advantage
Meier <i>et al.</i> (2010); Thompson & Strickland (1993); Hillman <i>et al.</i> (2009)	Fit	Strategy needs to be aligned with internal and external realities
Doty <i>et al.</i> (1999)	Fit	Consistency required between structure and contextual factors
Park <i>et al.</i> (2011); Fry & Smith (1987); Cunningham & Kempling (2011)	Fit	Micro fit – strategy-structure Macro fit – organisation-environment
Drazin & Van de Ven (1985)	Fit	Fit between strategy and structure
Meilich (2006)	Fit	Fit between environment, strategy and structure
Sousa & Tan (2015) citing Venkatraman & Camillus	Fit	Fit between internal business units’ strategies
Powell (1992)	Alignment	Structure alignment with strategy
Burton & Moran (1995)	Alignment	Alignment of business and strategic plans
Patten (2015)	Alignment	“Aligned” implies informed staff, adaptive culture and effective resource allocation
Hammal & Prahalad (1993)	Alignment	Alignment related to the environment, resource allocation and long-term perspective

Table 4.1: Organisational alignment concepts and perspectives (continue)

Author(s)	Concept/ perspective	Description/explanation
Roca-Puig & Bou-Llusar (2006); Beehr <i>et al.</i> (2009)	Alignment	Alignment of internal and external variables
Boswell (2006)	Alignment	Line-of-sight of all employees on strategic objectives
Collins & Porras (2005)	Alignment	Organisational elements “work together” in context of the organisation’s core ideology and the strategic picture
Iselin <i>et al.</i> (2008)	Alignment	Competitive strategy needs to match operational capabilities
Joshi <i>et al.</i> (2003) citing Skinner	Strategic consensus	Alignment of priorities right through the organisation
Tarigan (2005) citing Boyer & McDermot	Strategic consensus	Agreement on organisational priorities
Kellermanns <i>et al.</i> (2011)	Strategic consensus	Collective appreciation of the reasons behind strategic decisions
Lamberg (2009)	Strategic consistency	Actions are consistent with the organisation’s history and external environment realities
Lillis & Sweeney (2013)	Strategic consistency	Competitive strategy needs to match organisational capabilities
Nadler & Tushman (1980; 1989)	Congruence	Organisation components need to fit each other as well as the environment
Vancouver <i>et al.</i> (1994)	Congruence	Goal agreement between supervisors and subordinates
Colbert <i>et al.</i> (2008) citing Boswell <i>et al.</i>	Congruence	Dyadic goal importance congruence

Table 4.1: Organisational alignment concepts and perspectives (continue)

Author(s)	Concept/ perspective	Description/explanation
Dignum & Dignum (2007)	Congruence	Congruence required between strategy, structure, and environment
Nightingale & Toulouse (1977)	Congruence	Congruence required between the organisation's environment, management's values, and interpersonal and intergroup processes
Williams (2002)	Link	"Link" required between strategy and culture

Other synonyms of organisational alignment found in literature are: integration, harmony, fusion and matching (Avison *et al.*, 2004:224; Baker *et al.*, 2011:301).

4.3 Strategic performance management

4.3.1 Strategy planning and strategy implementation

Strategic management refers to the process through which an organisation defines what business it is in and the development of its overall long-term objectives and goals. It further entails developing and managing its value creation process through the configuration of its activities and resources in its chosen markets. Strategy formulation is a purposeful exercise to develop an organisation's competitive advantage. Strategy implementation, on the other hand, refers to the process of turning strategy into action and the monitoring and assessment of outcomes. While they are conceptually different, strategy formulation and implementation are interdependent and should be considered as inter-twined processes (Gimbert *et al.*, 2010:479). Burnes (2009:443) defined an organisation's strategy as a consistent stream of actions (towards its vision) that can be centrally planned and driven, that can be delegated and distributed and that can either be conscious actions or emergent ones resulting from past patterns of decisions or resource allocations, or from current responses to challenges and opportunities.

Grant (2011:16) reasoned that common to most definitions of organisational strategy are reference to strategy as a focus on the achievement of certain goals, that the critical actions that make up strategy involves allocation of resources, and that strategy implies some consistency, integration, or consistency of decisions and actions. It may be argued that strategy realises as a “planned emergence” – a combination of rational (deliberate *and* emergent) unplanned approaches to strategy making (Maritz, 2008:322; Thompson *et al.*, 2012:58) and it is neither solely prescriptive nor descriptive (Williams, 2002:219). Citing Senge, and Argyris and Schön, Williams (2002:219) stated that since organisations are open systems, consisting of many interdependent elements which developed expertise and shared knowledge; strategic planning, therein, should be viewed as emergent, an incremental on-going process of learning and crafting new ideas from experience and reflection, much like the psychological view of retrospective sense making.

Burnes (2009:434-435) commented that no matter how thoroughly information is collected and analysed, a large element of formal and informal decision-making is subjective and subsequently referred to Weick’s viewpoint that the aforementioned is the key reason why sense making is an important task of organisational leadership. Burnes then offered the following description of sense making: sense making is about understanding, interpreting and explaining, making sense of their organisation’s world for themselves and others in such a way that it provides a rationale and justification for past, present and future actions. Schneider and Somers (2006:356) commented that, particularly in a complex environment, leaders should serve as context setters and facilitators of learning experiences. Critics of strategic planning and alignment maintain that the implicit dominance of a structured strategizing process is questionable in a time when volatility and uncertainty and the subsequent requirement for flexibility predominate. Under such conditions the articulation of the strategic intent is difficult. Real life and real strategizing are convoluted and human thinking and actions rarely follow a strict segmented approach. Strategic alignment also presumes that management is in full control and that information infrastructure can deliberately and timeously be aligned with emerging and quick-changing management insights (Avison *et al.*, 2004:225).

Further to Avison's comments on information infrastructure and systems were the views of Dulipovici and Robey (2013:104) and McLaren *et al.* (2011:210) on the importance of aligning information systems with the organisation's strategy. Gerow *et al.* (2014:1160), however, cautioned that a too tight coupling of information technology and strategy can lead to strategic inflexibility and may inhibit organisation's ability to respond to environmental change. Discussing information technology's role in strategy formulation, Leonardi (2015:S19), citing Leonardi and Barley, and Orlikowski and Scott, observed a growing interest in the technologies that support strategy making and added that this interest has paralleled and drawn inspiration from a larger trend in management and organisation studies which recognises that almost all social action is mediated by the use of technologies. The latter view was also expressed by Jarzabkowski and Kaplan (2015:537). Strategizing is often associated with particular types of practices, such as strategic planning, annual reviews and budget cycles that are often overlooked as the mundane, routine practices of strategy, a means to an end. This view, however, neglects the way that these routines (institutionalised and often taken-for-granted informal practices) socially structure and affect strategic outcomes (Whittington cited by Jarzabkowski & Seidl, 2008:1392). Even with the best formulated strategy, it is through learning during its implementation that the strategy is refined and continuously reformulated – a process of dynamic planning and re-planning (Gimbert *et al.*, 2010:478; Griffin, 1990:193; Feurer *et al.*, 1995:12; Fiegenbaum, 1996:219; Kaplan & Norton, 1996:16; Thompson & Strickland, 1993:8).

There continues to be an imbalance between the apparent importance of formulation and implementation and the main weaknesses of strategic management practice are generally associated with the execution stage – indeed, Mintzberg (cited by Atkinson, 2006:1443) claimed less than half of the strategies are implemented as planned. Despite the importance of strategy execution, there is a lack of conceptual models on the subject, according to Atkinson (2006:1441). Carroll and Buchholtz (2012:158) suggested that organisations integrate a broader stakeholder perspective into their strategic planning processes by, among others, adding a social dimension to its value proposition and integrating inside-out and outside-in practices.

Supporting the aforementioned was the study by Gast and Zanini (2012) on the inclusion of broader stakeholder groups in the strategic planning process. The study suggested that such inclusion improved the quality of strategy by obtaining diverse and detailed perspectives that can make the resulting plans more insightful and actionable. It also garnered enthusiasm and alignment behind the organisation's strategic direction. Hamann *et al.* (2008:23) observed that many South African business leaders accept that if organisations are to enjoy the economic benefits of globalisation, they must demonstrate a commitment to wider stakeholder groups affected by their commercial activity, not only in principle, but also in practice.

4.3.2 Strategy execution perspectives and frameworks

Executing the organisation's strategy entails determining the actions and behaviours that are required for an efficient strategy-supportive operation (Thompson *et al.*, 2012:377). Grant (2011:122) pointed out that strategy is concerned with matching the organisation's resources (that is, its execution abilities) to the opportunities that arise in the external environment. Grant (2011:127) subsequently categorised an organisation's resources as tangible (financial, physical, and so on), intangible (technology, reputation, culture, and so on), and human (skills, motivation, and so forth) – collectively as the organisational capability. Thompson *et al.* (2012:407) stated that an organisation's ability to allocate the resources required to support the strategy has a key impact on the execution process.

The implementation of strategy in organisations is typically defined as the translation of strategy into action and is often carried out by different people from the strategy makers who did the conceptual work (Okumus, 2001:328; Pascale, 1999:93; Saunders *et al.*, 2009:115). It is especially middle management that are required to not only interpret strategic direction from executive and senior management and develop execution plans, but also to maintain operational momentum, focusing on shorter term results (Bryant & Stensaker, 2011:356; Guth & MacMillan, 1986:314). Strategy execution essentially implies the allocation of resources. Within the context of this study's reference to managers frequently pursuing multiple heterogeneous objectives and goals (section 3.6 – Lindenberg & Foss, 2011:500), Lankoski *et al.*

(2016:249) argued that if managers are choosing to allocate resources across multiple activities (objectives), decisions on resource allocation might well be different if managers consider stakeholder judgments rather than absolute performance measures, and recognise the possibility of reference states other than the existing state of affairs. Related to the above would be the concern from Sundin *et al.* (2010:207) who commented that a shift towards a more stakeholder-oriented model of the organisation presents new management challenges on how to allocate resources to the competing priorities of stakeholders (and how to measure whether the organisation has been effective in satisfying the various stakeholder expectations). The authors also observed that there seems to be little academic research or practical guidance on how to effectively manage multiple and sometimes conflicting objectives that evolve from the competing interests of stakeholders (Sundin *et al.*, 2010:204).

4.3.2.1 McKinsey 7-S framework

An often referred-to strategy execution model is the McKinsey 7-S framework (figure 4.1 below). Notwithstanding many other models having being developed, the McKinsey 7-S framework has persisted and is still applied today, according to Peters (2014:74) and Leibbrandt (2013:32). The framework consists of the following aspects (Thompson & Strickland, 1993:263):

- a) Strategy: the direction and scope of the organisation over the long term;
- b) Structure: the basic organisation of the organisation, its departments, reporting lines, areas of expertise and responsibility and how they inter-relate;
- c) Systems: formal and informal procedures that govern everyday activity, covering everything from management information systems, through to the systems at the point of contact with customers;
- d) Skills: the capabilities and competencies that exist within the organisation – what it does best;
- e) Shared values: the values and beliefs of the organisation. Ultimately they guide employees towards “valued behaviour”;

- f) Staff: the organisation's people resources and how they are developed, trained and motivated; and
- g) Style: the leadership approach of top management and the organisation's overall operating approach.

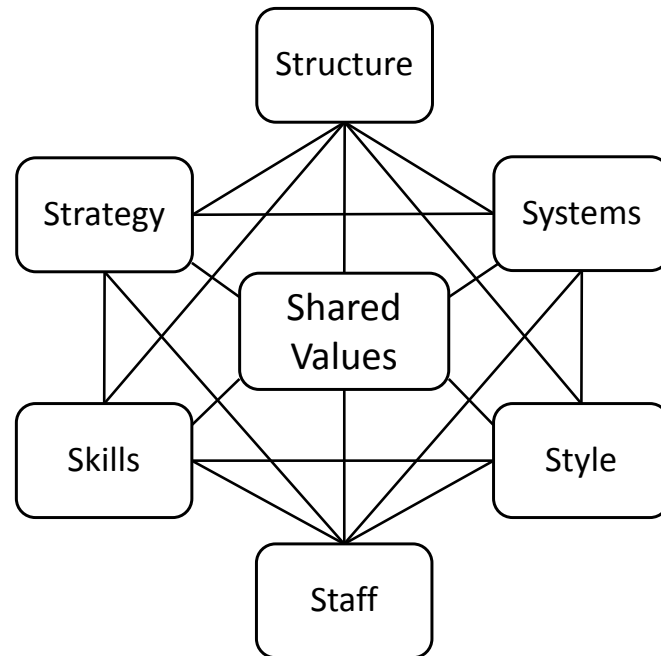


Figure 4.1: McKinsey 7-S framework

Source: Thompson and Strickland (1993:265).

4.3.2.2 Strategic performance measurement systems

Smith and Goddard (2002:247) described performance management as an integrated set of planning and review activities which cascade through the organisation, providing a link between each role-player and the strategy of the organisation. The authors observed that the traditional view of performance management focusses on the individual. In this context, the measurement of (an individual's) performance is relatively un-contentious, being derived from an organisational strategy that is taken as relevant. According to Bisbe and Malagueño (2012:297), performance measurement systems (PMS) are concise sets of measurements that may entail the following: financial and nonfinancial aspects; long and short-term perspectives; internal and external elements; and leading and lagging indicators that are both quantitative and qualitative in nature. PMS processes aim to support decision-making through the gathering, processing, and analysing of data on

organisational performance. Strategic performance measurements systems (SPMS) are a subsection of PMSs and are designed to structure the translation of strategy into objectives, goals and measures, thus facilitating the closure of the gap between the vision and strategy of the organisation and its operating (value creating) activities. The aforementioned enables delegation of authority and increased empowerment while preserving alignment (Bisbe & Malagueño, 2012:297).

Bisbe and Malagueño (2012:298) furthermore defined SPMS as those PMSs that present distinctive features such as: the integration of long-term strategy and operational goals; the provision of performance measures from various perspectives; the provision of a sequence of goals for each perspective; and the presence of clear causal relationships between measures of performance. SPMS application is positively associated with improved organisational performance (Bisbe & Malagueño, 2012; Gimbert *et al.*, 2010:478; Verweire & Van den Berghe, 2003:782). Examples of SPMSs are *Tableaux De Bord* (dashboards), the Balanced Scorecard, Performance Prisms, Performance Measurement Matrix, Results and Determinants Framework, and the Performance Pyramid (Atkinson, 2006:1447; Bisbe & Malagueño, 2012:297; Watts & McNair-Connolly, 2012:4). The concept of the *Tableau de Bord* has been in use, in some way or another since the late nineteenth century. However, it was not until the 1950s that it was formalised into organisational management practice and literature. *Tableaux de Bord* application is not limited to financial indicators, but is developed in the context of the purpose and objectives of an organisation. This involves translating the organisation's vision and purpose into a set of objectives and goals from which key success factors are identified and subsequently converted into quantitative performance indicators (Watts & McNair-Connolly, 2012:6).

The Balanced Scorecard (BSC) was developed in the 1990s by Kaplan and Norton and is a multi-perspective strategic goal setting and performance monitoring system that aims to link an organisation's short-term operational actions with its long-term strategic objectives (Atkinson, 2006; Iselin *et al.*, 2008:71; Lipe & Salterio, 2000; Smith, 2007:166). The BSC addressed weaknesses associated with performance measurement systems that were, in particular, dominated by short-term lagging financial measurements, which furthermore, were internally focussed and not

necessarily linked to organisational strategy (Atkinson, 2006:1448). The BSC is arranged around four perspectives namely: financial, customer, internal, and innovation and learning. The name reflects the balance provided between short and long-term objectives, between financial and non-financial measures, between leading and lagging indicators, and between internal and external performance perspectives. Although the BSC was initially utilised by organisations as a tool to communicate and align employees to organisational strategies, it developed into a core management system to manage strategy implementation (Kaplan & Norton, 1996:viii). Furthermore, Atkinson (2006:1448) claimed the BSC provides not only a framework for managing the implementation of strategy, but also allows the strategy itself to evolve in response to changes in an organisation's external environment.

The implementation of a BSC entails four major steps. As a first step, the organisation's vision, mission and strategy are clarified, usually by executive management. The second step aims to translate and operationalise the mission and subsequent strategies into a set of objectives and goals. In the remaining steps of BSC implementation, managers set individual targets and budgets, and over time, receive feedback on the specific strategies of business units by evaluating performance relative to the scorecard measures (Lipe & Salterio, 2000:286). One of the main criticisms of the BSC is that in the absence of a single objective function, managers may find it difficult to judge the trade-off between multiple measures. Furthermore, the lack of weighting between multiple measures increases the aforementioned shortcoming, according to Jensen (2002:248). Further shortcomings in BSC-related approaches according to Watts and McNair-Connolly (2012:6) are: the unambiguous assumption of a well-developed organisational strategy; the absence of value creation measurements; and inadequate incorporation of performance rewards – with the latter oversight resulting in unsustainable models that often fall into disuse as soon as the “Hawthorne effect” dissipates. (The Hawthorne effect refers to a situation where people change their behaviour when they are aware that they are being observed (Leedy & Ormrod, 2014:104).) The effective integration of the balanced scorecard with strategic and management control systems remains a challenge during strategy implementation, according to Atkinson (2006:1453).

Notwithstanding the above mentioned shortcomings and challenges, Hoque (2014:50) noted that the BSC is a ground-breaking concept and that it has more recently advanced into an organising framework for a strategic planning, execution and management system. Measures can be linked to vision and strategy, and they can be linked to each other, on the basis of a series of cause-and-effect relationships. The Performance Prism addresses one of the further shortcomings of the BSC regarding the role of stakeholders. The Performance Prism approach not only acknowledges the role (or impact) of stakeholders (during strategy formulation and execution) but involves the identification of stakeholder as the first step of strategy formulation. The second step involves the development of strategies to address the identified stakeholder needs, reasoning that the organisation exists to deliver value to its stakeholders. The third step entails ensuring that the required business processes and people and plant capabilities are in place to execute the strategies. A fourth aspect is added, since most stakeholders have an interdependent relationship with the organisation and an organisation aims to provide value to its stakeholders, the roles of all legitimate stakeholders in the value-creating process are subsequently included in performance measurements (Neely *et al.*, 2001:7).

Discussed by Neely *et al.* (2000), the Performance Measurement Matrix seeks to integrate different classes of business performance such as financial and non-financial, internal and external measurements. The matrix, however, does not make explicit links between the different dimensions of business performance. Fitzgerald's Results and Determinants Strategy Execution Framework addresses the above mentioned criticism. The framework distinguishes results as competitiveness and financial performance and the determinants of results are categorised as quality, flexibility, resource utilisation and innovation. The strength of this approach is the explicit identification of cause-and-effect relationships between measures. (Neely *et al.*, 2000:1122; Watts & McNair-Connelly, 2012:6). The content of this framework, however, is stated in static terms and therefore lacks a process view, that is, how the framework should be applied.

The Performance Pyramid of Lynch and Cross discussed by Neely *et al.* (2000:1125), combines the hierarchical view of organisational performance measurement with the business process (value-adding) view and can be considered as one of the framework's strengths. It also explicitly distinguishes between external and internal stakeholder measures (in both referring to the stakeholders' value-adding role and their expectations).

4.4 Chapter summary

The review on literature indicated various perspectives and overlapping concepts of organisational alignment. Rieley (2014:6) came to a similar conclusion commenting that organisational alignment means different things to different people and while almost all business leaders believe that alignment is important, the way that they think about it varies greatly.

This chapter, nevertheless, aimed to provide an overview of organisational alignment and its related concepts. Regarding *what* needs to be aligned, reference is mostly made to organisational elements of strategy, structure and systems. These overlapping organisational elements are described as having to be aligned with each other (as an internal or micro requirement) but also to be aligned with the organisation's external (or macro) environment. Regarding role-players, the *who* and the *with who* of alignment; alignment is mostly described from an internal-to-organisational viewpoint and also largely focus on vertical hierarchical relationships. Organisational alignment and its related perspectives are studied from a state and process perspective, the latter perspective being important since organisations function in an open and dynamic environmental context. However, certain studies cautioned against an over emphasis on achieving organisational alignment as this may lead to inflexibility and consequent lack of adaptability to internal and external environmental variables.

Organisations' strategies are viewed as emergent rather than necessarily a deliberate process against the background that strategy formulation and strategy execution are considered to be interdependent and therefore inter-twined processes.

Reference to enablers or alignment practices was largely evident in discussions on strategy execution and strategic performance management frameworks.

The McKinsey 7-S strategy execution framework was presented and will be used as a reference when postulating enablers of organisational alignment in the following chapter. The characteristics of selected strategic performance measurement systems were also discussed. The Balanced Scorecard framework (for its practical application) and the Performance Prism framework (for its explicit reference to stakeholders) were considered highly relevant addressing *this* study's research problem.

Chapter 5 explains the research design and methodology of this study. The chapter will also propose a set of factors and measurable variables on the construct of organisational alignment as well as on enablers of organisational alignment.

CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction and aims of the chapter

Research is the systematic process of collecting, analysing, and interpreting data and information in order to enhance our understanding of a phenomenon about which we are interested or concerned. Research methodology is the general process the researcher takes in carrying out the research project (Leedy & Ormrod, 2014:2, 7). Furthermore, research is aimed at providing information to solve problems but cannot be viewed as “scientific” unless it follows the scientific method (Bhattacharjee, 2012:1) and contributes to a body of science (Cooper & Emory, 1992:11). The aims of this chapter are to explain the research design and methodology, the organisational alignment construct, and the proposed enabling and antecedent factors thereof.

The chapter is subsequently categorised as follow:

- Research paradigm;
- Overall research process;
- Research problem and study objective;
- Literature review approach;
- Conceptualisation and operationalisation;
- Measurement design and development;
- Population specification and sampling;
- Pilot survey;
- Data collection process;
- Descriptive statistics;
- Validity;
- Reliability; and
- Framework validation.

5.2 Research paradigm

Mouton's (2011:137-142) *Three Worlds* explanation of the epistemological and methodological differences between the main research approaches was used to guide this study's research design. World 1 refers to the social and physical reality of our everyday life and experiences and we use lay knowledge to make sense of the day-to-day challenges and manage our thoughts and actions. Although in World 1 we also reflect on the nature of things, it is only in the world of science that we subject objects to systematic and rigorous enquiry. Whereas World 1 may be considered to be of pragmatic interest, World 2, then, may be considered to be of *epistemic* interest, that is, the search for truthful knowledge. World 3 refers to the *meta*-disciplines of science and involve the reflection on the nature of science and scientific research.

Figure 5.1 aims to show how the methodological choices (World 2) impact on the way in which we investigate real-life questions and challenges (World 1). World 3 indicates the links between meta-methodological issues and methodological issues of World 2.

Figure 5.1 follows on next page.

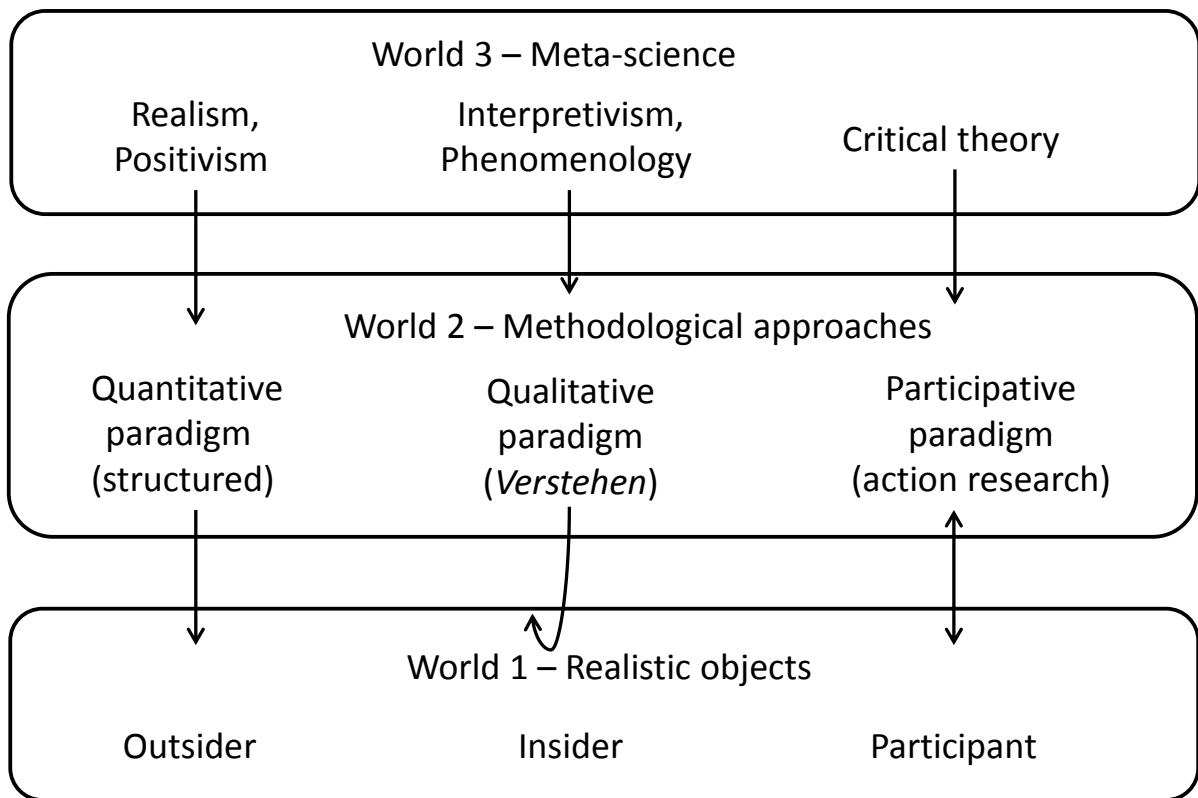


Figure 5.1: Three Worlds framework

Source: Mouton (2011:141).

From a World 3 perspective, this study largely adhered to a post-positivism frame of reference, arguing that one can make reasonable conclusions about a phenomenon by combining empirical observations with logical reasoning. Post-positivists view science as not certain but probabilistic (that is, based on multiple contingencies) and seek to explore these contingencies to understand social reality better (Bhattacharjee, 2012:18). Citing Burrell and Morgan, Bhattacharjee (2012:18) suggested that the way social science researchers view and study social phenomena is shaped by two fundamental sets of philosophical assumptions namely ontology and epistemology. Ontologically, the researcher viewed organisational behaviour, within a context of on-going environmental change drivers, as essentially ordered and predictable. From an epistemological perspective (World 2), the researcher primarily focussed on understanding generalisable patterns of behaviour and events and therefore *objectively* obtained the *subjective* self-reported views of individuals within organisations. A quantitative data collection approach was therefore decided upon and is discussed in the next section.

5.3 Research process

Scientific inquiry and reasoning may take one of two possible forms namely inductive or deductive. With inductive research, the goal of a researcher is to infer theoretical concepts and patterns from observed data. In deductive research, the goal of the researcher is to test concepts and patterns known from theory using new empirical data (Bhattacharjee, 2012:3; Leedy & Ormrod, 2014:99; Mouton, 2011:117). This study applied a predominantly deductive approach. Figure 5.2 illustrates the overall research process followed. The topic of interest, research problem formulation and the subsequent development of the study objectives were a result of iterations between the researcher's first-hand experience regarding organisational alignment challenges within South African mining organisations and theory on the subject of organisational alignment. The aforementioned process is described by Cooper and Emory (1995:28) as the double movement of reflective thought and involves making deductions (about organisational alignment according to current theory within this study) as well as inductions concerning what the theory could be to explain the researcher's preliminary observations in the practical world (World 1 of Mouton's *Three Worlds* concept discussed in section 5.2).

Figure 5.2 follows on next page.

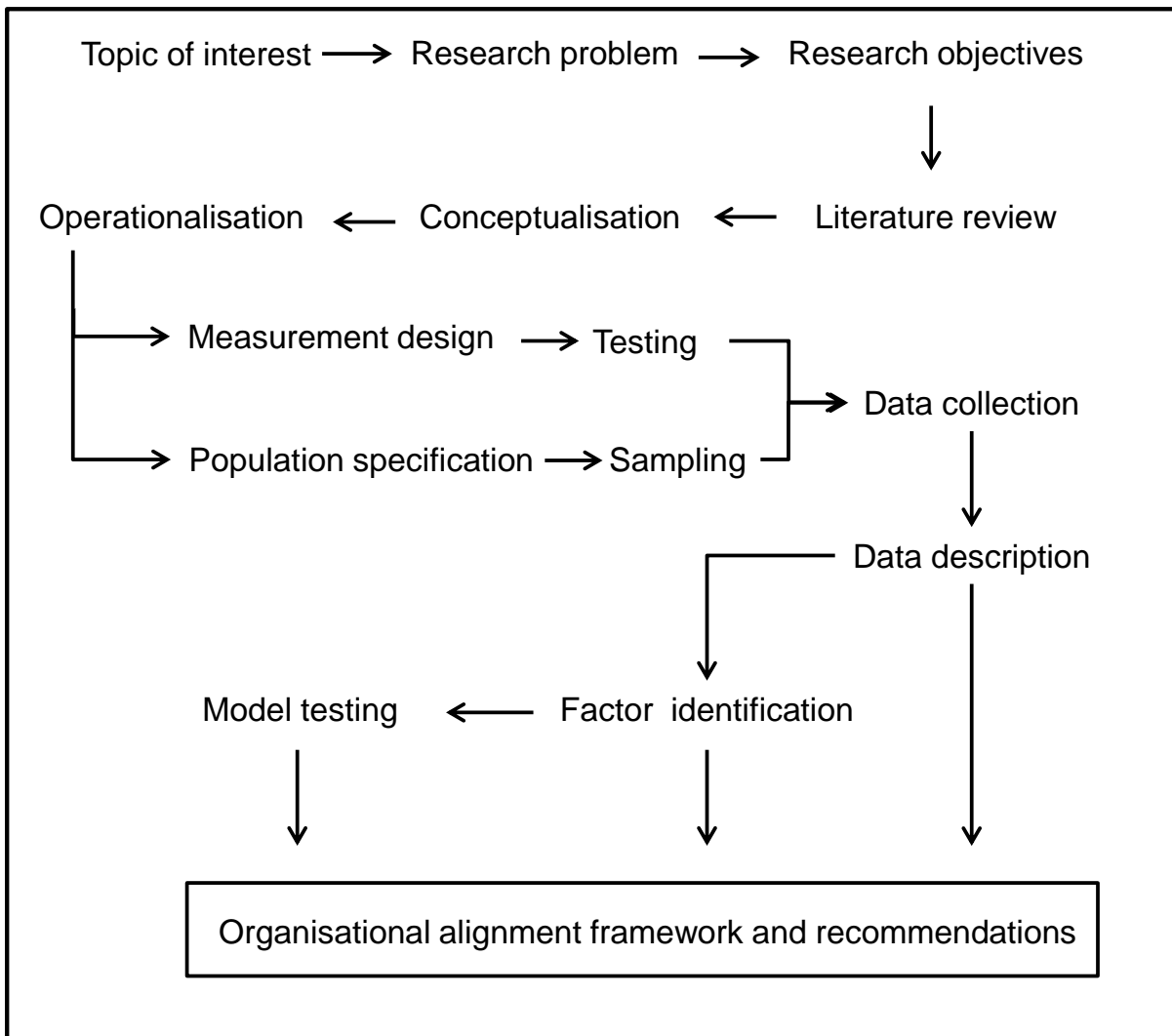


Figure 5.2: Overall research process

Source: Researcher.

Each stage of the research process is discussed in the following sections.

5.4 Overall study objective, research problem and research objectives

The overall objective of the study was to propose a framework of organisational alignment and to make recommendations that will improve South African mining organisations' alignment capability. The following research problem was subsequently formulated (the axis around which the research endeavour revolves (Leedy & Ormrod, 2014:27)): *what are the antecedents and enabling factors influencing perceived organisational alignment within South African mining*

organisations? In order to address the research problem, the research objectives were *first*, to determine the degree of perceived organisational alignment; *second*, to determine the enablers and antecedents of organisational alignment; and *third*, to develop an organisational alignment framework.

5.5 Literature review

The *first* objective of the literature review was to guide the conceptualisation of the organisational alignment construct, its formative dimensions as well as the operationalisation of its formative dimensions. As a *second* objective, the literature review was used as a guide to identify possible measurable variables of the formative dimensions. The *third* objective of the literature review was to identify factors that may affect organisational alignment.

The following subject areas were identified to guide the literature review:

- What are the dimensions of perceived organisational alignment?
- In what context does organisational alignment take place?
- Who are the key role-players involved in organisational alignment?
- What are the enabling factors of organisational alignment?

Secondary sources were consulted and included:

- Text books;
- Journal articles;
- Dissertations; and
- Electronic databases.

5.6 Conceptualisation and operationalisation of organisational alignment

Mouton (2011:117) explained conceptualisation as the process when the meaning of a concept is clarified through the deductive origin of its constitutive meanings. The conceptualisation of organisational alignment was developed from the supposition

that an aligned organisation is not a directly observable organisational characteristic and should therefore be treated as a latent construct, possibly consisting of multiple elements or dimensions. A latent construct is an abstract concept that is selected to explain a given phenomenon (Bhattacharjee, 2012:10) and it combines simpler concepts, especially when the idea one intends to convey is not directly subject to observation (Cooper & Emory, 1995:33; Peterson, 2014:98). Peterson (2014:98) citing Cronbach and Meehl, and Shadish *et al.* reasoned that latent constructs, regardless of how they are conceptualised, are not objectively real and are generally defined as a schematic idea, a model, or a conceptual term that is used to describe a real phenomenon. Constructs may also have progressive levels of abstraction (Bhattacharjee, 2012:10; Cooper & Emory, 1995:34) and can be classified as either unidimensional or multidimensional. Law *et al.* (1998:741) argued that to be classified as a multidimensional construct, the construct needs to consist of a number of interrelated attributes or dimensions and exist in multidimensional domains. Perceived organisational alignment was subsequently identified as an aggregate multidimensional construct. Citing Nunnally and Bernstein, Diamantopoulos and Winklhofer (2001:271) declared that the breadth of a construct definition to be important to causal elements not least because failure to consider all elements of the construct will lead to an exclusion of relevant indicators and thus exclude part of the construct itself.

Conceptually, the researcher developed the following definition of organisational alignment – from a state as well as a process perspective. An aligned organisation is able to sustainably meet the expectations of its internal and external stakeholders (state perspective). Organisational alignment takes place through on-going formal and informal agreement on organisational objectives and goals, stakeholder priorities and execution aspects among internal role-players (process perspective).

The scope of this study is internal-to-organisation perceptions of organisational alignment and its enabling and antecedent factors. Operational definitions describe the meaning of the elements through specifying the procedures or operations necessary to measure it (Diamantopolous & Schlegelmilch, 2001:22; Leedy & Ormrod, 2014:44). Cooper and Emory (1995:35) stated that an operational definition

should be clarified in terms of specific testing criteria or operations and that these definitions or terms must have empirical referents, that is, it must be able to be counted or measured.

Organisational alignment was subsequently operationalised as internal role-players' perceived degree of agreement on three dimensions namely:

- a) The organisation's purpose, referring to the organisation's overall objectives and goals – the value to be created;
- b) Stakeholder priorities, referring to the relative priority of internal and external stakeholders – who the value-creating role-players and beneficiaries of the created value are; and
- c) Execution focus, referring to action plans and resource allocation in order to achieve the agreed objectives and goals – the execution of the value creation process.

Whereas Diamantopoulus and Schlegelmilch (2000:21) mentioned that “concepts” and “constructs” are often used interchangeably, Bhattacharjee (2012:11) commented that the distinction between constructs and concepts are clearer in multi-dimensional constructs, where the higher order abstraction is called a construct and the lower order abstractions are called concepts or dimensions. This study will be referring to lower order abstractions as dimensions (that is, the three operationalised dimensions of organisational alignment explained above). The organisational alignment construct is graphically illustrated as an aggregate multidimensional construct in figure 5.3.

Figure 5.3 follows on next page.



Figure 5.3: Conceptual view of the multidimensional organisational alignment

The researcher did not posit a direct cause-effect relationship between the three organisational alignment dimensions and organisational alignment but rather that organisational alignment is an emergent perceived state. Also, while there is an argument on the sequential nature between the three dimensions; each element has a reciprocal relationship with the other and the perception of alignment has a reciprocal relationship with the three dimensions that in turn affects individuals' attitudes and behaviour related to organisational alignment.

Peterson (2014:99) and Bhattacharjee (2012:45) described a construct's dimensions as formative when the conceptualised construct is being induced (formed) by the scores in the measurement instrument and added that the formative measurement approach is frequently applied in subject areas such as sociology and organisational management. The organisational alignment dimensions of: organisational purpose, stakeholder priorities, and execution focus, were therefore considered formative in nature. Law *et al.* (1998:741) also stated that a formative measurement perspective is frequently applied in fields such as sociology and organisational management.

Organisations require the capability to constantly align effort and supporting resource allocation in order to create value to its stakeholders in a sustainable way. Deducted from the literature review and practical experience, the researcher identified a set of potential organisational factors that could enable the achievement of the above mentioned. Some of the identified factors may also be considered antecedents, that

is, background conditions. The study did not operationally distinguish between enabling and antecedent factors and subsequently the rest of the chapters generally only refer to *enabling* factors. From the review on literature, Table 5.1 lists the identified enabling factors broadly categorised according to the McKinsey 7-S strategy execution framework discussed in chapter 4 and accompanying definitions and measureable variables considered to be associated with perceived organisational alignment.

Table 5.1: Potential factors influencing organisational alignment

Factor		Definition	Measureable variables
1	Organisational variables	Characteristics pertaining to the respondent's organisation	Mining sector, organisation ownership status, staff numbers, management levels
2	Biographical variables	Personal detail	Age, gender, population group, qualifications, functional department, number of direct reports, number of organisations worked for and number of positions held, management level, tenure, intention-to-stay, equity stake
3	Culture	Normative and descriptive values and behaviour, leadership behaviour and change	Value congruence, organisational change, decision-making style, employee voice, normative socio-economic responsibilities, conflict handling
4	Strategy	Planning and control processes	Balanced nature of objectives and goals, trade-off between goals, anticipation of macro-environmental changes, clarity of objectives and goals, stakeholder voice, participation in planning processes

Table 5.1: Potential factors influencing organisational alignment (continue)

Factor		Definition	Measureable variables
5	Structure	Decision-making authority, organisational levels and structure flexibility	Opinions and attitudes on goodness-of-fit/degree of enablement of organisational structure, decision authority, dynamic structuring
6	Systems	Processes and systems enabling alignment	Opinions and attitudes on performance management and reward, information and budgeting systems

Figure 5.4 illustrates the above stated factors in context of the organisational alignment construct. Correlation was expected between the degree of perceived organisational alignment and the respondents' biographical details, attitudes, opinions and judgements on the stated enablers namely: culture, strategy, structure and systems as well as with organisational variables listed in Table 5.1. This broad framework also formed the basis for the development of the measurement model used to conduct structural equation modelling (discussed later on in this chapter).

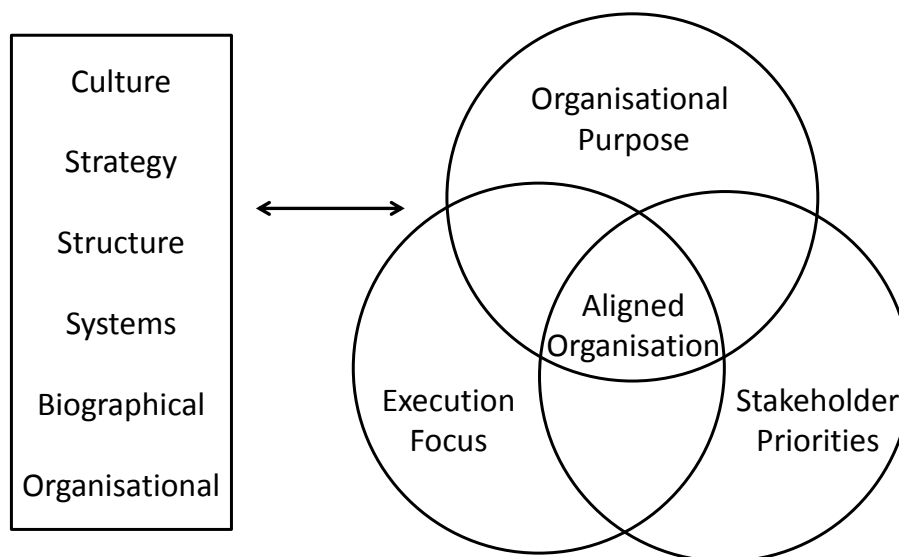


Figure 5.4: Context of organisational alignment enablers

5.7 Measurement design and development

The research problem: *what are the antecedents and enabling factors influencing perceived organisational alignment within South African mining organisations?* guided the measurement design and development process.

The design of the measurement instrument had to address the following objectives of the empirical stage of the research:

- a) Determine the self-reported perceived organisational alignment;
- b) Determine attitudes and opinions on a proposed set of factors that may affect perceived organisational alignment; and
- c) Identification of correlations among measurable variables in order to identify the underlying interrelated enabling factors affecting perceived organisational alignment.

Citing Schneider *et al.*, Beehr *et al.* (2009:7) reported that employees' reports of alignment are good indicators of alignment while Boswell (2006:1492) noted that research have also looked beyond the actual match between individual and organisational characteristics, focusing instead on perceptions of alignment. Priem (1994:421) defined judgement as the understanding of relationships between events and added that managers' judgement is a good indicator of organisational performance.

The overall classification of this study is cross-sectional, descriptive, and correlational research. A cross-sectional research view (versus a longitudinal or experimental view) of managers' perceptions and attitudes pertaining to the research problem was taken – that is, a snap-shot of one point in time (Cooper & Emory, 1995:116). The objective of a descriptive research is to learn the: who, what, when, where, and how of the topic in question and examines a situation as it is (Cooper & Emory, 1995:121). Correlational research examines the extent to which differences in one variable is related to differences in one or more other variables (Leedy & Ormrod, 2014:191).

Subsequent to the above classification and taking into account that the research problem required data on perceptions and attitudes, it was decided that primary data will be obtained. The researcher adhered to Bhattacharjee's (2012:103) distinction between a qualitative and quantitative approach upon deciding which methodology to use; qualitative versus quantitative research refers to empirical or data-oriented considerations about the type of data to collect and how to analyse them. Qualitative research relies mostly on non-numeric data, such as interviews and observations, in contrast to quantitative research which employs numeric data such as scores and metrics – and also, according to Leedy and Ormrod (2014:268), many research problems have both qualitative and quantitative dimensions. A quantitative approach towards data collection was decided upon implying that data related to the research problem were to be coded and quantitatively tabulated and analysed.

Classifying research design types, Mouton (2011:152-153) considered surveys as appropriate in situations requiring the following: a broad overview of a representative sample of a large population; primary data; a descriptive view; and a cross-sectional view – all of which are prevalent in this study. Surveys are essentially structured questionnaires and can be administered in ways ranging from face-to-face interviews with participants to electronically via email. Bhattacharjee (2012:74) described surveys as a questionnaire consisting of a set of questions (or statements) intended to capture responses from respondents in a standardised manner. Questions may be unstructured or structured. Unstructured questions ask respondents to provide a response in their own words, while structured questions ask respondents to select an answer from a given set of choices. Subjects' responses to individual questions on a structured questionnaire may be aggregated into a composite scale for statistical analysis. Questions should be designed such that respondents are able to understand, and respond to them in a meaningful way.

The following were taken into account in the decision to follow an electronically emailed structured questionnaire approach (Bhattacharjee, 2012:74; Cooper & Emory, 1995:269; Leedy & Ormrod, 2014:197; Mouton, 2011:153):

- Strengths: ability to reach a large number of participants; ability to guarantee anonymity (versus interviews); economical; and potential to generalise to large populations; and
- Limitations and weaknesses: high non-response rate; possible misinterpretation of questions; and omitting questions that may have been of value.

Once the researcher conceptualised the organisational alignment construct and identified the probable enabling and antecedent factors, structured one-on-one discussions took place with one executive manager and one senior manager within one of the envisaged target population organisations as well as an experienced management consultant in organisational development within the mining industry.

The discussions aimed to achieve the following:

- a) To test the logic of the conceptualised organisational alignment construct, its dimensions as well as the posited measurable variables;
- b) To test the relevance of the identified enabling and antecedent factors; and
- c) To obtain their views on, their organisation's in particular, and the mining industry in general's willingness to participate in the study of this kind.

Over and above the input from the literature review and the application of the researcher's practical experience, the feedback obtained from the mentioned discussions was subsequently applied during the development of a first-draft questionnaire totalling 248 statements and questions.

The questionnaire consisted of the following sections:

- Organisational information;
- Biographical information;
- Organisational alignment;
 - Organisational purpose;
 - Stakeholder priorities; and

- Execution focus.
- Culture;
- Strategy;
- Structure; and
- Systems

The researcher considered the guidelines and risks in table 5.2 below during the development and testing of the questionnaire.

Table 5.2: Guidelines and risks during the development and testing of questionnaires

Guidelines and risks	Source
The importance of pre-testing, overall layout and question sequence The risk of ambiguous, double-barrelled and leading questions The risk of lengthy questionnaires The risk of mono-operational bias	Mouton (2011:103); Bhattacharjee (2012:75)
The importance of providing context to participants The risk of not considering how coding will be done during the design phase	Leedy and Ormrod (2014:109, 202-204)
The importance of anonymity	Whelan (2007)
The risk of assuming participants' knowledge and understanding of terminologies	Cooper and Emory (1995:304)
The risk of multiple submissions	Bhattacharjee (2012:75)

Source: Researcher.

Essentially the following techniques are used to evaluate and quantify complex phenomena namely checklists, rating scales, and ranking scales (Cooper & Emory, 1995:170; Leedy & Ormrod, 2014:189) and according to Bhattacharjee (2012:45,75)

the following scale formats are typically used in structured questions in social science research:

- Nominal scale, where respondents are asked to select one of two or more possible unordered choices;
- Ordinal scale, where respondents have more than two ordered options (for example the Likert-type scale) but no equal distance between options is assumed;
- Interval-level scale, where respondents have two or more ordered options with equal distance between them; and
- Ratio scale, that have all the qualities of nominal, ordinal, and interval scales but in addition, also have a “true zero” point.

Nominal and ordinal scales were used to develop response options. The following Likert-type response format was used in the ordinal-scaled statements:

- *Strongly agree* (coded 1);
- *Agree* (2);
- *Neutral* (3);
- *Disagree* (4);
- *Strongly disagree* (5); and
- *Don't know* (6) was included as an option and this data was replaced with *missing data* before exploratory factor analysis was performed.

Although most survey attitude measures typically aim to determine both *the direction* of the evaluation and *its intensity* (Sturgis *et al.*, 2014:1), it was decided to provide a middle-alternative in that the midpoint of the response scale represents views which are genuinely neutral. Also, although the researcher was confident that all of the questions and statements were relevant to the targeted respondents, the *don't know* option was added based on the same aforementioned reasoning, that is, in some cases the respondent may not be adequately exposed to the question or statement's subject area. Cognisant of the probability of reverse-phrased questions being ambiguous as cautioned by Mouton (2011:104), a small number of statements were

reverse-phrased in order to reduce bias, as suggested by Field (2013:710). Reverse phrasing a statement meant stating a situation or a condition *opposite* to what theory suggested the situation or condition's correlation with organisational alignment would be. The next step was to test the face validity of the draft questionnaire with two directors and a mining specialist from a Johannesburg based mining consulting company as well as with two senior managers of two large South African mining organisations. Feedback regarding questionnaire length and concerns on the clarity of certain questions was subsequently incorporated into a second, shortened draft of 161 statements and questions.

The second draft of the questionnaire was subsequently tested with five individuals in leadership positions (three in mining and two in tertiary education organisations) as well as with a senior manager of an international management consulting company. A focus group was also arranged consisting of four managers from one of the target population organisations. The four managers were carefully selected to ensure a range of seniority and functional-area. The focus group was briefed on the study objectives and a conceptual picture of organisational alignment was briefly discussed. The focus group participants were then handed hard copies of the questionnaire for completion and their individual completion times were recorded. The participants were also requested to indicate on the questionnaire any questions that were unclear. The session was completed with general feedback from the group on aspects specifically related to questionnaire length (the completion times ranged from 22 to 26 minutes), content validity and suggestions on how to achieve optimal response rates. Once the feedback on the second draft was incorporated (reduced to 122 statements and questions), a final round of feedback from the researcher's study promoters was obtained resulting in the final questionnaire of 98 statements and questions. The questionnaire was subsequently converted into an electronic format (using the Google-forms application) by the North-West University (Potchefstroom campus) Consultation Services (annexure A).

The electronic questionnaire was designed in such a way that each question or statements had to be answered before being able to proceed to the next, negating the risk of missing values. Also, since the questionnaire was to be completed

anonymously, the risk of bias (should the survey not have been anonymous) outweighed the multiple-submission risk and additionally, respondents had no incentive to complete the survey. The final step in the measurement development phase was to conduct pilot testing. Pilot testing should be conducted to detect weaknesses not only in the measurement instrument but also in the data collection process (Cooper & Emory, 1995:66). The value of pilot testing is often overlooked (Bhattacharjee, 2012:23) and can be considered an error in the measurement development stage (Mouton, 2011:103). As a pilot test, the questionnaire was sent to eight persons (they did not form part of the target population but had exposure to the mining industry as well as experience in academic research) with a specific request to record their completion time as well as to identify any concerns regarding access to the online link, clarity of instructions, user-friendliness, statement and question clarity, flow-logic, and time taken to complete the questionnaire.

All eight persons participated and reported completion times ranging between 12 to 15 minutes – completion times considered to be acceptable by all the participants. Also, no other concerns regarding the questionnaire were raised. North-West University's (Potchefstroom campus) Statistical Consultation Services confirmed that all eight respondents' response data reflected in the data base. The aforementioned data was subsequently deleted.

5.8 Sampling

The study's sampling process essentially followed three steps namely: target population determination; choosing a sampling frame; and actual sampling. The target population (or unit of analysis) refers to the *what* of the study; the process, event, entity or phenomenon the researcher is interested in (Bhattacharjee, 2012:65; Mouton, 2011:51). The researcher selected mining organisations' managers as the target population. The target population was further defined as the managers of South African-based mining organisations with operations in the Southern Africa region. Vancouver *et al.* (1994:667) referred to Mintzberg's examination of influence within organisations that identified important constituencies that influence the selection and pursuit of organisational goals. The authors posited that constituency

membership is often defined by hierarchical position, because position defines groups of people with similar vested interests and climate perceptions of the organisation and its stakeholders.

Furthermore, according to Hill and Jones (cited by Mitchell *et al.* 1997:871), as a group, managers are at the centre of the nexus of contracts between stakeholders, that is, managers are the only group of stakeholders who enter into a form of contractual relationship with all other stakeholders. Managers are also the only group of stakeholders with direct control over the decision-making mechanisms of an organisation. From an operational perspective, an organisation's management is the dominant link between all stakeholders (employees, shareholders, suppliers, customers, and so on) and therefore the actions of managers directly affect the direction of the organisation, according to Premeaux and Mondy (1993:349). Also, Burnes (2009:434, citing Pfeffer), when discussing organisational change and adaptation, argued that an organisation's managers is the only group that can effectively exert pressure for an organisation to change.

A sampling frame refers to a list of the target population elements (Diamantopolous & Schlegelmilch, 2001:14), an accessible section of the target population from where a sample can be drawn (Bhattacharjee, 2012:66) – in this study's case, a list of all the managers at South African mining organisations. A data base of operational South African based mining organisations' management contact detail was obtained from a third party, a Johannesburg based organisation specialising in African mining industry information. The list contained 728 names, telephone numbers and email addresses of managers representing 54 mining organisations. The researcher also added his own list of contacts resulting in a total of 767 contact names. The researcher applied his own judgement on whether the list adequately reflected South African-based mining organisations.

Sampling is the process of selecting a portion of the chosen target population for purposes of making observations and statistical inferences about that population and can be grouped into two broad categories: probability (random) sampling and non-probability sampling (Bhattacharjee, 2012:65; Leedy & Ormrod, 2014:212). Leedy

and Ormrod (2014:220) described nonprobability sampling as the situation when the researcher will be unable to assign a probability to each element of the target population to be included in the sample. Subsequently three forms of nonprobability sampling are described namely: convenience sampling, quota sampling, and purposive sampling. Convenience sampling refers to the technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient (Bhattacharjee, 2012:69). This study's sampling approach can therefore be considered as nonprobability-convenience sampling since only the managers contained in the list obtained from a third party and the researcher's own contacts were targeted.

5.9 Data collection process

Invitations to participate in the research study (annexure *B*) were subsequently emailed to the listed managers. The email included a further request to each manager to also forward the invitation to their subordinate managers. A letter from the North-West University's (Potchefstroom campus) Statistical Consultation Services endorsing the study accompanied the invitations (annexure *C*). Leedy and Ormrod (2014:208) provided guidelines to increase the response rate of emailed questionnaires and the following were subsequently applied:

- Timing: holiday periods were avoided and since the intention was to send follow-ups/reminders, no deadline for questionnaire-completion was given;
- First impression: all potential participants were addressed in person in the cover email and the content was to-the-point;
- Motivate: a brief background and the objectives and value of the research were provided; and
- Offer results: the researcher's willingness to share the outcome of the research was stated in the cover email.

Over a four-week period, 767 invitations were sent of which 137 were returned as undeliverable. The researcher also made additional requests to five key role-players within three large mining organisations (more than 2000 employees each) to

distribute the invitation to all their management levels (organisations that employ 1500 to 2000 employees are considered large by Jain (2012:560)). The researcher was copied on the invitations distributed by the mentioned key role-players, totalling 366 invitations. The undeliverable invitations, however, were not known to the researcher. The invitations delivered thus amounted to a maximum of 996. Approximately three weeks after each invitation was sent, a follow-up email was sent thanking emailed recipients for their participation and since, as per design, the researcher could not identify who has already responded, they were reminded to complete the questionnaire if they have not done so already. Follow-up emails, however, were not sent to participants not directly emailed by the researcher (that is, the invitations forwarded on behalf of the researcher). The five key role-players mentioned previously were, however, requested to remind their subordinate managers to complete the questionnaire. Two-hundred and eighty-six (286) responses were received corresponding to a 28.7% response rate. Citing Comrey and Lee, Field (2013:684) stated that 300 to be a good sample size, 100 as poor and 1000 as excellent. Further discussion on sampling adequacy follows in the sections on exploratory factor analysis and structural equation modelling.

5.10 Validity

The validity of a measurement instrument refers to its ability to reflect the true differences among respondents' answers (Cooper & Emory, 1995:149) and the extent to which it measures what it is intended to measure and can take several forms (Leedy & Ormrod, 2014:91):

- Face validity: face validity refers to the extent to which, on surface, an instrument *looks* like it is measuring a particular characteristic (Leedy & Ormrod, 2014:91). The survey instrument's face validity was assessed during the pre-testing stage in collaboration with role-players discussed earlier in this chapter;
- Content validity: content validity refers to the extent to which the instrument is representative of the subject areas being measured (Leedy & Ormrod, 2014:91). The literature review (chapters 2 to 4) and an extensive

measurement development process (described earlier in this chapter) were applied to ensure maximum content validity. Cooper and Emory (1995:149) and Bhattacharjee (2012:59) suggested making use of persons considered experienced in the subject area to judge the validity of the instrument. As explained in section 5.7, the researcher had in-depth discussions with knowledgeable role-players during the development of the questionnaire; and

- Construct validity: construct validity refers to the extent to which an instrument measures a characteristic that cannot be directly observed but is assumed to exist based on people's behaviour (Leedy & Ormrod, 2014:92). The conceptual development of the organisational alignment construct and its formative dimensions as well as the posited antecedent and enabling factors were introduced earlier in this chapter.

In order to assist in the substantive interpretation of the response data (Diamantopolous & Schlegelmilch, 2000:216), the process of exploratory factor analysis was applied to identify the structure and factors of each enabler as well as the formative dimensions of the organisational alignment construct. This process was also used to determine the structural validity of the survey questions and statements.

Exploratory factor analysis is a multivariate technique for identifying whether the correlations between a set of observed variables stem from their relationship to one or more latent variable in the data, thereby reducing the complexity of the data (Field, 2013:875). The complexity reduction is achieved by explaining the maximum amount of common variance in a correlation matrix using the smallest number of explanatory constructs (Field, 2013:667). The exploratory factor analysis process entailed the following:

1) Sample size assessment

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to determine whether sufficient data was available to conduct exploratory factor analysis. The larger the KMO value, the more appropriate it is to perform exploratory factor analysis for the particular sample size. A KMO value close to 1

indicates that the patterns of correlations are relatively compact and so exploratory factor analysis should yield distinct and reliable factors. Field (2013:877) provided the following guidelines when assessing KMO values: values between 0.5 and 0.7 to be mediocre; values between 0.7 and 0.8 as good; and values above 0.8 as great. KMO values will be reported for each enabler factor as well as for the organisational alignment construct dimension factors in the next chapter.

2) Assessment of the correlation between variables

According to Field (2013:685-686), the next step when conducting exploratory factor analysis is to investigate the correlation between the statements (variables). Correlations should be high, but not too high. To determine whether sufficient correlation is present, Bartlett's test of sphericity was conducted. Small p-values (< 0.05) on Bartlett's test reject the null hypothesis that the correlation matrix represents an identity matrix and thus shows that variables are correlated with each other.

The determinant of correlation matrix (r-matrix) was used to determine whether multicollinearity is not too high, which could cause problems in determining the unique contribution of highly correlated variables to a factor. The determinant should be greater than 0.00001, and if not, it points towards multicollinearity in the data. To address issues of multicollinearity, Field (2013:686) suggested eliminating variables found to correlate highly (Spearman's rho: > 0.8). No variables exceeded the suggested Spearman's rho-value limit.

3) Factor extraction

Not all factors are retained during exploratory factor analysis and the process of extraction was followed in order to decide how many factors should be retained. Eigenvalue (the substance importance of that factor) and scree plots were used to extract the desired number of factors. Although Field (2013:677) recommended retaining all factors with eigenvalues greater than 1 (implying that the factor explains more variance than a single observed variable), it was

important to ensure that the factors made theoretical sense and that the percentage of total variance explained by the extracted factors were sufficient.

4) Factor rotation

Once the factors were extracted, factor rotation was conducted in order to discriminate more clearly between factors. Rotation has the effect of optimising the factor structure in that the relative importance of the factors is equalised to a degree (Field, 2013:697). Statements that loaded high on a factor were then used to name (label) factors and if the high-loading statements indicated adequate internal consistency reliability, their mean score was calculated as the factor mean.

There are two types of rotation namely orthogonal rotation where factors are uncorrelated and oblique (*oblimin*) rotation where factors are allowed to correlate (Field, 2013:672). Since the researcher expected the extracted factors to correlate, the oblique rotation technique was used.

Regarding factor loading values, Field (2013:681) cited Stevens on the following: for a sample size of 200, loadings of greater than 0.364; and for a sample size of 300, loadings of 0.298 should be considered as significant. The sample size of this study was 286, hence the aforementioned was used a guide when statements' loadings against a factor were assessed.

5) Communalities

The proportion of common variance present in a variable is known as the communality. A variable that has no specific or unique variance would have a communality of 1, whereas a variable that shares none of its variance with any other variable would have a communality of 0 (Field, 2013:872).

5.11 Reliability

Reliability refers to the accuracy and consistency with which a measurement instrument yields a consistent result when the entity being measured has not

changed (Leedy & Ormrod, 2014:93) and Diamantopolous and Schlegelmilch (2000:33) noted that reliability is the extent to which a measurement instrument is free from random error. Cooper and Emory (1995:153) remarked that reliability is a contributor but not sufficient condition for validity and that a reliable instrument works well at different times and conditions. This distinction of time and condition is the basis for the reliability perspectives of: stability (consistent results with repeated measurement with the same persons); equivalence (error due to different investigators); and internal consistency (degree to which instrument items are homogeneous and reflect the underlying construct). Given the cross-sectional approach of this study and the above-mentioned remarks, the reliability aspect of internal consistency was focussed upon. In order to determine the internal consistency reliability of the factors, Cronbach's Alpha coefficients were calculated for each factor as a method of estimating the reliability and internal consistency among the statements (Cooper & Emory, 1995:155; Field, 2013:873). Although a Cronbach's Alpha of between 0.7 and 0.8 is considered ideal; due to the diversity of social science constructs, a Cronbach's Alpha coefficient of less than 0.7 is considered acceptable (Field, 2013:709). Cortina (cited by Field, 2013:709) reported that the Cronbach's Alpha is to a large degree dependent on the number of statements (items) in the factor and that larger numbers of statements increases the possibility that the Cronbach's Alpha value will be higher. It is thus possible to obtain a large Cronbach's Alpha due to too many statements and not because the factor is reliable. On the other hand, a small number of statements could cause a lower Cronbach's Alpha (Field, 2013:709).

5.12 Statistical analysis

The study's statistical analysis was undertaken by the Statistical Consultation Services of the North-West University (Potchefstroom campus) using the Statistical Package for the Social Sciences (IBM SPSS Statistics Version 23) and consisted of univariate and multivariate techniques. Descriptive statistics describe a body of data with the aim to provide preliminary insights into the nature of responses (Diamantopolous & Schlegelmilch, 2000:73; Leedy & Ormrod, 2014:294). Univariate analysis was applied to describe the general properties per individual statement or

question and included frequency distribution in percentages, central tendency in arithmetic mean and range in standard deviation. The Spearman's rank-order (rho) correlation multivariate analysis technique was applied to test the strength of the relationship between the ordinal variables since the technique do not rely on the assumptions of a parametric test (Field, 2013:884). In order to identify the statistical significance levels of correlations (at $p < 0.05$), a two-tailed test for non-directional hypothesis was applied.

To determine the practical significance or effect size of the correlations, however, the following suggestions by Ellis and Steyn (2003:52) were applied: Spearman's rank order correlations below 0.1 were considered *small* and hence practically insignificant, correlations of 0.3 were considered *medium* and hence practically significant, and correlations larger than 0.5 considered *large* and therefore of large practical significance. Before the correlations were calculated, the reverse-phrased statements in the questionnaire were recoded. Recoding was furthermore required as reverse-phrased statements affect the Cronbach's Alpha value (Field, 2013:710). The statements that were reverse-phrased are identified in the next chapter. T-tests for the equality of means between groups and ordinal data statements were applied to compare the factor means of two different groups of respondents. However, since the study's sampling process was described as nonprobability-convenience and therefore not random, t-values and p-values were not necessarily relevant. *Effect size* was subsequently used to determine the practical significance of associations and comparisons. Cohen's guidelines were applied to interpret the effect size for the differences between means namely: d : 0.2 as a *small* effect; d : 0.5 as a *medium* effect; and d : 0.8 as a *large* effect and therefore of practical significance (Ellis & Steyn, 2003:52). Medium effect size ($d > 0.5$) was considered as important in practice in this study.

Cross-tabulations and chi-squared tests were used to compare statements and questions that consisted of categorical data (Bhattacharjee, 2012:125). To test the strength or practical significance of the cross-tabulated statements and questions, two measures were applied: the phi-statistic when examining two-by-two contingency tables; and Cramer's V when the variables being compared had more

than two categories (Field, 2013:725). Ellis and Steyn (2003:52) suggested using Cohen's guidelines for the interpretation of the effect size of the two aforementioned statistics namely: 0.1 as a *small* effect; 0.3 as *medium*; and 0.5 or more as *large* and therefore of practical significance.

5.13 Organisational alignment framework validation

Holton and Lowe (2007:297) argued that the requirement for theories lies in the need to impose order on seemingly unordered experiences. In the social sciences, a theory can be considered a system for explaining a set of behaviours that specifies and relates certain key concepts that are present in the behaviour. The authors continued, citing Dubin's seminal work on theory building, that theory as an attempt to model some aspect of the empirical world. The motive for this modelling is that the real world is often so complex that it requires to be conceptually simplified in order to understand it, or that observation by itself does not reveal adequately ordered or explainable relationships. The factor analysis process explained under section 5.11 was "exploratory" in nature, the aim being to identify the latent relationships underlying a set of measured variables by reducing it to a more manageable set of variables. The correlations among the identified factors were determined and contributed to a large extent in addressing the research problem and subsequent research objectives.

However, in order to further address the research problem and research objective *first*, some form of validation of the conceptual framework presented earlier was required and *second*, especially due to the fact that the literature-derived organisational alignment enabling factors were expected to correlate with organisational alignment, it was required to identify the *unique* or *specific* influence of each enabler while holding the balance of the enabling factors constant. Ullman (2006:38) noted that when the topic of interest is complex and multidimensional, structural equation modelling (SEM) is the only analysis that allows *simultaneous* tests of all the relations in a hypothesised model or framework. SEM therefore allows the level of analyses to be matched with the level of hypothesis, in that SEM is able to test hypothesis at construct or factor level. According to Wunsch *et al.* (2014:189),

SEM is widely applied in social science research and practice. SEM refers to a set of data analysis tools that allows for the testing of theoretically derived and *a priori* specified casual hypothesis or relationships (Hancock & Mueller, 2010:488). A set of relations between one or more exogenous variables and one or more endogenous variables can therefore be examined, of which both can be either measured variables or latent variables (Ullman, 2006:35). Importantly, in SEM, the amount of *influence* rather than a cause-and-effect relationship is assumed and interpreted (Schumacker & Lomax 2010:48). The researcher applied SEM to test the proposed framework's fit with the data set and was assessed with three data-model fit tests (explained later on in this section) – the aim being to determine whether the pattern of variances and covariance in the data was consistent with the hypothesised framework (model) specified in this study.

However, as other unexamined models may fit the data as well or better, an accepted model is only a not-disconfirmed model (Hancock & Mueller, 2010:504) and hence the important question was whether the SEM analysis dealt with substantive theoretical issues, irrespective of whether model-fit was achieved (Kline, 2011:190; Schumacker & Lomax, 2010:7). The Amos software (IBM Amos Development Company, 2009) was used to conduct the SEM analysis. The following SEM process, largely based on Hancock and Mueller's (2010:49) suggested stages, were followed:

- 1) Initial model specification: during this stage the underlying theories supporting the framework need to be explained. In this study, this stage entailed the literature review (chapters 2 to 4) from which the conceptual framework was proposed (figure 5.3). Exploratory factor analysis followed (explained in section 5.11 above) and the subsequent mapping of the correlations between the factors allowed the presentation of a measurement model. The structural model (presented in the next chapter) contains the standardised regression coefficients of the organisational alignment enabling factors with the organisational alignment construct.

- 2) Parameter estimation: the *maximum likelihood method* was used to estimate the parameters and the resultant standardised regression coefficients reflect the relative unique influence each of the organisational alignment enabling factors (exogenous variables) had on the level of perceived organisational alignment (endogenous variable). The framework with standardised regression coefficients is referred to as the structural path in SEM and is presented in the next chapter.
- 3) Data-model fit assessment: Hancock and Mueller (2010:490) categorised data-model fit indices into the following three broad classes.
 - a) *Absolute indices* evaluate the overall discrepancy between observed and implied covariance matrices. A non-statistically significant chi-square value indicates that the sample covariance matrix and the reproduced model implied covariance matrix are similar. However, due to the fact that the chi-square test is viewed by some as a too strict model-fit indicator, especially with large sample sizes, Mueller (1996) proposed that the chi-square statistic be divided by the degrees of freedom and added that, although the appropriate value of the aforementioned depends on the researcher, values closer to 1 can be considered good and values closer to 5 being poor;
 - b) *Parsimonious indices* also evaluate the overall discrepancy between observed and implied covariance matrices but take into account the model's complexity. In this study the root mean square of error approximation (RMSEA) with its associated 90% confidence interval test statistic was used. Blunch (2008) argued that models with RMSEA values of 0.10 and larger should be considered as a poor fit; and
 - c) *Incremental indices* assess absolute or parsimonious fit relative to a baseline model. The baseline model specifies a zero relation among variables. In this study the comparative fit index (CFI) was used and Mueller's (1996) guidance of CFI values of larger than 0.9 as indicative of a good overall fit was considered.

- 4) Interpretation of parameter estimates: the last step entails the interpretation of each parameter's (organisational alignment enabling factors) unique contribution to perceived organisational alignment, that is, their contribution while holding the rest of the enabling factors constant. Enabling organisational alignment factors' standardised regression coefficients with an effect size of more than 0.2 were considered as indicative of a practically important unique influence on perceived organisational alignment. In particular, attention was given to potential negative suppressors and is discussed below.

According to Ludlow and Klein (2014:1) multicollinearity is common in applied social science research. Niemelä-Nyrhinen and Leskinen (2014:3) suggested that multicollinearity could possibly lead to deceptive path coefficient estimates as well as statistical non-significance of the parameter estimates in SEM. The extent to which they are correlated will influence the estimates and statistics associated with the other variables they are modelled along with. These effects may include enhanced coefficients for the other variables, a situation that may suggest the presence of suppressors. As expected, and reported on in the next chapter, large correlation existed among the organisational alignment enabling factors and it will be concluded that negative suppression may have been present.

A variable is a suppressor when it "subdues" the error variance component in the balance of the variables that detracts from those variables' score validity (Nunnally & Bernstein, 1994). Furthermore, when two or more exogenous variables have a positive zero-order correlation with the endogenous variable, correlate positive with each other and subsequently one (or more) of them receives a negative regression estimate, the situation is referred to as negative suppression. Based on the explanation of a negative suppressor by Maassen and Bakker (2001:245); figure 5.5 below aims to illustrate negative suppression.

Figure 5.5 follows on next page.

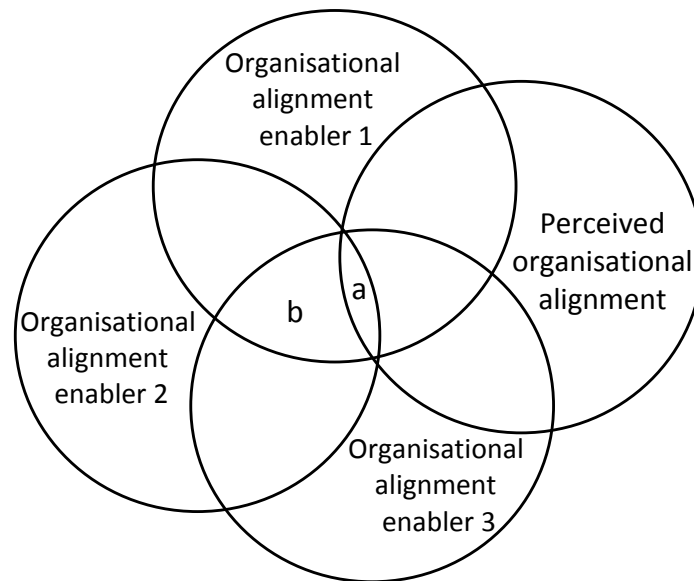


Figure 5.5: Negative suppression

Source: Researcher.

The exogenous variable (for example an organisational alignment enabling factor) shares fewer common variance (area *a*) with the endogenous variable (for example, perceived organisational alignment) than with the common elements of irrelevant information shared by the suppressor and the rest of the exogenous variables, for example, the rest of the organisational alignment enabling factors (area *b*).

Kerlinger (cited by Ludlow & Klein, 2014:5) made the useful distinction between explanation and prediction. For Kerlinger, explanation of phenomena was the aim of science and this distinction led to considerations of how statistical models were interpreted. Statistical models were either theory-based (that is, explanation) or built to maximise R^2 (that is, prediction). The distinction between explanation and prediction is useful because it offers a way to distinguish between the identification and interpretation of suppressor variables.

This study was essentially a theory-based descriptive research to determine the enabling factors of perceived organisational alignment – that is, it aimed to *explain* organisations' degree of perceived organisational alignment. It was therefore within the context of the above mentioned that the enabling factors, that calculated negative estimates, were interpreted in chapter 6. Regarding SEM sample size

adequacy; SEM is based on covariances and covariances are less stable when estimated from small samples (Ullman, 2006:41). Schumacker and Lomax (2010:42) suggested a minimum sample size of 100 to 150. This study's sample size was 286 and therefore considered to be sufficient for SEM.

Figure 6.4's symbols presented in chapter 6 followed SEM convention. Lines indicate relations between variables and have either one or two arrows. A line with one arrow represents a hypothesized direct relationship between two variables. A line with an arrow at both ends indicates a covariance between the two variables with no implied direction of effect. The variable with the arrow pointing to it is the endogenous variable (perceived organisational alignment) and the corresponding value indicates each exogenous variable's (enabling factor of organisational alignment) direct or unique influence on the endogenous variable, controlling for the balance of the exogenous variables. The dotted lines were added to divide the factors per corresponding organisational alignment enabling category and also per organisational alignment construct dimension.

Structural equation modelling was applied to answer the following. *First*, was the sample covariance matrix (estimated unstructured covariance matrix) similar to the population covariance matrix (estimated structured covariance matrix) of the hypothesised framework (interpretation of the model-fit statistics) and *second*, which of the identified organisational alignment enabling factors had a unique or specific influence on the multidimensional construct of perceived organisational alignment (interpretation of standardised regression coefficients).

5.14 Chapter summary

This chapter aimed to introduce the research methodology and design as well as to introduce the construct of perceived organisational alignment and to posit a set of organisational alignment enabling factors. The study's frame of reference was described as post-positivist. The research problem: *what are the antecedents and enabling factors influencing perceived organisational alignment within South African mining organisations?* was introduced as well as the research objectives.

Perceived organisational alignment was defined as an aggregate multidimensional construct, the dimensions being: organisational purpose, stakeholder priorities, and execution focus. Four categories of enabling factors were posited namely: culture, strategy, structure, and systems. The overall research process was subsequently discussed. Two key elements of the research process namely exploratory factor analysis and structural equation modelling were, in particular, discussed in detail.

The next chapter entails the interpretation of the survey results accompanied with discussions on support from literature for the identified organisational alignment enabling factors. The results of the SEM will also be discussed.

CHAPTER 6

INTERPRETATION OF RESULTS

6.1 Introduction and aims of the chapter

The previous chapter explained the development of the multidimensional organisational alignment construct and the posited enablers of organisational alignment. It also described the research problem and research objectives as well as the design and methodology of the data collection and data analysis phase. This chapter will present and interpret the results of the aforementioned and is structured under the following categories:

- Organisational and biographical data;
- Perceived organisational alignment;
- Index of perceived organisational alignment;
- Enablers of perceived organisational alignment; and
- Organisational alignment framework.

Descriptive statistics for each of the survey's questions and statements will be presented and will include frequencies in percentages, means and standard deviations. The exploratory factor analysis process was discussed in the previous chapter and the following validity results are presented and discussed for each of the organisational alignment construct factors and organisational alignment enabling factors:

- The KMO measure of sampling adequacy;
- P-value of Bartlett's test of sphericity;
- The determinant of correlation matrix;
- The percentage (%) of variance explained by the extracted factors;
- Communalities; and

- Factor loadings.

Reliability was also discussed in the previous chapter. In order to determine the internal consistency reliability of the factors, Cronbach's Alpha coefficients were calculated for each factor and will be presented and discussed.

The results of the structural equation modelling (applied to validate the organisational alignment framework) include the model-data fit results and the subsequent interpretation of the parameter estimates. The parameter estimates were required in order to identify the unique or specific relationships between the identified organisational alignment enabling factors and the multidimensional organisational alignment construct. Alpha-numeric references denote the survey questionnaire numbering. Since only organisations' management-level employees were targeted; when referring to the study's results, "managers" and "respondents" will be used interchangeably.

6.2 Organisational and biographical results

This section presents the descriptive statistics of the organisational and biographical data. Correlations (and comparisons in the case of nominal-scaled questions) between biographical and organisational data and the organisational alignment and its posited enabling factors will be discussed as part of the discussion on the mentioned factors in sections 6.3 and 6.4 of this chapter. Selected correlations between ordinal organisational and biographical data, however, were highlighted.

6.2.1 Ownership status of the respondent's organisation

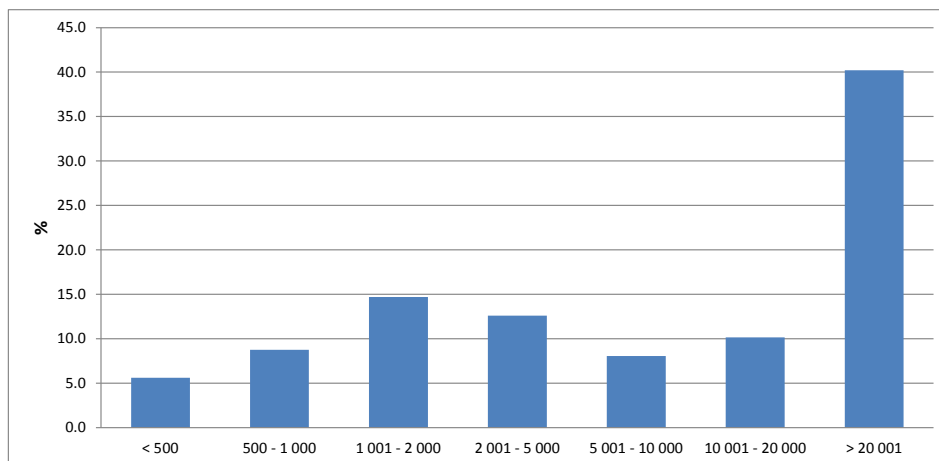
Fifty-nine percent of the responding managers' organisations were privately owned while the balance was publicly listed organisations (question 1.1.1). Differences between the aforementioned groups' responses will be explored as part of the discussion on each organisational alignment enabler.

6.2.2 Commodity sectors of the organisation

Responding managers' organisations were largely from the following three commodity sectors (question 1.1.2): coal – representing 14.3%; gold – 15%; and precious group metals 35.7%, totalling 65% of the responses. The high proportions of the total response from these commodity sectors were not surprising as they are the most labour intensive mining sectors in South Africa. Since some of the responding managers were from multi-commodity mining organisations, and accordingly indicated more than one commodity sector when answering the questionnaire, no further comparative analysis took place.

6.2.3 Number of employees

Histogram 6.1: Number of employees



More than 70% of the respondents' organisations can be considered large organisations, that is, organisations with more than 2000 employees (question 1.1.3) (organisations that employ 1500 to 2000 employees are considered large by Jain (2012:560)). In the social and management science context of this study organisational size was associated with number of employees and not with economic measures, for example, turnover or market capitalisation.

6.2.4 Number of management levels

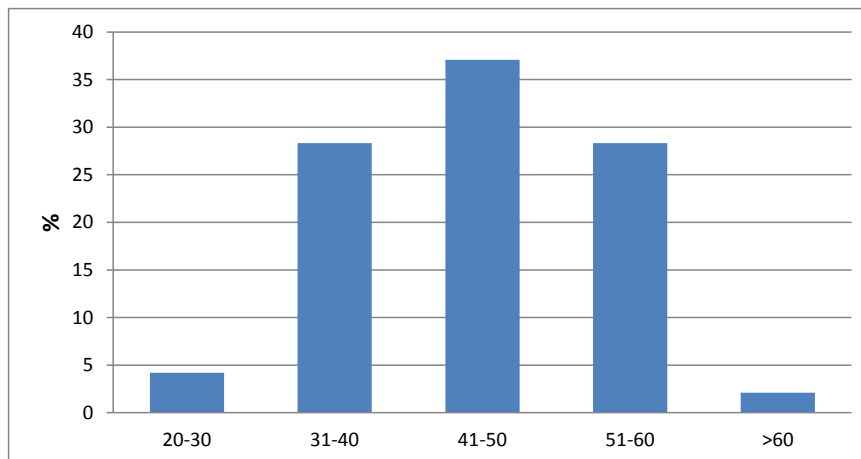
Table 6.1: Number of management levels

Q1.1.4 Number of management levels in your operating unit	%
< 3	12.2
3 - 4	33.9
> 4	53.8

More than 50% of the respondents' operating units had more than four management levels and as expected, this variable correlated positively (Spearman's rho: 0.341) with organisational size (Q 1.1.3 – number of employees), that is, the larger the organisation, the more management levels were reported. Both organisational size and number of management levels were expected to have an effect on organisational alignment and are discussed in section 6.4.

6.2.5 Age of respondents

Histogram 6.2: Age of respondents (years)



Ninety-four percent of the responding managers were aged between 30 and 60 years old (question 1.2.1) and as expected, age correlated positively (Spearman's rho: 0.319) with question 1.2.11 – “how many years have you been in your current position”, indicating that older managers tend to stay in one position for longer. The implications of tenure are discussed in section 6.4.

6.2.6 Gender

Table 6.2: Gender of respondents

Q1.2.2 Gender	%
Female	17.5
Male	82.5

The majority of respondents were male, a percentage that is indicative of the current gender distribution within the mining industry (only 26% of South African mining organisations have complied with the 10% target for women in mining (Mitchell, 2013:40)).

6.2.7 Population group

Table 6.3: Population group of respondents

Q1.2.3 Population group	%
African	33.6
Coloured	2.8
Indian	2.1
White	61.5

More than 95% of the respondents represented African or White population groups. It was subsequently decided to only include the aforementioned groups in comparisons later on in this chapter since the balance of the population groups totalled only 14 respondents (less than 5% of the sample).

6.2.8 Highest qualification

Table 6.4: Highest qualification of respondents

Q1.2.4 Highest qualification	%
< Grade 12	1.7
Grade 12	8.4
Diploma/B-degree	35.3
Higher Diploma/Honours degree	27.3
Masters degree or higher	27.3

The high level of education was expected due to the target population being the management hierarchy of organisations. Level of qualification correlated negatively (Spearman’s rho: -0.350) with “management level” (Q1.2.8), that was coded in the opposite direction, indicating the more senior managers had a higher level of qualification.

6.2.9 Respondent’s functional department

Table 6.5: Respondent’s functional department

Q1.2.5 In which functional department do you work (indicate one)	Frequency
Production/Mining	126
Production/Processing	74

<i>OR</i>	
Support Services (indicate one)	Frequency
Engineering	26
Finance & Administration	30
Human Capital	30
Information Technology	6
Mine services (Geology, survey, planning, etc.)	33
Other	19
Safety/Health/Environment/Community	24
Supply Chain	16

Question 1.2.5 had two sections namely *production* (mining or processing) and *support services* (various) of which only one had to be completed. If respondents worked in a production department, they had to further specify either mining or processing. If, however, they were working in a support services department, they had to indicate whether it was in engineering, marketing, or finance, and so on. The technical design of the survey questionnaire, however, was not configured to prevent respondents from indicating departments within both production and support service department. The data obtained from this variable subsequently presented a challenge since the sum of the responses indicating production or support services totalled more than the sample size. Comparative analysis related to respondents' functional department was subsequently not included in further analyses.

6.2.10 Number of employees reporting directly to the respondent

Table 6.6: Number of employees reporting directly to the respondent

Q1.2.6 Number of employees reporting directly to you	%
0	10.8
1 - 4	31.1
5 - 10	35.0
11 - 15	5.2
> 15	17.8

This result was unexpected since it correlated negatively (Spearman's rho: -0.177) with "management level" (Q1.2.8), that was coded in the opposite direction, indicating that at more senior management level, the respondents had more direct reports. It may have been possible that some respondents reported the number of employees "below" them and not necessarily only their direct reports. Wulf (2012:6) found that organisations were dramatically increasing the span of control of senior management level. Notwithstanding the aforementioned, it was decided to analyse associations related to Q1.2.6 – "Number of employees reporting to you" in the rest of the study with the necessary circumspection.

6.2.11 Number of organisations worked for

Table 6.7: Number of organisations worked for

Q1.2.7 Number of organisations you've worked for (including current)	%
1	12.2
2	21.7
3	22.7
4	19.6
5	11.2
> 5	12.6

It was presumed that managers that have worked at numerous organisations would have experienced a wider range of intra-organisational and external organisational-environment dynamics. The aforementioned, read in the context of the discussions in section 3.2.1 of chapter 3 on requisite variety, meant that “the number of organisations worked for” responses were expected to correlate with the organisational alignment factors.

6.2.12 Management level

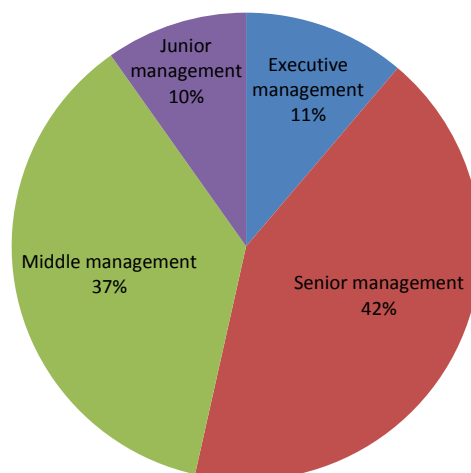


Figure 6.1: Respondents' management level

The researcher was satisfied with the representation from the different management levels, in particular the 32 managers at executive management level (11% of the total) that responded (question 1.2.8).

6.2.13 Years with current organisation

Table 6.8: Years with current organisation

Q1.2.9 How many years have you been with your current organisation	%
< 3	17.5
3 - 5	18.5
6 - 10	25.9
11 - 15	14.0
16 - 20	9.4
> 20	14.7

More than 38% of respondents have been with their current organisation for more than ten years, a period that may be considered noteworthy. This variable correlated positively (Spearman's rho: 0.211) with organisational size (Q1.1.3 – Number of employees) as well as with question 1.2.11 “how many years have you been in your current position” (Spearman's rho: 0.354). In section 3.4, Boswell's views (2006:1493) were referenced on the effect organisational tenure may have on a manager's perspectives.

Section 6.2.14 follows on next page.

6.2.14 Number of positions held in the last five years

Table 6.9: Number of positions held in the last five years

Q1.2.10 Number of positions held in the last five years	%
1	28.0
2	39.9
3	26.9
4	2.1
5	1.0
> 5	2.1

More than 32% of respondents occupied three or more positions in the last five years. This variable was deemed important for the same reasons discussed in section 6.2.11 namely that occupying a variety of positions may affect a manager's views on intra-organisational as well as external organisational-environment dynamics.

6.2.15 Number of years in current position

Table 6.10: Number of years in current position

Q1.2.11 How many years have you been in your current position	%
< 3	35.7
3 - 4	27.3
5 - 7	16.8
8 - 11	11.2
12 - 16	5.9
> 16	3.1

Thirty-seven percent of respondents have been in their current position for five or more years. It was expected that tenure would correlate with perceptions on organisational alignment and is explored in the section on the organisational alignment factors.

6.2.16 Intention to stay with current organisation

Table 6.11: Intention to stay (years)

Q1.2.12 How many more years do you intend staying with your organisation	%
< 1	8.4
1 - 2	21.3
3 - 5	24.5
> 5	45.8

More than 45% respondents indicated an intention to stay with their current organisation for at least five more years. A positive association between this variable and perceived organisational alignment as well as with the organisational alignment enabling factors was expected – an analysis thereof follows later in this chapter. The expected association is based on the work by Sahoo and Mishra (2012:101) and Beehr *et al.* (2009) related to employees' intention "to stay" as an indicator of job satisfaction.

6.2.17 Equity ownership status

Table 6.12: Equity ownership

Q1.2.13 Do you have an equity stake in your organisation	%
No	51.4
Yes	48.6

Whether the respondents had equity ownership in their organisations was evenly balanced. As discussed in chapter 2, equity ownership may be used as a way to reduce agency concerns and therefore comparisons were made (as part of the discussion on the organisational alignment factors) between respondents who had an equity stake and their perceptions on organisational alignment and its enablers.

6.3 Perceived organisational alignment

This section will *first*, discuss the descriptive statistics and exploratory factor analysis of the three organisational alignment dimensions of: organisational purpose, stakeholder priorities, and execution focus. *Second*, correlations between identified factors of the organisational alignment dimensions and organisational and biographical data will be discussed and *third*, descriptive statistics of the organisational alignment index will be reported on.

6.3.1 Organisational purpose

6.3.1.1 Descriptive statistics

The descriptive statistics of the organisational purpose dimension are reported in tables 6.13 and 6.14 below.

Table 6.13: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q2.1 You and your superior are aligned on your individual performance goals	29.0	53.8	7.7	7.0	2.1	0.3	1.99	0.92
Q2.2 Key internal suppliers' objectives and goals are aligned with your service expectations	14.3	61.2	5.9	13.6	3.8	1.0	2.23	0.91
Q2.3 Your organisation's objectives and goals are aligned with the socio-economic expectations of the community	15.7	49.3	21.3	12.2	1.4	0.0	2.34	0.93

Table 6.13: Descriptive statistics (continue)

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q2.4 Your organisation's objectives and goals are aligned with the socio-economic expectations of the relevant government departments	21.3	47.2	16.4	11.9	2.1	1.0	2.25	1.00
Q2.5 Your organisation's objectives and goals are aligned with the socio-economic expectations of its external customers	22.0	59.8	13.3	3.1	0.7	1.0	2.00	0.74
Q2.6 Your organisation's objectives and goals are aligned with the socio-economic expectations of trade union federations	13.6	43.0	23.1	16.8	3.5	0.0	2.53	1.03
Q2.7 Your organisation's objectives and goals are aligned with the socio-economic expectations of its shareholders	34.6	49.3	10.1	4.9	1.0	0.0	1.88	0.85
Q2.8 Your organisation's objectives and goals are aligned with the socio-economic expectations of its key external suppliers	16.4	53.8	19.9	7.7	0.7	1.4	2.21	0.84

The response scale ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). Since all the statements on organisational purpose in the table reflected a positive state of alignment, the ideal in terms of responses was “strongly agree” (1).

All the statements' means were calculated as less than 3 indicating managers on average agreed with the statements. In particular, managers on average agreed highly with statement Q2.1 – “You and your superior are aligned on your individual performance goals” (mean: 1.99; standard deviation (SD): 0.92) and statement Q2.7 – “Your organisation’s objectives and goals are aligned with the socio-economic expectations of its shareholders” (mean of 1.88 and SD of 0.85).

The two statements that on average the managers agreed the least with were statement Q2.3 – “Your organisation’s objectives and goals are aligned with the socio-economic expectations of the community” (mean: 2.34; SD: 0.93) and statement Q2.6 – “Your organisation’s objectives and goals are aligned with the socio-economic expectations of trade union federations” (mean: 2.53; SD: 1.03). The lower degree of agreement with these two statements compared with the previously mentioned “Your organisation’s objectives and goals are aligned with the socio-economic expectations of its shareholders” (Q2.7), was not surprising since tension often exist between the mentioned two stakeholder groups and South African mining organisations.

Table 6.14: Descriptive statistics

Question	To increase ONLY SHAREHOLDER satisfaction			To increase the satisfaction of ALL STAKEHOLDERS		Don't know %	Mean	Standard deviation
	1	2	3	4	5			
Q2.9 Which of these two objectives best describe your organisation's actions?	3.5	15.7	X 28.0	28.3	24.5	0.0	3.55	1.13
Q 2.10 In your view, what SHOULD BE your organisation's overall objective?	2.1	3.8	16.8	X 28.0	49.3	0.0	4.19	.99

Question Q2.9’s mean was calculated as 3.55 (SD: 1.13) indicating that on average managers perceived their organisations’ current actions slightly favouring the objective of “To increase the satisfaction of *all* stakeholders” versus “To increase *only* shareholder satisfaction”. More telling, however, were managers’ answers on question Q2.10 that calculated a mean of 4.19 (SD: 0.99) versus question Q2.9’s

mean of 3.55 (see *X* symbols in table 6.14 above), implying that managers believed that the organisational objective “To increase the satisfaction of *all* stakeholders”, should be favoured even more (versus only shareholder satisfaction).

However, the primary aim of questions Q2.9 and Q2.10 was to determine to what extent managers agreed with their organisation’s current overall objective related to stakeholders (Q2.9) compared to what managers thought should be the overall objective, that is, their normative view on stakeholders (Q2.10).

The following coding was applied in order to calculate the comparison explained above. If a manager’s answer between the two questions were the same, it was coded as 1 – “Strongly agree with overall objective”. If the answers were at the opposites of the scales, it was coded as 5 – “Strongly disagree with the overall objective”. The results are presented in table 6.15 below.

Table 6.15: Managers’ agreement with the organisation’s overall objectives

	Difference	Coding	%
Strongly agree with overall objective	0	1	42.0
Agree with overall objective	1	2	35.3
Neutral	2	3	15.4
Disagree with overall objective	3	4	5.6
Strongly disagree with overall objective	4	5	1.7

More than 77% of managers agreed with the overall objectives of their organisations from a “shareholders-only” versus an “all stakeholders” perspective.

6.3.1.2 Exploratory factor analysis

Exploratory factor analysis was conducted on statements and questions Q2.1 to Q2.10 as to explore the factorial structure of the organisational purpose dimension. The results of the KMO measure of sampling adequacy, p-value of Bartlett’s test of sphericity and the determinant of correlation matrix are reported in table 6.16 below.

Table 6.16: KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix

	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.808
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation matrix	0.049 (>0.00001)

The KMO measure of sampling adequacy measured 0.808 (good, according to Field, 2013:684) which suggests that the sample size was adequate and correlations sufficient for exploratory factor analysis. The p-value of Bartlett's test of sphericity returned a value smaller than 0.05, indicating that correlations between statements were sufficiently large for exploratory factor analysis. The determinant of correlation matrix measured > 0.00001 , which indicated that multicollinearity in the data was not a problem.

After exploring a number of multifactor solutions, it was decided to use three factors to explain the organisational purpose dimension. The three factors each had eigenvalues above Kaiser's criterion of 1.0 (Field, 2013:677) and cumulatively explained a favourable 66% of the variance. The three-factor solution also made theoretical sense. The results of the pattern matrix for the organisational purpose dimension are reported in table 6.17 below.

Table 6.17 follows on next page.

Table 6.17: Pattern matrix

Statement	Factor			Communalities
	1	2	3	
	Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	
Q2.8 Your organisation's objectives and goals are aligned with the socio-economic expectations of its key external suppliers	0.816			0.720
Q2.5 Your organisation's objectives and goals are aligned with the socio-economic expectations of its external customers	0.814			0.685
Q2.7 Your organisation's objectives and goals are aligned with the socio-economic expectations of its shareholders	0.701			0.581
Q2.3 Your organisation's objectives and goals are aligned with the socio-economic expectations of the community		0.907		0.814
Q2.6 Your organisation's objectives and goals are aligned with the socio-economic expectations of trade union federations		0.847		0.759
Q2.4 Your organisation's objectives and goals are aligned with the socio-economic expectations of the relevant government departments		0.756		0.716
Q2.1 You and your superior are aligned on your individual performance goals			0.848	0.681
Q2.2 Key internal suppliers' objectives and goals are aligned with your service expectations			0.700	0.641
Absolute difference between Q2.9 and Q2.10 on Overall organisational objectives regarding shareholders versus all stakeholders			0.574	0.409
Cronbach's Alpha	0.738	0.831	0.605	
Factor mean	2.04	2.38	1.70	
Factor standard deviation	0.67	0.86	0.70	

All the statements on each factor loaded at a minimum of 0.574. Communalities ranged from 0.409 to 0.814 and it can be considered that a sufficient proportion of each statement's variance was explained by the extracted factors. The three factors' means were calculated as less than 3 indicating that, on average, the respondents tended to agree with the statements, suggesting a positive degree of perceived alignment on organisational purpose.

Factor 1: Alignment with market stakeholders

Statements Q2.5, Q2.7 and Q2.8 loaded on factor 1 and were related to the "alignment with market stakeholders" factor (the classification of stakeholders as "market or non-market" was discussed in chapter 2, section 2.5.2). All three

statements had factor loadings of more than 0.7 and communalities of above 0.5 indicating that a sufficient proportion of each statement's variance was explained by the extracted factors. The "alignment with market stakeholders" factor showed good internal consistency reliability with a Cronbach's Alpha coefficient of 0.738.

In the item-level results presented in table 6.13, managers on average agreed that their "organisation's objectives and goals were aligned with the socio-economic expectations of": its shareholders (Q2.7 – mean: 1.88; SD: 0.85); its external customers (Q2.5 – mean: 2.00; SD: 0.74); and its external suppliers (Q2.8 – mean: 2.21; SD: 0.84).

The factor mean was calculated as 2.04 (SD: 0.67) indicating that on average managers agreed that their organisations' objectives and goals were aligned with the socio-economic expectations of their market stakeholders.

Over and above the increasing pressure from market stakeholders for more involvement from organisations (section 1.2.1 – Deloitte, 2012; PWC, 2012), the importance of organisations' alignment with market stakeholders' expectations is also important as it will guide organisations' value creation process – organisations as value creating entities were discussed in section 1.1 (Porter, 2008:11) and section 2.2.2 (Lepmets *et al.*, 2012:1440).

The need to align with market stakeholders was further confirmed with the discussion in section 2.2.1 that organisations' internal and external environments cannot be separated (Alaa & Fitzgerald, 2013:3; Burnes, 2009:253; Senge, 1990) and section 4.2.3's discussion on organisations' alignment with its macro environment (Hillman *et al.*, 2009:1413; Meier, O'Toole, Boyne & Andrews, 2010:161; Thompson & Strickland, 1993:263).

Factor 2: Alignment with non-market stakeholders

Statements Q2.3, Q2.6 and Q2.4 loaded on factor 2 and related to "alignment with non-market stakeholders". All three statements had factor loadings of more than 0.7

and communalities of above 0.7 suggesting that a sufficient proportion of each statement's variance was explained by the extracted factors. The "alignment with non-market stakeholders" factor showed good internal consistency reliability with a Cronbach's Alpha coefficient of 0.831.

The factor mean was calculated as 2.38 (SD: 0.86) indicating that managers on average agreed that their organisations' objectives and goals are aligned with the socio-economic expectations of non-market stakeholders.

Discussed in section 3.3 (Diamond & Price, 2012:64) and section 4.3.1 (Carroll & Buchholtz, 2012:158) was the increasing necessity for organisations to integrate a broader societal/stakeholder perspective into its strategic process ("broader" being interpreted as inclusive of non-market stakeholders); it was therefore to be expected that the aforementioned factor mean may be slightly higher than the factor 1 mean, implying that managers believed their organisations objectives and goals were less aligned with their non-market stakeholders than with their market stakeholders.

In the item-level results presented in table 6.13, on average, managers agreed that their organisations' objectives and goals were aligned with the socio-economic expectations of: its communities (Q2.3 – mean: 2.34; SD: 0.93); the trade union federations (Q2.6 – mean: 2.53; SD: 1.03); and of the relevant government departments (Q2.4 – mean: 2.25; SD: 1.0).

Factor 3: Alignment between internal stakeholders

Statements Q2.1, Q2.2, and the absolute difference between questions Q2.9 and Q2.10's answers loaded on factor 3 and related to the "alignment between internal stakeholders" factor. All three had factor loadings of more than 0.5 and communalities of above 0.4 and a sufficient proportion of each statement's variance were explained by the extracted factors. The "alignment between internal stakeholders" factor showed acceptable internal consistency and reliability with a Cronbach's Alpha coefficient of 0.605.

The factor mean was calculated as 1.70 (SD: 0.7) indicating that on average managers inclined to agree highly on individual goals, internal supplier's objectives as well as with the organisation's overall objectives related to stakeholders.

As reported in the item-level results in table 6.13, managers had a particularly high level of perceived agreement with their superiors on their individual performance goals (Q2.1 – mean: 1.99; SD: 0.92), that their internal suppliers' objectives and goals are aligned with the respondent manager's service expectations (Q2.2 – mean: 2.23; SD: 0.91), while the mean statistic of the difference between questions 2.9 and 2.10 answers was 1.90 (SD: 0.973).

As discussed in section 2.2.2; while organisations are cognitively open (from a systems perspective), it needs to be operationally closed in order to be efficient (Gunaratne, 2008:176). Managers' relatively high degree of perceived agreement with their superiors on individual goals can therefore be viewed as positive.

The importance of the above mentioned can further be supported with the discussion in section 3.5 (Kathuria *et al.* 2007) on the requirement for managers at various levels of the organisation (including a focus on horizontal alignment) to have a shared understanding of objectives and goals. Additionally, the need for so-called micro-fit, referring to the overall alignment among internal role-players (section 4.2.3 – Beehr *et al.*, 2009:1; Roca-Puig & Bou-Llusar, 2006:24) provided further support from literature on the need for internal alignment on organisational objectives and goals.

Factor correlation matrix

The Pearson correlations between the extracted factors for the organisational purpose dimension are reported in table 6.18 below.

Table 6.18: Factor correlation matrix

Factor	Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders
Alignment with market stakeholders	1.000	0.418**	0.363**
Alignment with non-market stakeholders	0.418**	1.000	0.313**
Alignment between internal stakeholders	0.363*	0.313**	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The medium correlations between the three factors that made up the organisational purpose dimension indicated that, as expected, the three factors were interrelated.

6.3.1.3 Correlations between the organisational purpose factors and organisational and biographical variables

Table 6.19 below contains the Spearman's rank order correlations between organisational purpose factors and ordinal organisational and biographical variables.

Table 6.19 follows on next page.

Table 6.19: Correlations with ordinal organisational and biographical variables

	Factor 1	Factor 2	Factor 3
	Alignment with market stakeholders	Alignment with non-market stakeholders	Goal alignment between internal stakeholders
Q1.1.3 Number of employees in South Africa	0.006	-0.013	0.035
Q1.1.4 Number of management levels in your operating unit	0.080	-0.039	-0.031
Q1.2.1 Age	-0.011	0.065	-0.130 [*]
Q1.2.4 Highest qualification	-0.103	0.187 ^{**}	-0.045
Q1.2.6 Number of employees reporting directly to you	-0.030	-0.047	-0.088
Q1.2.7 Number of organisations you've worked for including current	0.097	0.172 ^{**}	0.102
Q1.2.8 Your management level	0.137 [*]	-0.127 [*]	0.210 ^{**}
Q1.2.9 How many years have you been with your current organisation	-0.103	-0.215 ^{**}	-0.191 ^{**}
Q1.2.10 Number of positions held in the last five years	-0.033	0.042	0.079
Q1.2.11 How many years have you been in your current position	0.089	0.031	-0.068
Q1.2.12 How many more years do you intend staying with your organisation	-0.153 ^{**}	-0.175 ^{**}	-0.302 ^{**}

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Factor 1, “alignment with market stakeholders”, correlated positively (Spearman’s rho: 0.137) with respondents’ management level (Q1.2.8) implying that the more senior the manager, the more they believed their organisation’s objectives and goals were aligned with its market stakeholders. Different levels of management will have different accountabilities and subsequent exposure to the organisation’s stakeholders. The aforementioned may in some way be supported by the views of Boswell (2006:1493) in section 3.4 who reasoned that agreement on organisational priorities is more likely among individuals at *similar levels* within the organisation and that more junior managers are likely to share or hear only “vague echoes” of organisational goals.

Factor 1 correlated negatively (Spearman's rho: -0.153) with "how many more years do you intend staying with your organisation" (Q1.2.12). The latter question was, however, coded in the opposite direction to the factor statements, implying that the more managers judged that their organisations were aligned with market stakeholders, the longer they were willing to stay with their organisations.

Factor 2, "alignment with non-market stakeholders" correlated positively (Spearman's rho: 0.172) with "number of organisations worked for" (Q1.2.7). Q1.2.7 was coded in the opposite direction to the factor's statements meaning the more organisations the respondents previously worked for, the less they agreed that their current organisation's objectives and goals were aligned with non-market stakeholders. This correlation may be partly explained by Boswell's (2006:1494) assertion (section 3.4) that if a manager held a variety of positions, they may have a better understanding of organisational objectives. This understanding (due to being exposed to a larger variety of organisation-environment realities) could be the reason why managers held less positive views that their organisations were aligned with non-market stakeholders versus managers having been in the organisation for a longer period.

Factor 2 correlated negatively (Spearman's rho: -0.127) with management level (Q1.2.8) suggesting that the more senior the responding managers' level, the less they considered their organisations' objectives and goals were aligned with non-market stakeholders. This may be an area of concern to organisations and will be commented on in section 7.4.1 of chapter 7.

Factor 2 correlated negatively (Spearman's rho: -0.215) with "years with the organisation" (Q1.2.9) and negatively (Spearman's rho: -0.175) with "years intending to stay" (Q1.2.12). Q1.2.9 and Q1.2.12 were coded in the opposite direction to the factor's statements, the correlation coefficients therefore indicate that the longer respondents have been with their current organisation, the more they believed their organisations' objectives and goals were aligned with non-market stakeholders and also the longer they were willing to stay with their current organisations. A possible explanation for the former correlation may be the same reason posited regarding

“number of organisations worked for”, that is, the less variety a manager experiences, the more positive were their views regarding alignment with non-market stakeholders.

Factor 3, “alignment between internal stakeholders”, correlated positively (Spearman’s rho: 0.210) with “management level” (Q1.2.8), hence it can be inferred that senior management perceived a higher degree of alignment between internal stakeholders versus the perceptions of junior management. Although managers at different levels will typically have different exposure to organisational realities and therefore different views on the degree of internal alignment, organisational efficiency will be improved if senior management were to address the differential in perceived internal alignment between management levels.

Factor 3 correlated negatively (Spearman’s rho: -0.191) with “years with the organisation” (Q1.2.9) and negatively (Spearman’s rho: -0.302) with “years intending to stay” (Q1.2.12). Given the already-mentioned opposite coding of Q1.2.9 and Q1.2.12, the following was implied: the longer respondents have been with their current organisation, the more they believed goals were aligned among internal stakeholders and also the longer they were willing to stay with their current organisations.

Four organisational and biographical questions were measured with categorical-type answers namely: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no). T-tests for equality of means between groups were applied in order to determine whether there was a significant statistical difference ($p < 0.05$) between any of the mentioned groups’ answers to the three organisational alignment factors. In the case of statistical significant differences in factor means; effect size was calculated to establish whether the differences were of practical significance ($d > 0.5$). None of the mentioned groups indicated differences between factor means of statistical or practical significance.

6.3.1.4 Review of the organisational purpose dimension

The organisational purpose dimension of perceived organisational alignment was explained by three factors namely: alignment with market stakeholders; alignment with non-market stakeholders; and alignment between internal stakeholders. The factor means were calculated as less than 3 indicating that on average managers believed their organisations' objectives and goals were aligned internally as well as with their market and non-market stakeholder constituencies. From an organisational efficiency perspective, the perceived degree of organisational alignment related to organisational purpose may be considered as a positive, especially the degree of internal alignment between role-players. However, growing expectations for more involvement related to the functioning of the organisation, from market stakeholders as well as non-market stakeholders, will impact the degree of internal alignment and may increase tension among managers. This tension, however, should be viewed as constructive since addressing it may lead to increased adaptation with the organisation's external (macro) environment.

6.3.2 Stakeholder priorities

6.3.2.1 Descriptive statistics

The descriptive statistics of the stakeholder priorities dimension are reported in tables 6.20 and 6.21 below.

Table 6.20: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q3.1 You and your superior are aligned on the prioritisation of internal stakeholders	21.0	61.9	11.2	3.8	1.0	1.0	2.01	0.76
Q3.2 You and your superior are aligned on the prioritisation of external stakeholders	17.8	53.1	21.0	5.6	1.4	1.0	2.19	0.84
Q3.3 You and your subordinates are aligned on the prioritisation of internal stakeholders	23.1	59.4	11.9	2.8	.7	2.1	1.96	0.73
Q3.4 You and your subordinates are aligned on the prioritisation of external stakeholders	17.1	54.9	19.2	5.9	.7	2.1	2.16	0.81

The response scale ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). Since all the statements on stakeholder priorities in the questionnaire reflected a positive state of perceived alignment, the ideal in terms of responses was “strongly agree” (1). All the statements’ means were calculated as less than 3 indicating managers on average agreed with the statements. In particular, managers indicated a large degree of agreement with their subordinates on the prioritisation of internal stakeholders (Q3.3, mean: 1.96; SD: 0.73).

Regarding questions Q3.5 and Q3.6; managers were presented with a list of stakeholders (see list in table 6.21 below) and were *first* asked what they perceived to be the organisation's current top three stakeholder priorities (Q3.5) and *second*, in question 3.6, managers were required to indicate what they believed the organisation’s top three stakeholder priorities should be.

Table 6.21: List of stakeholders

External customers
External suppliers
Shareholders
Community
Trade union federations
Relevant government departments
Internal customers
Internal suppliers
Employees

The aim of the questions Q3.5 and Q3.6 was to determine to what degree managers agreed with their organisations’ stakeholder priorities. The researcher was therefore not concerned with the actual stakeholder priorities (relative to each other) as organisations will undoubtedly always need to adapt stakeholder priorities depending on factors such as prevailing market conditions, supply concerns, political climates, the level of trade union activism, and so forth.

In order to calculate respondents' degree of agreement on stakeholder priorities, answers were coded as follow. If a respondent's answers between questions Q3.5 and Q3.6 corresponded three out of three, it was coded as 1, implying the respondent strongly agreed with the organisation's stakeholder priorities. A two out of three overlap was coded as 2, one out of three as 4 and no overlap (implying the respondent strongly disagreed with stakeholder prioritisation) coded as 5.

The results of the level of agreement managers had with their organisations on stakeholder priorities are presented in table 6.22 below.

Table 6.22: Agreement on stakeholder priorities

	Difference	Coding	%
Strongly agree with overall objective	0	1	42.0
Agree with overall objective	1	2	35.3
Neutral	2	3	15.4
Disagree with overall objective	3	4	5.6
Strongly disagree with overall objective	4	5	1.7

More than 68% of the managers agreed with what they perceived to be the top-three stakeholder priorities of their organisations.

6.3.2.2 Exploratory factor analysis

Exploratory factor analysis was conducted on statements Q3.1 to Q3.4, as well as the combined questions Q3.5 and Q3.6, in order to explore the factorial structure of the dimension. The results of the KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix are reported in table 6.23 below.

Table 6.23: KMO measure of sampling adequacy, p-value of Bartlett’s test of sphericity and the determinant of correlation matrix

	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.681
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation matrix	0.188 (>0.00001)

The KMO measure of sampling adequacy measured 0.681 (considered to be mediocre according to Field (2013:685, citing Hutcheson and Sofroniou)) which suggests that the correlations between statements and sample size were just about adequate for exploratory factor analysis. The p-value of Bartlett’s test of sphericity returned a value smaller than 0.05, indicating that correlations between statements were sufficiently large for exploratory factor analysis. The determinant of correlation matrix measured > 0.00001, indicating that multicollinearity in the data was not a concern.

The exploratory factor analysis returned a one-factor solution of the stakeholder priorities dimension. The factor had an eigenvalue of 2.69 and explained 53% of the variance. The results of the exploratory factor analysis for the stakeholder priorities dimension are reported in table 6.24 below.

Table 6.24 follows on next page.

Table 6.24: Component matrix

Statements	Factor	Communalities
	Stakeholder priorities	
Q3.2 You and your superior are aligned on the prioritisation of external stakeholders	0.844	0.648
Q3.1 You and your superior are aligned on the prioritisation of internal stakeholders	0.805	0.712
Q3.4 You and your subordinates are aligned on the prioritisation of external stakeholders	0.797	0.593
Q3.3 You and your subordinates are aligned on the prioritisation of internal stakeholders	0.770	0.635
Q3.5/3.6 You agree with your organisation's stakeholder priorities	0.322	0.104
Cronbach's Alpha	0.701	
Factor mean	2.15	
Factor standard deviation	0.64	

The solution was not rotated as only one component was extracted (hence table 6.24 displayed the component matrix and not the pattern matrix). The statements loaded at a minimum of 0.770 and although the loading of the mean differences between questions Q3.5 and Q3.6 was much lower at 0.322, it was still considered as meaningful.

Communalities ranged from 0.104 to 0.712 and equal weighting was allocated when calculating the factor loading mean. The factor was labelled “stakeholder priorities” and showed good internal consistency reliability (Field, 2013:709) with a Cronbach’s Alpha coefficient of 0.701.

In the item-level results presented in table 6.20, the two statements on agreement levels related to internal stakeholder priorities (Q3.1 and Q3.3) indicated a slightly higher perceived agreement compared to agreement levels related to external stakeholder priorities (Q3.2 and Q3.4) – which was expected as managers’ interaction with external stakeholders are probably appreciably less than with their

internal stakeholders. The factor mean was calculated as 2.15 (SD: 0.64) indicating that on average managers agreed on stakeholder priorities.

As discussed in section 2.5.2, when viewing an organisation from a stakeholder-oriented perspective, all role-players with legitimate interests participating in an organisation's endeavours do so to obtain value and that there is no prima facie priority of one set of interests and benefits over another (Carroll & Buchholtz, 2012:65; Donaldson & Preston, 1995:68). The practical reality, however, is that stakeholders' interests (all stakeholder groups) and expected contribution and input to the value creation process (by market-stakeholders) will not be viewed in the same way by managers. The on-going prioritisation of stakeholders between managers is therefore crucial to increase organisational performance.

The reported perceived degree of alignment among managers on stakeholder priorities can, therefore, be considered as positive.

6.3.2.3 Correlations between the stakeholder priorities factor and organisational and biographical variables

Table 6.25 below contains the Spearman's rank order correlations between the stakeholder priorities factor and organisational and biographical variables.

Table 6.25 follows on next page.

Table 6.25: Correlations with organisational and biographical variables

	Stakeholder priorities
Q1.1.3 Number of employees in South Africa	0.106
Q1.1.4 Number of management levels in your operating unit	-0.037
Q1.2.1 Age	-0.059
Q1.2.4 Highest qualification	-0.070
Q1.2.6 Number of employees reporting directly to you	-0.082
Q1.2.7 Number of organisations you've worked for including current	0.078
Q1.2.8 Your management level	0.134*
Q1.2.9 How many years have you been with your current organisation	-0.091
Q1.2.10 Number of positions held in the last five years	-0.019
Q1.2.11 How many years have you been in your current position	0.060
Q1.2.12 How many more years do you intend staying with your organisation	-0.255**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The stakeholder priorities factor correlated positively, albeit small at a Spearman's rho of 0.134, with management level (Q1.2.8) suggesting that the more senior the manager, the higher the degree of perceived internal alignment on stakeholder priorities. Since senior managers typically participate more in the planning processes of an organisation, the aforementioned correlation may therefore be expected.

The factor correlated negatively (Spearman's rho: -0.255) with the question "years intending to stay" (Q1.2.12) that was coded in the opposite direction, implying that the higher the perceived internal alignment of stakeholder priorities, the longer the respondents were willing to stay with their organisation. While there are various causes influencing a manager's willingness to stay with an organisation; it may be reasoned that increased perceived alignment among internal role-players on

organisational-related issues may lead to less tension within the work environment, consequent work satisfaction and the resultant willingness to stay (longer) with the organisation.

Four organisational and biographical questions were measured with categorical-type answers namely: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no). T-test for equality of means between groups was applied in order to determine whether there was a significant statistical difference ($p < 0.05$) between any of the mentioned groups' answers to the three organisational alignment factors. In the case of statistical significant differences in factor means, effect size was assessed to establish whether the difference was of practical significance ($d > 0.5$). None of the above mentioned groups indicated differences between factor means of statistical or practical significance.

6.3.2.4 Review of the stakeholder priorities dimension

The stakeholder priorities dimension was explained by one factor and indicated a high level of perceived agreement between managers on the relative priorities of internal and external stakeholders. The prioritisation of stakeholders should be of increasing importance to organisations. This requirement is supported by the discussion in section 2.5.3 regarding stakeholders' increasing involvement with organisations (Harrison & Wicks, 2013:98) and the requirement to balance the needs of all stakeholders (Andriof *et al.*, 2002:8).

Against the above background organisations should probably consider formalising the prioritisation of stakeholders even more. Section 4.3.1 on strategic performance management systems, in particular the Performance Prism approach, is typical of processes that acknowledge the key part stakeholders fulfil during organisations' value creation process. This approach involves the identification of stakeholders as the first step of the strategy formulation process followed by the development of strategies to address the identified needs (Neely *et al.*, 2001:7). Improved agreement

levels on stakeholder priorities should also result in more effective allocation of resources.

6.3.3 Execution focus

6.3.3.1 Descriptive statistics

The descriptive statistics of the execution focus dimension are reported in table 6.26 below.

Table 6.26: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q4.1 Your organisation's overall resource allocation is aligned with the organisation's strategy	14.3	52.4	15.0	16.4	1.4	0.3	2.38	0.97
Q4.2 You always agree with your superior on resource allocation	5.6	33.2	24.1	34.3	2.8	0.0	2.95	1.01
Q4.3 Your subordinates always agree with your resource allocation	6.3	38.8	28.7	22.7	1.7	1.7	2.74	0.94
Q4.4 Your organisation's resource allocation is too short-term focussed (reversed phrased)	9.8	40.9	14.7	25.9	8.7	1.7	2.83	1.18
Q4.5 Internal customers are satisfied with your products and/or service	13.3	56.3	19.6	8.4	1.4	1.0	2.28	0.85
Q4.6 The community is satisfied with your organisation's contribution to its socio-economic wellbeing	5.9	29.4	31.1	22.7	8.4	2.4	2.98	1.06
Q4.7 Relevant government departments are satisfied with your organisation's overall socio-economic contribution	7.0	45.1	24.5	16.8	5.2	1.4	2.68	1.01
Q4.8 The organisation's customers are satisfied with your organisation's products, price and service	15.7	53.1	23.8	5.9	0.7	0.7	2.22	0.81

Table 6.26: Descriptive statistics (continue)

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q4.9 Trade union federations are generally satisfied with your organisation's treatment of its members	4.9	34.6	26.9	23.1	9.1	1.4	2.97	1.07
Q4.10 Your organisation's shareholders are satisfied with the long term trend of the share price	4.5	22.0	23.4	26.2	19.6	4.2	3.36	1.18
Q4.11 The key suppliers are satisfied with its relationship with your organisation	6.3	48.6	28.7	10.1	2.1	4.2	2.51	0.85
Q4.12 The majority of employees are satisfied with the professional, social and monetary benefits of being associated with your organisation	5.6	43.0	21.3	18.5	11.2	0.3	2.87	1.13

The response scale ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). Since the statements on execution focus reflected a positive state of alignment, the ideal in terms of responses was “strongly agree” (1). Only statement Q4.4, however, was reverse-phrased and hence the ideal response to the statement was “strongly disagree” (5). The reverse-phrased statement’s answers were recoded before exploratory factor analysis took place (Field, 2013:710).

On average managers tended to agree with the statement “Your organisation’s resource allocation is too short term focussed” (Q4.4 – mean: 2.83; SD: 1.18), pointing to a possible area of concern. A second point of interest was that on average managers tended to disagree with the statement “Your organisation’s shareholders are satisfied with the long-term trend of the share price” (Q4.10 – mean: 3.36; SD: 1.18). Reported in section 6.3.1.1 was managers’ on average opinion that their organisation’s objectives and goals *were* aligned with the socio-economic expectations of its shareholders (Q2.7). The on average response to Q4.10, then, indicates that resource allocation may possibly not be reflecting shareholders’ expectations.

Although managers on average tended to agree with the following statements, the statements' means were close to neutral (3) and are therefore worth mentioning: "The community is satisfied with your organisation's contribution to its socio-economic wellbeing" (Q4.6 – mean: 2.98; SD: 1.06); "Trade union federations are generally satisfied with your organisation's treatment of its members" (Q4.9 – mean: 2.97; SD: 1.07); and "The majority of employees are satisfied with the professional, social and monetary benefits of being associated with your organisation" (Q4.12 – mean: 2.87; SD: 1.13).

6.3.3.2 Exploratory factor analysis

Various factor analyses were conducted on statements Q4.1 to Q4.12 as to explore the factorial structure of the organisational alignment dimension. The results of the KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix are reported in table 6.27 below.

Table 6.27: KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix

	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.837
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation matrix	0.024 (>0.00001)

The KMO measure of sampling adequacy measured 0.837 (good, according to Field, 2013:684) which suggests that the sample size is adequate and correlations between statements sufficient for exploratory factor analysis. The p-value of Bartlett's test of sphericity returned a value smaller than 0.05 indicating that correlations between statements were sufficiently large for exploratory factor analysis. The determinant of correlation matrix measured > 0.00001, which indicates that multicollinearity in the data was not a problem.

After exploring a number of multifactor solutions, it was decided to use a two-factor solution to explain the execution focus dimension since it made theoretical sense. The two factors each had eigenvalues above Kaiser's criterion of 1.0 (Field, 2013:677) and cumulatively explained 47% of the variance.

The results of the pattern matrix for the execution focus dimension are reported in table 6.28 below.

Table 6.28 follows on next page.

Table 6.28: Pattern matrix

Statement	Factor		Communities
	1	2	
	Stakeholder satisfaction	Resource allocation	
Q4.9 Trade union federations are generally satisfied with your organisation's treatment of its members	0.850		0.650
Q4.7 Relevant government departments are satisfied with your organisation's overall socio-economic contribution	0.747		0.530
Q4.12 The majority of employees are satisfied with the professional, social and monetary benefits of being associated with your organisation	0.738		0.608
Q4.10 Your organisation's shareholders are satisfied with the long term trend of the share price	0.678		0.447
Q4.11 The key suppliers are satisfied with its relationship with your organisation	0.674		0.436
Q 4.6 The community is satisfied with your organisation's contribution to its socio-economic wellbeing	0.660		0.503
Q4.8 The organisation's customers are satisfied with your organisation's products, price and service	0.476		0.281
Q4.2 You always agree with your superior on resource allocation		0.893	0.704
Q4.3 Your subordinates always agree with your resource allocation		0.793	0.575
Q4.1 Your organisation's overall resource allocation is aligned with the organisation's strategy	0.268	0.537	0.496
Q4.4 Your organisation's resource allocation is too short-term focussed		0.394	0.211
Q4.5 Internal customers are satisfied with your products and/or service	0.257	0.338	0.262
Cronbach's Alpha	0.827	0.656	
Factor mean	2.73	2.81	
Factor standard deviation	0.680	0.710	

The two execution focus factors' means were calculated as below 3 indicating that on average managers were inclined to agree with the statements on execution focus.

Factor 1: Stakeholder satisfaction

Statements Q4.5 to Q4.12 loaded on factor 1 and related to managers' opinion on whether stakeholders were satisfied with the organisational outcomes, that is, the way organisations are perceived to be allocating resources. All the statements had factor loadings at a minimum of 0.257 and communalities at a minimum of 0.262 meaning that just-about a sufficient proportion of each statement's variance was explained by the extracted factors. Although statement Q4.5 loaded higher on factor 2, it made more theoretical sense grouped with factor 1. The factor showed good internal consistency reliability with a Cronbach's Alpha coefficient of 0.827.

The factor mean was calculated as 2.73 (SD: 0.680) indicating that on average managers were inclined to be of the opinion that stakeholders were satisfied with organisational outcomes.

At item-level, only statement Q4.10 – “Your organisation's shareholders are satisfied with the long-term trend of the share price” calculated a mean of more than 3 (mean: 3.36; SD: 1.18), indicating that managers on average were inclined to be of the opinion that the organisation's shareholders were probably not satisfied with the long-term trend of the share price. While there are many contributing factors to an organisation's share price trend, the empirical stage of this study took place during a period of sustained lowering commodity prices (and subsequent reduced profitability) and may have influenced managers' responses to the statement. However, regardless of the fundamental causes behind shareholders' level of satisfaction with the share price trend, persistent shareholder dissatisfaction will undoubtedly put pressure on managers to re-prioritise resource allocation (at least in the short term) that may in turn negatively affect some of the balance of stakeholders.

Discussed in section 2.5.2 was Donaldson and Preston (1995:68) and Carroll and Buchholtz's (2012:65) suggestion that organisations should view stakeholders' expectations as not competing with each other. Achieving the aforementioned will probably require organisations to develop value propositions not akin to shareholder wealth maximisation (discussed in section 2.5). Rather, as described by Jones and

Felps (2013:208) in section 2.5, organisations should move away from the dominant normative mandate of shareholder wealth (or shareholder value) maximisation towards an alternative corporate objective function of satisfying a wide (or wider) range of stakeholders (referring to it as normative stakeholder theory), a view supported by Carroll and Buchholtz (2012:87).

Factor 2: Resource allocation

Statements Q4.1 to Q4.4 loaded on factor 2 and related to managers' agreement on resource allocation. The statements all loaded at a minimum of 0.394 and showed minimum communalities of 0.211 indicating that a sufficient proportion of each statement's variance was explained by the extracted factors.

The factor calculated an internal consistency reliability Cronbach's Alpha coefficient of 0.656 – although less than 0.7, Field (2013:709) suggested that due to the diversity of social science constructs, a Cronbach's Alpha coefficient of less than 0.7 is considered acceptable.

The factor had a mean of 2.81 (SD: 0.710) implying that on average managers tended to agree with the organisation's resource allocation. At item-level, however, responding to the reverse-phrased statement Q4.4 – “Your organisation's resource allocation is too short-term focussed”, managers on average were inclined to be of the opinion that resource allocation in their respective organisations was too short term focussed (mean: 2.83; SD: 1.18). Of further interest then, were the answers to statement Q4.1 – “Your organisation's overall resource allocation is aligned with the organisation's strategy”, that had a mean of 2.38 (SD: 0.97). The answers to these two statements may imply organisations' strategies are perceived as too short term focussed. The critical importance of effective (towards the desired outcomes) and efficient (maximising returns) resource allocation is central to most literature on strategy execution. In this study, the importance of resource allocation was discussed in section 4.2.2 (Hammal & Prahalad, 1993:77) and in section 4.3.2 (Burnes, 2009:443; Grant, 2011:122; Thompson *et al.*, 2012:377, 407).

Factor correlation matrix

The Pearson's correlation between the two extracted factors for the execution focus dimension is reported in table 6.29 below.

Table 6.29: Factor correlation matrix

Factor	Stakeholder satisfaction	Resource allocation
Stakeholder satisfaction	1.000	0.472**
Resource allocation	0.472**	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The large correlation between the two factors that made up the execution focus dimension indicated that, as expected, the factors were interrelated.

6.3.3.3 Correlations between the execution focus factors and organisational and biographical variables

Table 6.30 below contains the Spearman's rank order correlations between the execution focus factors and organisational and biographical variables.

Table 6.30 follows on next page.

Table 6.30: Correlations with organisational and biographical variables

	Stakeholder satisfaction	Resource allocation
Q1.1.3 Number of employees in South Africa	0.276**	0.092
Q1.1.4 Number of management levels in your operating unit	0.098	0.049
Q1.2.1 Age	0.013	0.037
Q1.2.4 Highest qualification	-0.054	-0.035
Q1.2.6 Number of employees reporting directly to you	-0.052	0.029
Q1.2.7 Number of organisations you've worked for including current	0.072	0.097
Q1.2.8 Your management level	0.097	0.062
Q1.2.9 How many years have you been with your current organisation	-0.080	-0.044
Q1.2.10 Number of positions held in the last five years	-0.080	.044
Q1.2.11 How many years have you been in your current position	0.092	-0.001
Q1.2.12 How many more years do you intend staying with your organisation	-0.284**	-0.290**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Factor 1, “stakeholder satisfaction”, correlated positively (Spearman’s rho: 0.276) with the “number of employees” question (Q1.1.3), that was coded in the opposite direction, suggesting that the larger the respondents’ organisations in employee numbers, the less respondents believed their organisations internal and external stakeholders were satisfied with the organisational outcomes. This correlation may be expected as larger organisations imply an increased number and variety of stakeholders. Esade and McKelvey (2010:421) and Schneider and Somers (2006:357) cited Gell-Mann when arguing that emergent complexity within an organisation is a function of the variety present in its environment (section 3.2.1).

Larger organisations can therefore be considered as operating in a more complex environment that would make the allocation of resources more of a challenge.

Factor 1 (stakeholder satisfaction) and factor 2 (resource allocation) correlated negatively (Spearman's rho: of -0.284 and -0.290 respectively) with "years intending to stay" (Q1.2.12), that was coded in the opposite direction, suggesting that the less respondents believed their organisations internal and external stakeholders were satisfied with the organisational outcomes and the less they agreed with the organisation's resource allocation, the less years they were willing to stay with their organisations.

None of the following groups indicated differences between factor means of statistical ($p < 0.05$) or practical significance ($d > 0.2$) related to the two execution focus factors with regard to: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no).

6.3.3.4 Review of the execution focus dimension

The execution focus dimension of organisational alignment was explained by two factors namely: "stakeholder satisfaction" and "resource allocation". The factor means were calculated as less than 3 indicating that, on average, managers not only were inclined to indicate internal agreement on resource allocation but also tended to be of the opinion that their stakeholders were satisfied with the outcomes of their organisations' application of resources.

As reported in section 6.3.1.1 on organisational purpose, managers on average indicated that an overall organisational objective to "increase the satisfaction of all stakeholders", should be favoured even more versus an organisational objective of "only focusing on shareholder satisfaction". This trend towards a more inclusive stakeholder approach will inevitably present increasing challenges on how to balance resource allocation, a view supported by the discussion in section 2.5.2 (Smith & Lewis, 2011:381) that although organisations need to anticipate changes in

their environments, the mere management challenge to organise resources presents a wide range of often opposing tensions.

6.3.4 Organisational alignment index

An index is a composite score derived from aggregating measures of a construct and is appropriate to use when there are several dimensions of a concept present (Bhattacharjee, 2012:52; Cooper & Emory, 1995:158) and is especially suited when a construct is defined as an aggregate multidimensional construct (Law *et al.*, 1998:750). Perceived organisational alignment was defined an aggregate multidimensional construct in section 5.6. The organisational alignment index was calculated as the algebraic mean of the responses to the statements and questions on the three dimensions of: organisational purpose, stakeholder priorities, and execution focus. Since all statements (except for reverse-phrased statements that were recoded before calculation) referred to a situation of alignment; a “strongly agree” response (coded as 1) indicated the highest level of perceived organisational alignment. An “agree” response was coded 2, “neutral” as 3; “disagree” as 4; and “strongly disagree” as 5.

The organisational alignment index mean was calculated as 2.46 with a standard deviation of 0.527 and at a 95% confidence interval, a lower bound mean of 2.395 and upper bound mean of 2.517. It was found that 75% of all managers’ mean responses on the organisational alignment index were 2.79 or less. The aforementioned suggests that managers on average perceived that their organisations were aligned on the combined three organisational alignment dimensions of organisational purpose, stakeholder priorities, and execution focus. Whereas each of the identified organisational alignment enabling factors’ correlation with each of the perceived organisational alignment factors will be examined as part of the discussion on enabling factors, the organisational alignment index will be used as the reference to compare the relative correlation with perceived organisational alignment of each enabling factor in section 7.4.2.1 of the next chapter.

6.3.5 Overview of organisational alignment dimensions and factors

Table 6.31 contains the organisational alignment dimensions and accompanying factors, means and standard deviations. A graphical illustration thereof and discussion follow thereafter.

Table 6.31: Organisational alignment factor means

Organisational alignment dimension	Organisational Purpose			Stakeholder Priorities	Execution Focus	
Factor	Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
	Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Mean	2.04	2.38	1.70	2.15	2.73	2.81
Standard deviation	0.670	0.860	0.700	0.640	0.680	0.710

Figure 6.2 below is a graphical illustration of the factor means contained in table 6.31.

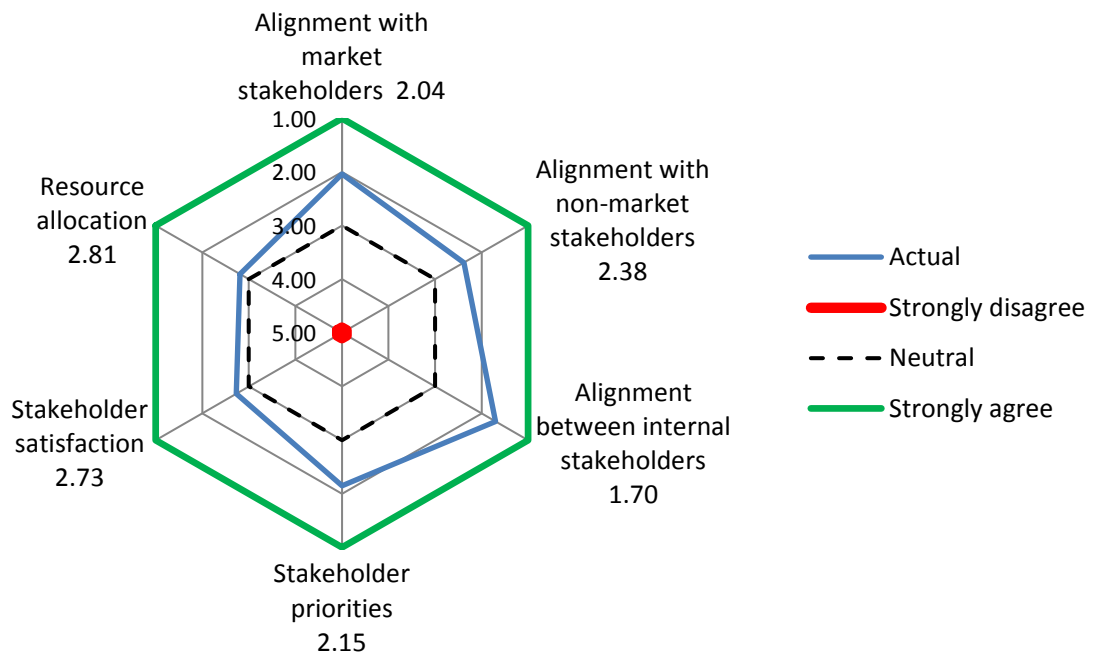


Figure 6.2: Perceived organisational alignment factor means

Managers were, on average, inclined to agree with all of the organisational alignment factors, that is, they indicated a positive degree of perceived organisational alignment. The importance and value of organisational alignment is widely supported by literature and was extensively discussed in chapter 4 and among others, the following authors were cited: Kaplan and Norton (2005); Porter (2008); Powell (1992:119); Priem (1994:421); Roca-Puig and Bou-Llugar (2006:24); and Tarigan (2005:586). In particular, the importance of alignment with the external environment as well as internal alignment was discussed in chapter 4 (Meier *et al.* (2010:161); Thompson and Strickland (1993:263); and Hillman *et al.* (2009:1413)). The “alignment between internal stakeholders” factor had the highest level of agreement (mean: 1.70; SD: 0.70) followed by “alignment with market stakeholders” (mean: 2.04; SD: 0.67). As expected, given the lower maturity of organisations’ perspectives on non-market stakeholders (Jones & Felps, 2013:208), perceived alignment with non-market stakeholders indicated a lower mean of 2.38 (SD: 0.86) compared to the alignment with market stakeholders. The researcher is of the opinion that not sufficient reason exist for organisations not to have the same level of alignment with non-market stakeholders. What was positive, however, was that on average, managers indicated that their organisations should have a more inclusive approach towards a wider range of stakeholders (as inferred in section 6.3.1.1). This may be interpreted that managers are becoming more aware of the role *all* stakeholder groups fulfil in the functioning of an organisation and is supported by the discussions on organisations as open systems as well as stakeholder theory (chapter 2).

Relative to the above mentioned factor means related to stakeholders, the stakeholder priorities factor had a surprisingly high level of agreement with a mean of 2.15 (SD: 0.64). However, as efforts to include a wider group of stakeholders (especially non-market stakeholders) become more evident within organisations (as mentioned in the previous paragraph); the prioritisation of stakeholders will become more of a challenge. Supported by literature are organisations’ challenges with the execution of their chosen strategies and plans (section 4.3.1 – Mintzberg, cited by Atkinson, 2006:1443; Atkinson, 2006:1441), that is, the allocation of resources. As expected, but nevertheless an area of potential improvement, was the relative low level of agreement on resource allocation (mean: 2.81; SD: 0.71) as well as

managers' on average opinion on the levels of stakeholder satisfaction (mean: 2.73; SD: 0.68).

Regardless of the degree of alignment among managers on their organisations' purpose related to stakeholders and accompanying level of agreement on stakeholder priorities; the performance of an organisation will over the long term be determined by the degree of stakeholder satisfaction. Stakeholder satisfaction, in turn, should be considered a function of the effective and efficient allocation of organisational resources.

6.4 Enablers of perceived organisational alignment

The next four sections cover the four organisational alignment enabling categories of: culture, strategy, structure, and systems. Each section will report and interpret the following results of each enabling category:

- Descriptive statistics;
- Exploratory factor analysis;
- Factor correlations with perceived organisational alignment factors;
- Factor correlations with organisational and biographical data;
- Single-statement correlations with organisational alignment factors; and
- Comparisons between nominal-scaled questions and organisational alignment factors.

6.4.1 Culture-related enabler

6.4.1.1 Descriptive statistics

The descriptive statistics of the statements and questions for the culture-related enabler is reported in table 6.32 below.

Table 6.32: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q5.1 A common understanding exists between all management levels on expected organisational behaviour	13.3	43.7	15.0	24.1	3.5	0.3	2.61	1.097
Q5.2 Your superior's behaviour is not aligned with your personal values ® (reversed phrased)	6.3	17.8	16.8	37.4	21.3	0.3	3.50	1.192
Q5.3 Your subordinates' behaviours are in line with your personal values	11.2	52.1	22.0	10.8	2.4	1.4	2.40	.916
Q5.4 Increased cultural diversity will improve alignment with external stakeholders' expectations	18.5	46.5	19.6	12.6	2.1	0.7	2.33	.989
Q5.5 Employees are encouraged to voice their opinion	18.5	54.2	10.8	12.9	3.5		2.29	1.023
Q5.6 Your superior is defensive towards employees who oppose his/her decisions ®	6.3	17.8	16.8	37.4	21.3	0.3	3.22	1.144
Q5.7 Your organisation finds it difficult to balance continuity and change ®	8.0	36.4	18.9	31.8	4.2	0.7	2.88	1.081
Q5.8 Your organisation needs to accelerate the tempo at which it adapts to changes in the external environment ®	20.6	45.8	16.1	15.4	2.1		2.33	1.034
Q5.9 Your organisation is transparent with all stakeholders regarding matters that may affect them	10.8	37.8	20.3	18.2	12.9		2.85	1.221
Q5.10 The achievement of your individual objectives and goals are more important than the collective objectives and goals of your organisation ®	1.4	12.2	14.0	44.4	26.2	1.7	3.83	1.006

Table 6.32 continues on next page.

Table 6.32: Descriptive statistics (continue)

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q5.11 Your organisation should have a socio-economic responsibility towards the community surrounding your operations	40.6	50.0	5.2	2.4	1.7		1.75	.808
Q5.12 Your organisation should have a socio-economic responsibility towards key external suppliers	19.9	51.4	21.3	5.9	1.4		2.17	.865
Q5.13 Your organisation should have a socio-economic responsibility towards its employees	58.7	38.5	2.1	.3	.3		1.45	.595
	Totally self-serving	Somewhat self-serving	Neutral	Somewhat serving others	Always serving others	Don't know	Mean	Standard deviation
Q5.14 Managers' general behaviour can best be described as:	5.9	29.7	14.3	29.4	20.3	.3	3.28	1.253
	Instructive	Participative	Consensus-seeking					
Q5.15 Your superior's decision-making style can be described as mostly:	30.8	58.4	10.8					
	Forces his/her opinion	Avoids a discussion on the matter	Tries to find a compromise between his/her opinion and yours					
Q5.16 Regarding differences of opinion, your superior usually:	25.9	15.0	59.1					

The response scales for statements Q5.1 to Q5.13 ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). All the statements (except Q5.2, Q5.6, Q5.7, Q5.8, Q5.10) reflected a state that was considered to *enable* organisational alignment, that is, they were positively stated – the ideal in terms of responses was therefore “strongly agree” (1). Statements Q5.2, Q5.6, Q5.7, Q5.8, Q5.10, in turn, were reverse-phrased and hence the ideal response to the statement was “strongly disagree” (5). The reverse-phrased statements’ answers were recoded before exploratory factor analysis was run (Field, 2013:710). Managers on average were in agreement with all of the positively-stated statements.

Except for statements Q5.7 and Q5.8, managers also, on average, agreed (after recoding was done) with the reverse-phrased statements. The mean answer to the reverse-phrased statement Q5.7 – “Your organisation finds it difficult to balance

continuity and change” was 2.88 (SD: 1.081), suggesting that the organisational alignment enabling action of balancing continuity and change could be a challenge to organisations. Similarly regarding reverse-phrased statement Q5.8 – “Your organisation needs to accelerate the tempo at which it adapts to changes in the external environment” of which the mean answer was 2.33 (SD: 1.034), implying that managers on average were of the opinion that their respective organisations were *not* sufficiently adapting to externally-imposed change drivers.

Statement Q5.14 – “Managers’ general behaviour can best be described as”, had response options ranging from “totally self-serving” (coded 1) to “always serving others” (coded 5), as well as a “neutral” option (3). The mean answer was 3.28 (SD: 1.253) indicating that on average, managers’ general behaviour were inclined to be perceived as “rather serving others” versus “totally self-serving”. This positively perceived behaviour should contribute towards increased internal and external organisational alignment and is supported by literature on stewardship theory discussed in section 2.5.4 (Hernandez, 2012:172; Tosi *et al.*, 2003:2055).

Statement Q5.15 – “Your superior’s decision-making style can be described as mostly”, had the following response options: “instructive” (coded 1); “participative” (2); and consensus-seeking (3). More than 69% of managers indicated that their superior’s decision-making style was perceived as either participative or consensus-seeking. Confirmation of the enabling role of a more participative management style could be found in section 3.4 (Jukl, 2012:72; Yukl, 2013:114).

Statement Q5.16 – “Regarding differences of opinion, your superior usually”, provided the following response options: “forces his/her opinion” (coded 1); “avoids a discussion on the matter” (2); and “tries to find a compromise between his/her opinion and yours” (3). Fifty-nine percent of managers indicated the latter option. Discussed in section 3.6 was the inevitability of conflict (between managers) during attempts to create order (that is, efforts to align) as well as conflict arising from managers’ actions to manage their mutual dependence (Katz and Kahn, cited by Gelfand *et al.*, 2012:4). The way in which managers are perceived to approach

differences of opinion can therefore be viewed as generally positive, and within the context of organisational alignment efforts, particularly positive.

6.4.1.2 Exploratory factor analysis

Various multifactor solutions were considered on statements Q5.1 to Q5.13 as to explore the factorial structure of the enabler. Statement Q5.14 and questions Q5.15 and Q5.16 were excluded from exploratory factor analysis due to their different scaling design.

The multifactor analysis indicated a KMO measure of sampling adequacy of 0.739 suggesting that the sample size was adequate and correlations sufficient for exploratory factor analysis. The p-value of Bartlett's test of sphericity was < 0.05 and the determinant of correlation matrix was > 0.00001 – all acceptable values as per the guidelines stated in section 5.10 in the previous chapter.

Using a Kaiser's criterion eigenvalue cut-off of 1.0 (as suggested by Field, 2013:677) resulted in an initial three-factor solution that cumulatively explained 51% of the variance. The factor solution, however, did not make sufficient theoretical sense.

A two-factor solution was subsequently explored that explained 40% of the variance. The pattern matrix of the two-factor solution is presented in table 6.33 below.

Table 6.33 follows on next page.

Table 6.33: Pattern matrix

Statement	Factor		Communalities
	1	2	
	Change/ Values	Socio- economic responsibility	
Q5.7 Your organisation finds it difficult to balance continuity and change ® (reverse-phrased)	0.790		0.627
Q5.8 Your organisation needs to accelerate the tempo at which it adapts to changes in the external environment ®	0.675		0.490
Q5.1 A common understanding exists between all management levels on expected organisational behaviour	.620	0.363	0.529
Q5.6 Your superior is defensive towards employees who oppose his/her decisions ®	0.600		0.406
Q5.9 Your organisation is transparent with all stakeholders regarding matters that may affect them	0.578	0.268	0.414
Q5.5 Employees are encouraged to voice their opinion	0.577	0.351	0.468
Q5.2 Your superior's behaviour is not aligned with your personal values ®	0.547		0.302
Q5.3 Your subordinates' behaviours are in line with your personal values	0.366	0.333	0.252
Q5.10 The achievement of your individual objectives and goals are more important than the collective objectives and goals of your organisation ®			0.058
Q5.11 Your organisation should have a socio-economic responsibility towards the community surrounding our operations		0.755	0.569
Q5.12 Your organisation should have a socio-economic responsibility towards key external suppliers		0.683	0.470
Q5.13 Your organisation should have a socio-economic responsibility towards its employees		0.615	0.389
Q5.4 Increased cultural diversity will improve alignment with external stakeholders' expectations		0.542	0.318

Statement Q5.10 did not load above 0.25 on any factor and was subsequently considered as a “single-statement”, that is, the statement was excluded from exploratory factor analysis.

Factor 1: Organisational change, organisational values

In pattern matrices, loadings indicate a variable’s unique correlation with a factor and loadings above 0.4 can be considered as high (Field, 2013:703). All the statements on the first factor loaded at a minimum of 0.4 except for statement Q5.3 that loaded at 0.366, an acceptable level according to Field (2013:681). Communalities ranged from 0.252 to 0.627 indicating that a sufficient proportion of each statement’s variance was explained by the extracted factors. Factor 1’s statements were related to organisational change and organisational values.

It was subsequently decided, based on the factor pattern, to divide factor 1 into two sub-factors in order to better discriminate between statements. The reliability of each sub-factor of factor 1 was subsequently assessed for internal consistency reliability before the categorisation was finally decided upon. Each sub-factor indicated acceptable reliability and is reported on as part of the discussion below.

“Organisational change”

The “organisational change” sub-factor obtained an internal consistency reliability Cronbach’s Alpha coefficient of 0.716 (good, according to Field, 2013:709) and consisted of the following two reverse-phrased statements: “Your organisation finds it difficult to balance continuity and change” (Q5.7) and “Your organisation needs to accelerate the tempo at which it adapts to changes in the external environment” (Q5.8).

The factor mean, after the two statements were re-coded, was calculated as 3.40 with a standard deviation of 0.94 implying that on average managers were of the opinion that their organisations needed to accelerate change (Q5.8) and also that finding a balance between continuity and change was a challenge (Q5.7).

The following support related to organisational change in the context of organisational alignment can be found in the review on literature: organisations operate in an ever changing and turbulent environment (section 2.2.1 – Schneider & Somers, 2006:353; Yukl, 2013:93); the environment in which organisations operate will continue to change and managers have to find ways of ensuring that their organisations and its environment are aligned (section 3.2.1) (Lazenby, 2007:28). Further, citing Swieringa and Wierdsma, Lazenby (2007:29) commented on the dilemma organisations have in finding a balance between continuity and change (section 3.2.1).

Reference to organisations' required pace of change can be found in section 2.2.1 by Grant (2011:212) and Burnard and Bhamra (2011:5583) who referred to organisations' level of responsiveness to environmental fluctuations.

Managers, not only need to adapt to changes within their organisations' external environment but also to internal changes. Also, critically, organisational change needs to take place in a coherent way. It may therefore be argued that an organisation's ability to change should be viewed as an important enabler of organisational alignment. Given the on average responses to the sub-factor's two statements; managers' perception on their organisations' ability on the aforementioned is therefore a point of concern.

“Organisational values”

The “organisational values” sub-factor reliability showed an internal consistency reliability Cronbach's Alpha coefficient of 0.670 – an acceptable reliability according to Field (2013:709) given the social science nature of especially this sub-factor's statements. The sub-factor consisted of the following statements (table 6.33 – factor 1, shaded in dark):

- A common understanding exists between all management levels on expected organisational behaviour (Q5.1);

- Your superior is defensive towards employees who oppose his/her decisions (Q5.6) – reverse-phrased;
- Your organisation is transparent with all stakeholders regarding matters that may affect them (Q5.9);
- Employees are encouraged to voice their opinion (Q5.5);
- Your superior's behaviour is not aligned with your personal values (Q5.2) – reverse-phrased; and
- Your subordinates' behaviours are in line with your personal values (Q5.3).

The factor mean was calculated as 2.57 and a standard deviation of 0.68, allowing the deduction that managers on average agreed with the positive statements on organisational values.

Support in literature on the importance of organisational values in the context of organisational alignment can be found in the following: management is conditioned by personal values and interprets organisational actions accordingly (section 2.2.2 – Smets *et al.*, 2012:878). In section 2.2.5; Freeman *et al.* (2004:364) and Grant (2011:182) were referenced on the importance of shared values as an effective way to foster a culture of stewardship (stewardship theory's relevance to organisational alignment was discussed in section 2.5.4).

In section 3.7.1, Crabb (2011:27) suggested that employees should align their values to those of the organisation more effectively. Also mentioned in section 3.7.1 was Grant's (2011:55) suggestion that an organisation's purpose should be complemented by a set of organisational values that ideally includes reference to commitments to different stakeholder groups. The importance of "employee voice" was discussed in section 3.4 as part of the discussion on employee engagement and empowerment. Among authors referenced were Grant (2012:462), Beer and Eisenstat (2000:33) and Burris (2000:851).

Factor 2: “Socio-economic responsibility”

Statements Q5.11; Q5.12; Q5.13; and Q5.4 all loaded at a minimum of 0.542 on factor 2. Statement Q5.4 was, however, removed from the factor as its individual correlation with the total score was below 0.3 and its theoretical contribution to the factor did not make sufficient sense. Communalities of the remaining statements ranged from 0.389 to 0.569 meaning that a sufficient proportion of each statement’s variance was explained by the extracted factor.

The factor statements referred to managers’ views on their organisations’ normative “socio-economic responsibilities”. The “socio-economic responsibility” factor internal consistency reliability calculated a Cronbach’s Alpha coefficient of 0.655 (mediocre according to Field, 2013:709) and consisted of the following statements.

- Your organisation should have a socio-economic responsibility towards the community surrounding your operations (Q5.11);
- Your organisation should have a socio-economic responsibility towards key external suppliers (Q5.12); and
- Your organisation should have a socio-economic responsibility towards its employees (Q5.13).

The factor mean was calculated as 1.79 with a standard deviation of 0.59. The factor indicated that on average managers had a high level of agreement on the degree to which their organisations’ *should* have a socio-economic responsibility towards stakeholders. Within the context of organisational alignment, this result may be considered as positive as it supports references made in the review on literature that, in the context of organisations functioning in an open system, an organisational culture of considering the needs of a wider group of stakeholders should be encouraged (section 4.3.1 – Carroll and Buchholtz, 2012:158).

This result is furthermore positive when viewed from a stewardship theory perspective in that managers’ motives are aligned, not only with their superiors’ and shareholders’, but also with a broader set of stakeholders (section 2.5.4).

Factor correlation matrix

The Spearman's rank order correlation between the culture-related organisational alignment enabling factors are reported in table 6.34 below.

Table 6.34: Correlation matrix of culture-related enabling factors

	Organisational change	Organisational values	Socio-economic responsibility
Organisational change	1.000	0.526**	-0.100
Organisational values	0.526**	1.000	0.125*
Socio-economic responsibility	-0.100	0.125*	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

As expected, the “organisational values” factor correlated positively with the “organisational change” and “socio-economic responsibility” factors. Of interest was the non-significant correlation between the “organisational change” factor and the “socio-economic responsibility” factor.

6.4.1.3 Correlations between the culture-related enabling factors and organisational alignment factors

Table 6.35 below contains the Spearman's rank order correlations (ρ) between the six organisational alignment factors, the organisational alignment index and the culture-related enabling factors of organisational alignment.

Table 6.35 follows on next page.

Table 6.35: Correlation matrix of culture-related factors and organisational alignment factors

		Organisational Alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
			Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
			Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Factor 1	Organisational change	0.490**	0.256**	0.319**	0.429**	0.371**	0.411**	0.417**
	Organisational values	0.668**	0.425**	0.353**	0.562**	0.550**	0.564**	0.511**
Factor 2	Socio-economic responsibility	0.247**	0.329**	0.158**	0.139*	0.193**	0.199**	0.066

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Culture factor 2 (“socio-economic responsibility”) had a non-significant correlation (Spearman’s rho: 0.066) with execution focus factor 2 (“resource allocation”) and also had the lowest correlation with the organisational alignment index. The balance of the culture-related enabling factors indicated practical significant positive correlations with each of the organisational alignment factors as well as with the organisational alignment index. In particular, the “organisational values” had a large correlation (Spearman’s rho: 0.668) with the organisational alignment index.

Overall, based on the support from literature discussed in section 6.4.1.2 and the reported correlations with the organisational alignment factors, it may be deduced that the identified culture-related factors should be considered as enablers of organisational alignment.

6.4.1.4 Correlations between the culture-related enabling factors and organisational and biographical variables

Table 6.36 contains the Spearman’s rank order (rho) correlations between the culture-related enabling factors and ordinal organisational and biographical variables.

Table 6.36: Correlations between the culture-related enabling factors and ordinal organisational and biographical variables

	Organisational change	Organisational values	Socio-economic responsibility
Q1.1.3 Number of employees in South Africa	0.198**	0.202**	0.028
Q1.1.4 Number of management levels in your operating unit	0.031	0.063	-0.006
Q1.2.1 Age	-0.087	-0.026	0.013
Q1.2.4 Highest qualification	0.089	-0.094	-0.045
Q1.2.6 Number of employees reporting directly to you	-0.047	-0.088	-0.147*
Q1.2.7 Number of organisations you've worked for including current	-0.004	0.133*	0.011
Q1.2.8 Your management level	0.069	0.240**	0.117*
Q1.2.9 How many years have you been with your current organisation	-0.112	-0.165**	0.069
Q1.2.10 Number of positions held in the last five years	0.037	-0.032	-0.117*
Q1.2.11 How many years have you been in your current position	-0.003	0.097	0.099
Q1.2.12 How many more years do you intend staying with your organisation	-0.215**	-0.277**	0.035

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

“Organisational values” correlated positively (Spearman’s rho: 0.202) with “number of employees” (Q1.1.3) that was coded in the opposite direction, suggesting that managers of larger-sized organisation held less positive views on their organisational values and behaviour related statements. The correlation may be partly explained by the discussions in section 2.2.2 on organisational complexity (Burnard & Bhamra, 2011:5584; Gunaratne, 2008:180); larger organisations imply more complex

hierarchies and its interconnected role players interact nonlinearly, making efforts, for example, to find a common understanding on normatively desired organisational values, more difficult.

“Organisational values” correlated positively (Spearman’s rho: 0.240) with management level (Q1.2.8), that is, the more senior the responding manager, the more positive were they regarding organisational values and behaviour. In section 4.3.2 in the discussion on the execution of strategy, Thompson *et al.* (2012:377) were referenced on the requirement (management has) to determine the requisite organisational behaviours – implying to a large extent a top-down process. The aforementioned coupled to the challenges of a lack of “line of sight” of more junior managers (section 4.2.4 – Boswell, 2006:1490), the less-positive views on organisational values from more junior management may be expected.

“Organisational values” correlated positively (Spearman’s rho: 0.133) with the number of organisations respondents have worked for (Q1.2.7 – coded in the opposite direction) suggesting that the more exposure managers had to other organisations, the less positive were their views regarding “organisational values”.

“Organisational values” correlated negatively (Spearman’s rho: -0.165) with the number of years the respondents had been with their current organisation (Q1.2.9), that was coded in the opposite direction, meaning that longer organisational tenure correlated with more positive perceptions regarding their organisations’ values. The two aforementioned correlations may be partly explained with Boswell’s views (2006:1494) referred to in section 3.4 that increased organisational tenure (with the organisation and position) may lead to managers being less in touch with the “bigger picture”.

“Organisational values” correlated negatively (Spearman’s rho: -0.277) with the “years intending to stay” question (Q1.2.12) that was coded in the opposite direction, indicating that respondents’ were more willing to stay with their current organisations when they held more positive views on their organisations’ values. This correlation may be partly explained by literature discussed in section 3.8.1 (Hoffman *et al.*,

2011:781; Howell *et al.*, 2012:740): affective commitment is higher when the organisation's advocated values and its demonstrated behaviour are perceived to be congruent.

"Organisational change" correlated positively (Spearman's rho: 0.198) with "number of employees" (Q1.1.3) implying that the larger the employee size of the respondents' organisations', the more the respondents believed their organisations found organisational change to be a challenge. This correlation may also be partly due to the explanation earlier in this section on organisational complexity.

"Organisational change" correlated negatively on the (Spearman's rho: -0.215) "years intending to stay" question (Q1.2.12) that was coded in the opposite direction, indicating that respondents' were more willing to stay with their current organisations when they held more positive views on their organisations' ability to change.

"Socio-economic responsibility" also correlated positively (Spearman's rho: 0.117) with "management level" (Q1.2.8), suggesting that senior management held more positive views on their organisations' normative responsibility towards stakeholders. As discussed in section 6.3.1.2, managers on average indicated a desire towards a more inclusive stakeholder approach – this trend, as may be expected, should be (and seemingly is) initiated and advocated by more senior managers.

The opposite-coded "number of positions held in the last five years" (Q1.2.10) correlated negatively (Spearman's rho: -0.117) with the factor, suggesting the more positions the respondents held in the last five years, the more they believed their organisation should have a socio-economic responsibility towards the stakeholders referred to as part of the factor. As mentioned previously, exposure to a larger variety of positions and arguably then, a larger variety, or different "mixture" of stakeholder realities, may partly explain this correlation.

Section 6.2.1 (descriptive statistics) indicated four organisational and biographical questions that were measured with categorical-type answers namely: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 –

Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no). As explained in chapter 5; while t-test for equality of means between groups was applied in order to determine whether there was a significant statistical difference (at $p < 0.05$) between any of the mentioned groups’ answers to the three culture-related enabling factors; the aim was to determine whether differences of *practical* significance or importance existed. Effect size was therefore calculated and Cohen’s *d* was used as discriminating criteria. Medium effect sizes, that is, $d > 0.5$, were considered for examination. None of the mentioned groups calculated differences between means of statistical or practical significance related to any of the cultural-related enabling factors.

6.4.1.5 Single-statement correlations with organisational alignment factors

As reported on in section 6.4.1.2, statement Q5.10 did not load on any of the factors and Q5.4 did not make theoretical sense to be part of the identified factors and were subsequently considered as “single-statements”.

Table 6.37 contains the Spearman’s rank order correlations between the two single-statements and the organisational alignment factors. Statement Q5.10 was reverse-phrased and therefore re-coded before the correlation coefficients were calculated.

Table 6.37: Correlations between the single-statements Q5.4 and Q5.10 and organisational alignment factors

	Organisational Alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
		Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
		Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Q5.4 Increased cultural diversity will improve alignment with external stakeholders	0.132*	0.166**	0.007	0.117*	0.166**	0.176**	0.035
Q5.10 The achievement of your individual objectives and goals are more important than the collective objectives and goals of your organisation	0.038	0.040	0.041	0.050	0.081	-0.004	0.016

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Statement Q5.4 – “increased cultural diversity will improve alignment with external stakeholder expectations”, correlated positively with “alignment with market stakeholders” (Spearman’s rho: 0.166); “alignment between internal stakeholders” (rho 0.117); “stakeholder priorities” (Spearman’s rho: 0.166); and “stakeholder satisfaction” (Spearman’s rho: 0.176). The following support in literature related to (cultural) diversity may be of value when considering the practical value of this result.

In section 4.5, Gell-Mann (cited by Esade & McKelvey, 2010:421 and Schneider & Somers, 2006:357) was referenced on emergent complexity within an organisation being a function of the variety present in its environment. Also, when referring to Ashby’s law of requisite variety, Esade and McKelvey (2010:421 – section 4.5) reasoned that for an organisation to be adaptive, the variety (or complexity) of its internal order must match the variety imposed by environmental factors. It is argued that cultural diversity could be considered as an element of an organisation’s internal variety (or complexity).

Statement Q5.10 – “The achievement of your individual objectives and goals are more important than the collective objectives and goals of your organisation”, did not have a significant correlation with any of the organisational alignment factors – a surprising result. The non-significant correlation may have been due to the complex configuration of the statement and probable consequent uncertainty among respondents.

None of the following groups indicated differences between means of statistical ($p < 0.05$) or practical significance ($d > 0.5$) related to statement Q5.4: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no).

6.4.1.6 Different-scaled statement and nominal-scaled questions' correlations with organisational alignment factors

Statement Q5.14 – “managers’ general behaviour can best be described as”, had the following opposite-coded response options: totally self-serving; somewhat self-serving; neutral; somewhat serving others; and always serving others. The statement responses (mean: 3.28; SD: 1.253) correlated negatively with all the organisational alignment factors indicating that the less managers’ behaviour were deemed to be serving others, the less were the respondents perceived degree of organisational alignment. This finding is corroborated by stewardship theory referred to in section 6.4.1.1 earlier in this chapter.

Question Q5.15 – “your superiors’ decision-making style can be described as mostly”, had the following nominal-scaled response options: instructive; participative; and consensus-seeking. Cross-tabulation between question Q5.15 and the four nominal-scaled organisational and biographical questions was done and none indicated an effect size of practical significance (Cramer’s $V > 0.5$). The four nominal-scaled organisational and biographical questions referred to were: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no). Question Q5.16 – “Regarding differences of opinion your superior usually”, had the following nominal-scaled response options: forces his/her opinion; avoids a discussion on the matter; and tries to find a compromise between his/her opinion and yours. Cross-tabulation between question Q5.16 and the four nominal-scaled organisational and biographical questions mentioned above was done and none indicated an effect size of practical significance (Cramer’s $V > 0.5$).

6.4.1.7 Review of culture-related enabling factors

The culture-related enabler of organisational alignment was explained by two factors namely “organisational values and change” and “socio-economic responsibility”. The former factor was subsequently further divided into two sub-factors namely

“organisational change” and “organisational values” (henceforth, the two sub-factors were also referred to as “factors”).

All three factors had significant positive correlations with the organisational alignment index. Except for the “socio-economic responsibility” factor’s non-significant correlation with the “resource allocation” factor, the three culture-related factors correlated positively with each of the six organisational alignment factors. The aforementioned correlations and the support from literature allowed the conclusion that the three culture-related factors should be considered as enabling factors of perceived organisational alignment. Lastly, managers on average found the aspects related “organisational change” to be a challenge (managers expressed the need for accelerated change but also stated that balancing continuity and change to be a challenge). This seemingly conundrum will receive specific attention in the next chapter.

6.4.2 Strategy-related enabler

6.4.2.1 Descriptive statistics

The descriptive statistics of the strategy-related enabler are reported in table 6.38 below.

Table 6.38: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q6.1 Internal suppliers are involved in your planning processes	5.9	49.7	18.5	19.9	4.2	1.7	2.66	1.01
Q6.2 You participate in your internal customers' planning processes	6.6	45.8	24.5	18.9	3.8	0.3	2.67	0.98
6.3 The setting of objectives and goals (what, by who, by when) is predominantly a:	Top-down process %		Bottom-up process %		A top-down and bottom-up process %			
	54.9		4.5		38.1			

Table 6.38: Descriptive statistics (continue)

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q6.4 A single overall organisational goal exists	14.0	50.7	14.0	16.8	4.2	0.3	2.46	1.06
Q6.5 Your organisation is able to effectively respond to changes within its external environment	8.4	42.0	25.5	17.8	5.9	0.3	2.71	1.05
Q6.6 Managerial roles and accountabilities are clear	12.6	48.6	15.7	16.4	6.3	0.3	2.55	1.10
Q6.7 Managers find it difficult to balance the implementation of long term objectives and goals with current shorter term operational challenges @ (reversed phrased)	3.5	41.3	19.9	24.5	10.5	0.3	2.69	1.06
Q6.8 Your organisation's objectives, goals and performance are consistently communicated organisation-wide	15.4	37.8	22.0	16.1	8.4	0.3	2.64	1.17
Q6.9 Management is able to coherently balance the trade-offs between multiple organisational objectives	5.9	40.2	32.5	18.9	2.1	0.3	2.71	0.91
Q6.10 Lack of cooperation between departments is due to the absence of perceived common goals @	8.0	47.9	14.3	24.5	4.5	0.7	2.69	1.07
Q6.11 Objectives and goals are balanced between leading and lagging perspectives	6.3	51.7	24.5	13.3	2.4	1.7	2.53	0.89
Q6.12 Objectives and goals are balanced between financial and non-financial perspectives	7.7	52.1	18.9	17.5	3.1	0.7	2.56	0.97
Q6.13 Objectives and goals are balanced between short term and long term perspectives	5.9	51.4	18.2	19.2	4.9	0.3	2.66	1.01
Q6.14 People-related objectives and goals are formulated	7.0	50.7	21.0	15.4	4.9	1.0	2.60	1.00
Q6.15 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro sociological environment	8.7	55.9	21.0	11.9	1.7	0.7	2.42	0.88
Q6.16 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro economic environment	11.2	61.9	17.1	7.7	1.7	0.3	2.27	0.83
Q6.17 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro political environment	8.4	45.8	25.9	15.4	3.8	0.7	2.60	0.98
Q6.18 The expectations of the following stakeholders are clearly defined and communicated: internal suppliers	10.1	51.7	21.3	14.0	2.1	0.7	2.46	0.93
Q6.19 The expectations of the following stakeholders are clearly defined and communicated: trade union federations	12.2	45.5	21.7	15.4	4.9	0.3	2.55	1.05
Q6.20 The expectations of the following stakeholders are clearly defined and communicated: relevant government departments	12.2	51.0	18.5	12.9	4.2	1.0	2.45	1.01
Q6.21 The value to be created to the following stakeholders are clearly defined and communicated: shareholders	25.9	53.5	10.1	6.6	3.1	0.7	2.07	0.96
Q6.22 The value to be created to the following stakeholders are clearly defined and communicated: community	11.5	42.0	24.8	18.2	3.1	0.3	2.59	1.02

Except for statement Q6.3, response scales ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). The balance of the statements (except Q6.7 and Q6.10) reflected a state that was considered to enable

organisational alignment, the ideal in terms of responses was therefore “strongly agree” (1).

Statements Q6.7 and Q6.10 were reverse-phrased and hence the ideal response to the statements was “strongly disagree” (5). The reverse-phrased statements’ answers were recoded before exploratory factor analysis was undertaken (Field, 2013:710). The mean answers to both statements Q6.7 and Q6.10 were 2.69 (with respective standard deviations of 1.06 and 1.07) suggesting that when the statements are positively stated, managers on average tended to disagree that their organisations were able to balance the implementation of long-term objectives and goals with current shorter term operational challenges and also disagreed that adequate common goals existed between departments.

6.4.2.2 Exploratory factor analysis

Various factor analyses were conducted on statements Q6.1 to Q6.22 as to explore the factorial structure of the enabler. Statement Q6.3 was excluded due to its different scaling design and will be reported on in section 6.4.2.6. Using Kaiser’s criterion eigenvalue cut-off of 1.0 (as suggested by Field, 2013:677) resulted in an initial four-factor solution that cumulatively explained 59% of the variance. The factor solution, however, did not make sufficient theoretical sense and also, statement Q6.10 was excluded from subsequent factor analyses due to a negative correlation with the rest of the statements in the factor. The negative correlation might have been caused by the double-negative phrasing of the statement and consequent uncertainty when managers responded to the statement.

A three-factor solution was subsequently decided upon cumulatively explaining 55% of the variance. The results of the KMO measure of sampling adequacy (0.917), p-value of Bartlett’s test of sphericity (< 0.05) and the determinant of correlation matrix (> 0.00001) returned acceptable values as per the guidelines stated in section 2 of paragraph 5.11 and is presented in table 6.39 below.

Table 6.39: KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix

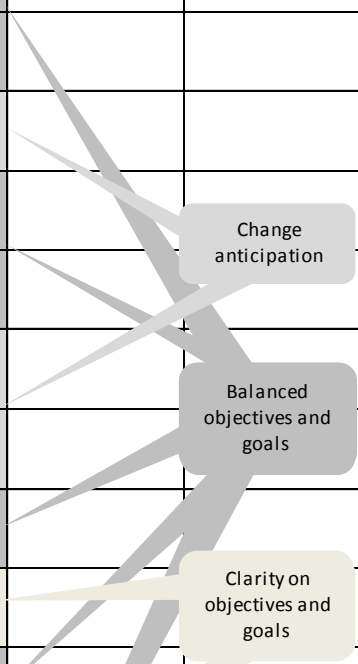
	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.917
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation matrix	0.00052 (>0.00001)

The pattern matrix of the three-factor solution is presented in table 6.40 below.

Table 6.40 follows on next page.

Table 6.40: Pattern matrix

Statements	Factor			Communalities
	1	2	3	
	Balanced/ Change/ Clarity	Planning inclusiveness	Stakeholder voice	
Q6.13 Objectives and goals are balanced between short term and long term perspectives	0.874			0.640
Q6.11 Objectives and goals are balanced between leading and lagging perspectives	0.744			0.467
Q6.16 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro: economic environment	0.737			0.526
Q6.12 Objectives and goals are balanced between financial and non-financial perspectives	0.694			0.518
Q6.9 Management is able to coherently balance the trade-offs between multiple organisational objectives	0.653			0.597
Q6.17 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro political environment	0.616			0.371
Q6.15 Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro sociological environment	0.585			0.480
Q6.14 People-related objectives and goals are formulated	0.546			0.587
Q6.4 A single overall organisational goal exists	0.507			0.386
Q6.5 Your organisation is able to effectively respond to changes within its external environment	0.460		0.389	0.582
Q6.6 Managerial roles and accountabilities are clear	0.445		0.348	0.548
Q6.8 Your organisation's objectives, goals and performance are consistently communicated organisation-wide	0.436		0.369	0.556
Q6.7 Managers find it difficult to balance the implementation of long term objectives and goals with current shorter term operational challenges ® (Reversed phrased)	0.336			0.246
Q6.2 You participate in your internal customers' planning processes		0.907		0.800
Q6.1 Internal suppliers are involved in your planning processes		0.865		0.758
Q6.19 The expectations of the following stakeholders are clearly defined and communicated: trade union federations			0.907	0.729
Q6.20 The expectations of the following stakeholders are clearly defined and communicated: relevant government departments			0.804	0.634
Q6.21 The value to be created to the following stakeholders are clearly defined and communicated: shareholders			0.625	0.500
Q6.22 The value to be created to the following stakeholders are clearly defined and communicated: community			0.612	0.494
Q6.18 The expectations of the following stakeholders are clearly defined and communicated: internal suppliers		0.402	0.527	0.605



Factor 1: Balanced objectives and goals, Change anticipation, Clarity on objectives and goals

All the statements contributing to factor 1 loaded at a minimum of 0.336 (Q6.13; Q6.11; Q6.16; Q6.12; Q6.9; Q6.17; Q6.15; Q6.14; Q6.4; Q6.5; Q6.6; Q6.8; and Q6.7) – an acceptable level according to Field (2013:681) and, except for Q6.7, had communalities larger than 0.246 indicating that a sufficient proportion of each statement's variance was explained by the extracted factors. The statements all related to the subject areas of: balanced objectives and goals, change anticipation, and clarity on objectives and goals.

It was subsequently decided, based on the factor pattern, to divide factor 1 into three sub-factors in order to better discriminate between the statements. The reliability of each sub-factor of factor 1 was subsequently assessed for internal consistency reliability before the categorisation was finally decided upon. Each set of statements indicated acceptable reliability and is reported on below.

“Balanced objectives and goals”

The “balanced organisational objectives and goals” sub-factor internal consistency reliability calculated a Cronbach's Alpha coefficient of 0.849 (good, according to Field, 2013:709) and consisted of the following statements.

- Objectives and goals are balanced between: short term and long term (Q6.13); leading and lagging (Q6.11); and financial and non-financial (Q6.12);
- Management is able to balance the trade-offs between multiple organisational objectives (Q6.9);
- People-related objectives and goals are formulated (Q6.14);
- Management can effectively respond to changes within their external environments (Q6.5); and
- Managers find it difficult to balance the implementation of long-term objectives and goals with current shorter term operational challenges (Q6.7) – this statement was reverse-phrased.

The sub-factor mean was calculated as 2.72 (SD: 0.71). As reported in section 6.4.2.1, managers on average were inclined to agree with all the sub-factor's statements. Statement Q6.7 – “managers find it difficult to balance the implementation of long-term objectives and goals with current shorter term operational challenges”, however, was reverse-phrased implying that managers on average would have disagreed if the statement was positively phrased.

The relevance and importance of balanced objectives and goals within the context of organisational alignment are based on the following review on literature. The formulation of an organisation's strategy, in essence, may be viewed as an organisation's response to challenges and opportunities in its environment (section 4.2.2). Defining an organisation's environment from a stakeholder theory perspective (section 2.4 – Jones & Felps, 2013:208), coupled with the trend towards a wider, more inclusive perspective on stakeholders (section 2.5.2 – Carroll & Buchholtz, 2012:65; Donaldson & Preston, 1995:68); Schneider and Somers' (2006:352-353, in section 2.2.1) argued that organisations that have a narrow view on external as well as internal interdependencies will eventually experience a decline in performance as relationships extinguish due to the inadequacy of interaction.

Managers' needs or motives to interact with role-players (internally and externally) are in part a function of perceived interdependencies with others in order to achieve their individual and collective goals (section 2.2.2 – Kozlowski & Ilgen, 2006:88; Mathieu *et al.*, 2008:443). Managing organisations towards purposeful outcomes (effectiveness; that is, satisfying the “right” stakeholders) in an efficient way (utilising minimum resources) requires the on-going setting of goals (that are not too narrow).

In section 3.5, Parsons (cited by Sundaram & Inkpen, 2004:350), Rosencrantz (2008:40), Lindenberg (2013:85) and Grant (2011:50) were referenced on how goals affect the very functioning of an organisation. In section 2.2.2, Gunaratne (2008:181) argued that the parts of a system (organisations) must behave in accordance with its rules and must adapt to the environment on the basis of feedback, which explains the ways organisations use their own stated outcomes to gauge effect and make necessary adjustments. It may therefore be argued that a too “narrow” set of

objectives and goals will probably lead to a lack of response from an organisation to triggers from its environment. Performance management systems based on a balanced set of objectives and goals was discussed in section 3.5 and referred to long term and short term, financial and non-financial, leading and lagging, quantitative and qualitative aspects of goal setting.

Support for the importance of managers having the ability to balance the trade-offs between multiple organisational objectives (Q6.9) could be found in section 4.3.2 (Okumus, 2001:328; Pascale, 1999:93; Saunders *et al.*, 2009:115). Related to the aforementioned, the on average response from managers indicating that they found the implementation of long-term objectives and goals with current shorter term operational challenges (Q6.7) to be problematic, was specifically discussed by Bryant and Stensaker (2011:356) and Guth and MacMillan (1986:314) in section 4.3.2. Lindenberg and Foss (2011:500) were referenced in section 3.5 on their observation that managers frequently pursue several heterogeneous goals at the same time.

“Change anticipation”

The “change anticipation” sub-factor internal consistency reliability showed a Cronbach’s Alpha coefficient of 0.779 (ideal, according to Field, 2013:709) and consisted of the following statements that were all related to an organisation’s anticipation of changes within its macro environment.

- Your organisation's objectives and goals address the expected changes (for example regulatory and sentiment) in the macro-economic environment (Q6.16);
- Your organisation's objectives and goals address the expected changes (for example regulatory and sentiment) in the macro political environment (Q6.17); and
- Your organisation's objectives and goals address the expected changes (for example regulatory and sentiment) in the macro sociological environment (Q6.15).

The factor's mean was calculated as 2.43 (SD: 0.75) indicating managers' on average agreement that their organisation's objectives and goals address the expected changes in its external environment.

Organisations should not only respond to changes in its environment. Support in the review on literature for organisations to also *anticipate* (the expected) changes in its environment can be found in section 2.2.2 in the discussions on organisations as open systems and the subsequent leadership roles of monitoring and anticipation of events (Burnard & Bhamra, 2011:5583; Grant, 2011:212; Lazenby, 2007:28; Yukl, 2012:74). The aforementioned management roles would also be required to facilitate the subsequent effective allocation of resources.

The average response from managers that their organisations' objectives and goals *do* address the expected changes in its macro sociological, economic and political environment was therefore a positive finding in the context of their organisations' macro alignment.

“Clarity on objectives and goals”

The “clarity on objectives and goals” sub-factor internal consistency reliability calculated a Cronbach's Alpha coefficient of 0.777 (ideal according to Field, 2013:709) and consisted of the following statements, all related to clarity on an overall organisational goal, clarity on individual roles and the communication of organisational objectives and goals.

- A single overall organisational goal exists (Q6.4);
- Managerial roles and accountabilities are clear (Q6.6); and
- Your organisation's objectives, goals and performance are consistently communicated organisation-wide (Q6.8).

The factor mean was 2.56 (SD: 0.92), indicating that on average managers agreed with the factor's statements.

Support in literature on the overall relevance and importance of the “clarity on objectives and goals” factor can be found in the following: Yukl (2013:291); Mathieu *et al.* (2008:443); and Kozlowski and Ilgen (2006:88) in section 2.2.2; and Brightman and Moran (2001:254, 259) in section 3.5 and Dignum and Dignum (2007:286) in section 2.4 and section 4.2.4.

More specifically in section 2.2.2, Sundaram and Inkpen (2004) and Ball (2004:34) were referenced on the importance of a single organisational objective function as a way to provide clarity. In section 3.5, Etienne (2011:306) and Lindenberg and Foss’ (2011:500-506) views were stated on how a clear overall organisational goal would address the challenges of competing goals.

The value of ensuring clarity on a manager’s role and accountability was discussed in section 2.2.2 when referencing the argument of Smets *et al.* (2012:878) that managers are conditioned by personal values and intra-organisational dynamics and will interpret and filter top-down initiated assignments and events accordingly. The importance for organisations to take cognisance of the aforementioned authors’ opinions can be emphasised with the views of Rosencrantz (2008:37 – section 2.2.2) who noted that individual objectives and goals are often completely arbitrary.

Kaplan and Norton (2005:1) and Kathuria *et al.* (2007) – respectively in section 1.2.1 and section 3.5 – were referenced on the importance to communicate organisational objectives and goals.

Factor 2: “Planning inclusiveness”

Statements Q6.2 and Q6.1 both loaded above 0.85 on factor 2 and with communalities of 0.758 and above – a sufficient proportion of each statement’s variance was therefore explained by the extracted factors. The factor’s internal consistency reliability calculated a Cronbach’s Alpha coefficient of 0.760 (ideal according to Field, 2013:709).

The two statements related to internal stakeholder involvement in planning activities were:

- You participate in your internal customers' planning processes (Q6.2); and
- Internal suppliers are involved in your planning processes (Q6.1).

The factor's mean was calculated as 2.67 (SD: 0.89) indicating that, on average, managers were inclined to participate in their internal customers' planning processes and also that their internal suppliers were involved in the managers' planning processes. Support for the importance of managers participating in their internal customers' and suppliers' planning activities can be found in the following review on literature. Planning is one of the key roles of a manager (section 2.2.2 – Yukl, 2012:70) and a “wider” more involvement-oriented approach orients managerial behaviour toward increased collective benefit between parties (section 2.5.4 – Hernandez, 2012:178) – the aforementioned is also consistent with among others, the views of Davis *et al.* (1997:36) on stewardship theory in section 2.5.4.

Participation by managers as referred to in the statements will also address the concern from Grant (2011:36) and Burnes (2009:172) who argued that value (to be created by the organisation) has different and often conflicting meaning internally between role-players (section 2.3). Furthermore, unlike within the hierarchical context where positional power can be used to influence outcomes, a manager's ability to influence horizontally (along the value chain) is often more problematic (Robbins & Judge, 2012:198 – section 3.6). Discussions in section 3.7 on resource dependence theory (Casciaro & Piskorski, 2005:167; Hillman *et al.*, 2009:1404; Fiegenbaum *et al.*, 1996:223) provide further weight to the relevance of this factor in the context of organisational alignment since “planning inclusiveness” should facilitate improved resource allocation.

Factor 3: “Stakeholder voice”

Statements Q6.19; Q6.20; Q6.21; Q6.22; and Q6.18 all loaded at a minimum of 0.527 on factor 3 with communalities of 0.500 and above and a therefore sufficient

proportion of each statement's variance was explained by the extracted factor. Statement Q6.18 had a double loading on factor 2 and factor 3, but loaded higher on factor 3 and also made more theoretical sense as part of factor 3. The factor reliability indicated a Cronbach's Alpha coefficient of 0.823 – acceptable according to Field (2013:709).

The factor 3 statements all related to inclusion of stakeholder expectations in an organisation's planning processes, were labelled as "stakeholder voice" and consisted of the following.

- The expectations of the following stakeholders are clearly defined and communicated: trade union federations (Q6.19); relevant government departments (Q6.20); and internal suppliers (Q6.18); and
- The value to be created to the following stakeholders are clearly defined and communicated: shareholders (Q6.21); and the community (Q6.22).

The factor calculated a mean of 2.42 (SD: 0.76) implying that on average managers indicated that the expectations of stakeholders and value to be created are defined and communicated within their organisations. The importance of organisations defining and communicating the expectations of stakeholders as well as the associated value to be created could be found in the following review on literature. Organisations, as a coalition of interest groups, exist to create and trade value to the benefit of a range of stakeholder groups (section 2.3 – Burnes, 2009:57; Grant, 2011:35; Freeman *et al.* 2007:311).

Certain stakeholders fulfil an active and structured role in the value creation process whereas other stakeholder groups, while not actively involved, are affected (or can affect) value creation. Against the aforementioned background Freeman *et al.* (2007:311) was referenced in section 2.4 on the requirement organisations have to engage stakeholders (in order to determine their needs). Further support for the importance to communicate the identified stakeholder needs and requirements (value expectations) could be found in section 2.5.1 (Harrison & Wicks, 2013:97); a

lack of common understanding among managers of what value means to different stakeholders will compromise the process of value creation.

The Spearman's rank order correlation coefficients between the strategy-related organisational alignment enabling factors are reported in table 6.41 below.

Table 6.41: Correlation matrix of strategy-related enabling factors

	Balanced objectives and goals	Change anticipation	Clarity on objective and goals	Planning inclusiveness	Stakeholder voice
Balanced objectives and goals	1.000	0.606**	0.719**	0.381**	0.631**
Change anticipation	0.606**	1.000	0.483**	0.247**	0.516**
Clarity on objective and goals	0.719**	0.483**	1.000	0.316**	0.617**
Planning inclusiveness	0.381**	0.247**	0.316**	1.000	0.301**
Stakeholder voice	0.631**	0.516**	0.617**	0.301**	1.000

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

As expected, large correlations existed between the strategy-related organisational alignment enabling factors.

6.4.2.3 Correlations between the strategy-related enabling factors and organisational alignment factors

Table 6.42 below contains the Spearman's rank order correlations between the organisational alignment index, the six organisational alignment factors, and the five strategy-related enabling factors of organisational alignment.

Table 6.42: Correlation matrix of strategy-related factors and organisational alignment factors

		Organisational Purpose			Stakeholder Priorities	Execution Focus		
		Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2	
		Organisational Alignment Index	Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Factor 1	Balanced objectives and goals	0.726**	0.441**	0.414**	0.607**	0.608**	0.616**	0.580**
	Change anticipation	0.515**	0.362**	0.371**	0.399**	0.468**	0.424**	0.379**
	Clarity on objective and goals	0.609**	0.389**	0.314**	0.500**	0.503**	0.523**	0.489**
Factor 2	Planning inclusiveness	0.323**	0.241**	0.140*	0.228**	0.354**	0.291**	0.156**
Factor 3	Stakeholder voice	0.662**	0.466**	0.439**	0.462**	0.508**	0.604**	0.441**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

All the strategy-related factors correlated positively with the organisational alignment index as well as with each of the organisational alignment factors. The “balanced objectives and goals” factor had the largest correlation with the organisational alignment index (Spearman’s rho: 0.726) followed by “stakeholder voice” (Spearman’s rho: 0.662) and “clarity on objectives and goals” (Spearman’s rho: 0.609). Based on the guidance from Ellis and Steyn (2003:52) in section 5.12, the relatively small correlation (Spearman’s rho: 0.323) between the “planning inclusiveness” factor and the organisational alignment index should still be considered as being of practical significance.

Overall, based on the reported statistically significant correlations with the organisational alignment factors and the support from literature, it was deduced that the identified strategy-related factors can be considered enablers of organisational alignment.

6.4.2.4 Correlations between strategy-related factors and organisational and biographical variables

Table 6.43 contains the Spearman’s rank order correlations between the strategy-related enabling factors and ordinal organisational and biographical variables.

Table 6.43: Correlations between strategy-related enabling factors and ordinal organisational and biographical variables

	Balanced objectives and goals	Change anticipation	Clarity on objective and goals	Planning inclusiveness	Stakeholder voice
Q1.1.3 Number of employees in South Africa	0.180**	0.038	0.159**	0.041	0.127*
Q1.1.4 Number of management levels in your operating unit	-0.002	-0.086	0.030	-0.015	0.050
Q1.2.1 Age	-0.030	-0.002	-0.009	-0.026	0.021
Q1.2.4 Highest qualification	0.002	-0.061	-0.044	0.029	-0.066
Q1.2.6 Number of employees reporting directly to you	-0.210**	-0.072	-0.164**	-0.133*	-0.119*
Q1.2.7 Number of organisations you've worked for including current	0.135*	0.033	0.098	0.165**	0.060
Q1.2.8 Your management level	0.159**	0.113	0.101	0.011	0.127*
Q1.2.9 How many years have you been with your current organisation	-0.151*	-0.119*	-0.115	-0.154**	-.112
Q1.2.10 Number of positions held in the last five years	0.083	0.085	0.030	0.046	-0.037
Q1.2.11 How many years have you been in your current position	-0.031	-0.011	0.036	-0.032	0.067
Q1.2.12 How many more years do you intend staying with your organisation	-0.335**	-0.244**	-0.267**	-0.193**	-0.170**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

“Balanced objectives and goals”, correlated positively (Spearman’s rho: 0.180) with Q1.1.3 – “number of employees” that was coded in the opposite direction, that is, the

larger the organisations were regarding employee numbers, the less managers indicated that their organisations had balanced objectives and goals. This correlation may be partly explained by the discussions in section 2.2.2 on organisational complexity (Burnard & Bhamra, 2011:5584; Gunaratne, 2008:180); larger organisations usually means more interconnected role-players – a situation that may necessitate an even larger focus on the balancing of objectives and goals.

“Balanced objectives and goals” also correlated positively (Spearman’s rho: 0.159) with Q1.2.8 – “management level” meaning that senior management levels held more positive views on the balanced nature of objectives and goals than their more junior counterparts. More senior managers typically participate more in the planning processes of an organisation, which includes the setting of objectives and goals. The aforementioned correlation may, therefore, be expected.

The “balanced organisational objectives and goals” factor correlated negatively (Spearman’s rho: -0.335) with “how many years intending to stay with your organisation” (Q1.2.12), that was coded in the opposite direction, implying that the more managers agreed with the factor’s statement, the longer they were willing to stay with their current organisation.

“Number of employees reporting to you” (Q1.2.6); “number of organisations worked for” (Q1.2.7); and “years with current organisations” (Q1.2.9), also correlated negatively with “balanced objectives and goals” but were not considered to be important in practice. All three statements were coded in the opposite direction to the “balanced objectives and goals” factor.

“Change anticipation” correlated negatively (Spearman’s rho: -0.119) with “how many years have you been with your current organisation” (Q1.2.9), that was coded in the opposite direction, implying that on average, the longer managers had been with their organisations, the more they believed their organisations do address the expected changes within the socio-economic-political environment. Boswell (2006:1494) referenced in section 3.4, cautioned that increased tenure by managers may lead to being “too entrenched” in their environments and consequently less in

touch with the “bigger picture”. Organisational tenure’s correlation with the “change anticipation” factor, as a potential positive antecedent condition for organisational alignment, should therefore be viewed with circumspection.

“Change anticipation” also correlated negatively (Spearman’s rho: -0.244) with “how many years intending to stay with your organisation” (Q1.2.12), that was coded in the opposite direction, implying that the more managers agreed with the factor’s statement, the longer they were willing to stay with their current organisation.

“Clarity on objectives and goals” correlated positively (Spearman’s rho: 0.159) with organisational size (Q1.1.3 – number of employees), that was coded in the opposite direction, suggesting that managers from larger organisations on average were less positive regarding clarity on objectives and goals versus smaller organisations. Larger organisations, being more complex (section 3.2.1 – Gell-Mann, cited by Esade & McKelvey, 2010:421; Schneider & Somers, 2006:357), may perceive clarity on objectives and goals less positive than managers from smaller organisations.

Managers with more employees reporting to them (Q1.2.6 – coded in the opposite direction) held more positive views on clarity on objectives and goals (Spearman’s rho: -0.164) than managers with less direct reports. As discussed in section 6.2.10, however, Q1.2.6 correlated negatively (Spearman’s rho: -0.177) with “management level” (Q1.2.8), that was coded in the opposite direction, indicating that more senior the management level, the more direct reports the respondents reported. The only explanation offered was that some respondents probably reported the number of employees “below” them and not necessarily only their direct reports. Assuming the aforementioned explanation, it may be deduced that the more senior management levels had more positive views on the clarity of objectives and goals. In section 3.5, Grant (2011:50) and Thompson *et al.* (2012:68) were referenced on goal-setting being a (predominantly) top-down process, providing a possible explanation of the correlation.

6.4.2.5 Single-statement correlations with organisational alignment factors

As reported on in section 6.4.2.2, statement Q6.10 – “lack of cooperation between departments is due to the absence of common goals”, had a negative correlation with the rest of the statements in the factor. The statement was subsequently treated as a “single-statement”. Table 6.44 contains the Spearman’s rank order correlations between single-statement Q6.10 and the organisational alignment factors.

Table 6.44: Correlations between the single-statement and organisational alignment factors

	Organisational Alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
		Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
		Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Q6.10 Lack of cooperation between departments is due to the absence of perceived common goals	-0.236**	-0.111	-0.131*	-0.278**	-0.180**	-0.188**	-0.178**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Statement Q6.10 was reverse-phrased and therefore re-coded. The significant negative correlations with all of the organisational alignment factors (except with “alignment with market stakeholders” which showed a non-significant correlation) confirmed that the phrasing of the question might have been problematic since there is not theoretical justification for the correlation. This statement was ignored in further analysis.

6.4.2.6 Comparisons of different-scaled statement Q6.3 with nominal-scaled organisational and biographical variables

Question Q6.3 – “the setting of objectives and goals is predominantly a”, had the following response options: “top-down process”; “bottom-up process”; and “top-down and bottom-up process”. More than 54% of the responding managers indicated a “top-down process”, 4.5 % indicated “bottom-up” and 38.1% answered “top-down

and bottom-up”. The high percentage of the latter option should be considered a positive as it may be indicative of a more inclusive approach towards goal-setting. The aforementioned may be further supported with the views of Beer and Eisenstat (2000:33) in section 3.4 that a top-down (only) management style is often the main barrier to honest upward communication and organisational learning.

Cross-tabulation between question Q6.3 and the four nominal-scaled organisational and biographical questions was done and none indicated an effect size of practical significance (Cramer’s $V > 0.5$). The four nominal-scaled organisational and biographical questions referred to were: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no).

6.4.2.7 Review of strategy-related enabling factors

The strategy-related enabler of organisational alignment was explained by five factors namely: “balanced objectives and goals”; “change anticipation”; “clarity on objectives and goals”; “planning inclusiveness”; and “stakeholder voice”. All five factors showed statistically significant positive correlations with the organisational alignment index as well as with each of the six organisational alignment factors. The correlations and the support from literature led to the conclusion that the five strategy-related factors should be considered as enablers of perceived organisational alignment.

The “balanced objectives and goals” factor’s correlation with the organisational alignment index as well as with each of the organisational alignment factors implies that perceived organisation alignment will be improved when the requisite balance of objectives and goals are pursued. The “change anticipation” factor can be viewed as complementary to the aforementioned factor as the anticipated changes in the organisation’s environment are used as input to the development of more balanced objectives and goals. Although managers on average indicated their comfort to manage the trade-offs required between multiple objectives and goals, the “clarity on objectives and goals” factor’s correlation suggests that to enable organisational

alignment, management should ensure that the organisation's overall objective as well as the associated managerial roles and accountabilities are clear. Although organisations cognitively function in an open system, it needs to be operationally closed to be efficient. Within this context, the "planning inclusiveness" factor's correlation means that constant alignment are required on what the internal customer demands are as well as what internal supplier and support services are required.

Coupled to all the above mentioned factors is the "stakeholder voice" factor. It may be argued that the factor's relatively large correlation with the organisational alignment factors as well as with the balance of the strategy-related factors implies that organisational alignment commences with the determination of stakeholder requirements – a view consistent with the discussion in section 4.3.1 by Neely *et al.* (2001:7).

6.4.3 Structure-related enabler

6.4.3.1 Descriptive statistics

The descriptive statistics of statements Q7.1 to Q7.7 are reported in table 6.45 below.

Table 6.45 follows on next page.

Table 6.45: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q7.1 You are allowed to make decisions without interference from your superior	14.7	51.4	14.0	14.3	5.2	0.3	2.44	1.07
Q7.2 Increasing operating units' level of authority will inhibit your organisation's ability to coherently respond to external challenges	10.5	33.2	23.1	25.5	5.9	1.7	2.83	1.11
Q7.3 Communication is constrained due to too many management levels ® (reverse-phrased)	9.4	33.2	14.3	35.7	7.3		2.98	1.17
Q7.4 Communication is constrained due to too wide spans of control ®	5.6	26.2	22.7	39.2	6.3		3.14	1.05
Q7.5 More cross-functional (between departments) communication is required to reduce departmental "silos" ®	26.9	54.9	9.8	7.3	1.0		2.01	0.87
Q7.6 Organisational structuring is dynamic, i.e. it constantly changes in response to internal and external stakeholder expectations	10.8	44.4	19.6	19.6	5.6		2.65	1.08
Q7.7 Remaining too long in one position decreases a manager's ability to respond to changing stakeholder expectations	14.3	42.0	11.5	25.2	7.0		2.69	1.20

The response scales for statements Q7.1 to Q7.7 ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). All the statements (except Q7.3, Q7.4 and Q7.5) reflected a state that was considered to enable organisational alignment, the ideal in terms of responses was therefore “strongly agree” (1). Reverse-phrased statements Q7.3, Q7.4 and Q7.5’s ideal responses were “strongly disagree” (5). The reverse-phrased statement’s answers were recoded before exploratory factor analysis took place (Field, 2013:710).

Managers on average agreed with all the statements except for reverse-phrased statements Q7.3 and Q7.5. The mean answer to statement Q7.3 – “communication is constrained due to too many management levels” was 2.98 (SD: 1.17) implying that on average managers would have tended to disagree with a positively-stated “the number of management levels are not constraining communication”. The mean answer to Q7.5 – “more cross-functional (between departments) communication is required to reduce departmental silos” was 2.01 (SD: 0.87) suggesting that on average managers were of the opinion that cross-functional communication between departments (in order to reduce departmental silos) was considered to be inadequate.

6.4.3.2 Exploratory factor analysis

Statements Q7.1 to Q7.7 related to “organisational structure” and exploratory factor analysis was conducted in order to explore the factorial structure of the enabler. The KMO measure of sampling adequacy was 0.633, the p-value of Bartlett’s test of sphericity less than 0.05 and the determinant of correlation matrix more than 0.00001, respectively suggesting the following: the sample size is adequate for exploratory factor analysis; correlations between statements were sufficiently large for exploratory factor analysis; and multicollinearity in the data was not a problem.

Using a Kaiser’s criterion eigenvalue cut-off of 1 resulted in a three-factor solution that explained 61% of the variance. Assessment of statements loading on the three-factor solution, however, did not make sufficient theoretical sense and instead the two-factor solution (explaining 47% of the variance) was explored and is presented below in table 6.46.

Table 6.46 follows on next page.

Table 6.46: Pattern matrix – structure-related enabler

Statement	Factor		Communalities
	1	2	
	Communication	Requisite authority	
Q7.3 Communication is constrained due to too many management levels © (Reverse-phrased)	0.820		0.683
Q7.4 Communication is constrained due to too wide spans of control ©	0.759		0.597
Q7.1 You are allowed to make decisions without interference from your superior ©	0.537	0.403	0.442
Q7.7 Remaining too long in one position decreases a manager's ability to respond to changing stakeholder expectations	-0.527		0.278
Q7.5 More cross-functional (between departments) communication is required to reduce departmental "silos"	0.461	-0.269	0.291
Q7.6 Organisational structuring is dynamic, i.e. it constantly changes in response to internal and external stakeholder expectations		0.809	0.687
Q7.2 Increasing operating units' level of authority will inhibit your organisation's ability to coherently respond to external challenges	-0.278	0.501	0.334

Statements Q7.3, Q7.4, Q7.1 and Q7.5 loaded at a minimum of 0.461 against factor 1 and predominantly related to organisational structures' suitability to enable communication. Statements Q7.7 correlated negatively with the aforementioned statements and therefore had to be considered loading on factor 2. The balance of statements contributing to factor 1 showed a Cronbach's Alpha of 0.617 on the statements' internal consistency reliability.

Statement Q7.2's relative low loading of 0.278 on factor 1, the "double-barrel" construction and the length of the statement may have caused uncertainty with the respondents. An unacceptable Cronbach's Alpha of 0.145 was obtained for factor 2 consisting of statements Q7.6, Q7.2 and Q7.7.

While statements Q7.6 and Q7.2 loaded respectively 0.809 and 0.501 on factor 2; it had a low Cronbach's Alpha of 0.183 and also did not make theoretical sense being grouped as a factor.

It was subsequently decided to conduct further exploratory factor analysis on the statements' excluding statements Q7.7 for the reason mentioned above and statement Q7.2 as it did not make sufficient theoretical sense being grouped with the original factor 1 statements. The two statements were subsequently considered as single-statements and will be discussed separately in section 6.4.3.5.

Exploratory factor analysis was therefore conducted on the remaining statements Q7.1, Q7.3, Q7.4, Q7.5 and Q7.6. The results of the KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix are reported in table 6.47 below.

Table 6.47: KMO measure of sampling adequacy, p-value of Bartlett's test of sphericity and the determinant of correlation matrix

	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.598
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation atrix	0.491 (>0.00001)

The KMO measure of sampling adequacy measured 0.598 (mediocre according to Field, 2013:684) which suggests that the sample size and correlations between statements are just about sufficient for exploratory factor analysis. The p-value of Bartlett's test of sphericity returned a value smaller than 0.05, indicating that correlations between statements were sufficiently large for exploratory factor analysis. The determinant of correlation matrix measured > 0.00001, which indicates that multicollinearity in the data was not a problem.

The factor had an eigenvalue of above Kaiser’s criterion of 1.0 (Field, 2013:677) and explained 39% of the variance. The one-factor solution also made sufficient theoretical sense.

The results of the exploratory factor analysis for the organisational structure-related enabler are reported in table 6.48 below.

Table 6.48: Organisational structure component matrix

Statement	Component	Communalities
	Enabling organisational structure	
Q7.1 You are allowed to make decisions without interference from your superiors	0.540	0.292
Q7.3 Communication is constrained due to too many management levels ® (Reverse-phrased)	0.860	0.739
Q7.4 Communication is constrained due to too wide spans of control ®	0.776	0.602
Q7.5 More cross-functional (between departments) communication is required to reduce departmental "silos"	0.456	0.208
Q7.6 Organisational structuring is dynamic i.e. it constantly changes in response to internal and external stakeholder expectations	0.338	0.114
Cronbach's Alpha	0.583	
Factor mean	2.99	
Factor standard deviation	0.65	

All the statements loaded at a minimum of 0.338 and had communalities ranging from 0.114 to 0.739. The factor was labelled “enabling organisational structure” and had an internal consistency reliability Cronbach’s Alpha coefficient of 0.583 (mediocre according to Field, 2013:877). The factor mean was calculated as 2.99 (SD: 0.65) and should, from a practical perspective, be considered that on average managers were neutral towards the factor statements.

At statement level, on average, managers agreed with statement Q7.1 – “you are allowed to make decisions without interference from your superiors” (mean: 2.44; SD: 1.07). The organisational alignment enabling value of the aforementioned is consistent with the following from literature in section 2.2.2. Organisations (that is, the collective behaviour of particularly managers) should be responsive to its environment (Grant, 2011:212) in order to continuously adapt (Burnard & Bharna, 2011:5583; Lazenby, 2007:28).

A form of self-organisation would be required (Sabherwal *et al.*, 2001:181) while Grant (2011:212) argued that organisations do not necessarily require complex organisational structures to facilitate self-organisation (section 2.2.2). Somers (2006:357) cited Wheatley who found that self-organisation (as a form of simple organisational structures) succeeds when the system supports the independent activity of its managers by giving them a strong frame of reference. “Independent” activity from managers will probably be more effective when managers are provided with clear overarching organisational goals as a frame of reference (section 3.6 on goal framing theory, Lindenberg & Foss, 2011:500 and Etienne, 2011:306).

On average managers tended to be neutral towards the reverse-phrased statement “communication is constrained due to too many management levels” (Q7.3 – mean: 2.98; SD: 1.17). In section 3.4, Boswell (2006:1493 - citing Mintzberg) was quoted on the challenges organisations face communicating goals to all levels of the organisation.

Managers on average disagreed with the statement that “communication is constrained due to too wide spans of control” (Q7.4 – mean: 3.14; SD: 1.05). Statement Q7.4 was also reverse-phrased implying that on average managers were inclined to be of the opinion that spans of control were *not* too wide.

“More cross-functional communication between departments is required to reduce departmental “silos” (Q7.5) showed a mean of 2.01 (SD: 0.87). Statement Q7.5 was reverse-phrased implying managers on average believed cross functional communication between departments was insufficient. Support in literature may be

found in section 3.3.1.2 from Ford (2008:175) who argued in favour of cross-functionality within the context of post-bureaucratic organisations.

Statement Q7.6 – “Organisational structuring is dynamic, that is, it constantly changes in response to internal and external stakeholder expectations”, showed a mean of 2.65 (SD: 1.08). In section 3.3.1.1, Schneider (2006:351), citing Ilinitch *et al.*, stated that the very notion of *organisation* has evolved, from a bureaucracy with clear boundaries and internal areas of authority to a new form, which has fluid and flexible external and internal boundaries. The value of dynamic organisational structuring within the context of organisational alignment can also be found in section 2.2.2 (Grant: 2011:212) in the discussions on organisations’ ability to change (implying, among other, changes in organisational structures) in response to changes in its external environment.

Sillince (2005:608) was referenced in section 3.4.1 on rhetorical congruence. Within the context of this factor it implies that organisational structuring should also be dynamic internally, that is, the effect of organisational structure changes in a particular area on the balance of structures should be considered.

The principle that organisational structures should in some way support the organisation’s strategy was referred to in various sections in the review on literature and among others, the following authors were referenced: Fry and Smith (1987); Hillman (2009); Meier *et al.* (2010); Park *et al.* (2011); Roca and Avison *et al.* (1992); and Thompson and Strickland (1993).

6.4.3.3 Correlations between the enabling organisational structure factor and organisational alignment factors

Table 6.49 below contains the Spearman’s rank order correlations between the “enabling organisational structure” factor, the organisational alignment index and the six organisational alignment factors.

Table 6.49: Correlation matrix of the enabling organisational structure factor and organisational alignment factors

		Organisational Alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
			Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
			Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Factor 1	Enabling organisational structure	0.466**	0.347**	0.179**	0.356**	0.402**	0.402**	0.379**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Except for factor 2 of organisational purpose, “alignment with non-market stakeholders”, the “enabling organisational structure” factor had a large correlation with the organisational alignment index as well as with each of the organisational alignment factors. Overall, based on the support from literature and the reported correlations with the organisational alignment factors, it was deduced that the extracted structure-related factor should be considered as an enabler of organisational alignment.

6.4.3.4 Correlations between the enabling organisational structure factor and organisational and biographical data

Table 6.50 contains the Spearman’s rank order (rho) correlations between the “enabling organisational structure” factor and ordinal organisational and biographical variables.

Table 6.50 follows on next page.

Table 6.50: Correlations between the enabling organisational structure factor and ordinal organisational and biographical variables

	Enabling organisational structure
Q1.1.3 Number of employees in South Africa	0.228**
Q1.1.4 Number of management levels in your operating unit	0.087
Q1.2.1 Age	-0.062
Q1.2.4 Highest qualification	-0.078
Q1.2.6 Number of employees reporting directly to you	-0.057
Q1.2.7 Number of organisations you've worked for including current	0.013
Q1.2.8 Your management level	0.159**
Q1.2.9 How many years have you been with your current organisation	-0.066
Q1.2.10 Number of positions held in the last five years	0.042
Q1.2.11 How many years have you been in your current position	0.026
Q1.2.12 How many more years do you intend staying with your organisation	-0.265**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The “enabling organisational structure” factor correlated positively (Spearman’s rho: 0.228) with the opposite-coded organisational size (Q1.1.3 – number of employees), suggesting that managers from larger organisations agreed less with the factor’s statements than managers from smaller organisations. The correlation may be partly explained by the discussions in section 2.2.2 on organisational complexity (Burnard & Bhamra, 2011:5584; Gunaratne, 2008:180) in that larger organisations imply more complex hierarchies and possibly, as a consequence, less effective organisational structures.

The “enabling organisational structure” factor correlated positively (Spearman’s rho: 0.159) with “management level” (Q1.2.8) suggesting more senior managers held more positive views on the enabling quality of their organisational structures. No reference in literature could be found on the aforementioned correlation. However, when considering three of the five factor statements namely: “you are allowed to make decisions without interference from your superiors” (Q7.1); “more cross-functional (between departments) communication is required to reduce departmental “silos”” (Q7.5); and “organisational structuring is dynamic, that is, it constantly changes in response to internal and external stakeholder expectations” (Q7.6), it may be reasoned that since managers at a more senior level typically: perform their roles in a less prescribed way; their interaction with fellow managers are by design more cross-functional; and more senior managers by and large have more freedom to make changes to their organisational structures, the reported correlation may therefore have been the basis for senior managers’ relative more positive views on organisational structure.

The factor correlated negatively (Spearman’s rho: -0.265) with “years intending to stay” (Q1.2.12), that was coded in the opposite direction, indicating that more positive views on organisational structures may contribute to increased willingness to stay with the organisation. In section 2.2.2, Gunaratne (2008:177) was referenced on the following: an organisation is essentially a social system, that is, the interacting units are people, and the psychic systems (minds) and interactions (people) constitute the environment of social systems. An organisation’s structure thus reflects the formal interactions of the organisation (as a social system). It may therefore follow that managers’ attitude on the suitability of the organisational structure would be associated with “years intending to stay”.

6.4.3.5 Single-statements’ correlations with organisational alignment factors

Table 6.51 contains the Spearman’s rank order correlations between the two organisational structure-related single-statements and the organisational alignment factors.

Table 6.51: Correlations between the single-statements Q7.2 and Q7.7 and the organisational alignment factors

	Organisational Alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
		Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
		Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Q7.2 Increasing operating units' level of authority will inhibit your organisation's ability to coherently respond to external challenges	-0.006	0.019	0.113	-0.047	-0.049	-0.024	0.013
Q7.7 Remaining too long in one position decreases a manager's ability to respond to changing stakeholder expectations	-.150*	-0.114	-0.085	-.192**	-0.098	-0.099	-0.113

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

Statement Q7.2 – “increasing operating units’ level of authority will inhibit your organisation’s ability to coherently respond to external challenges”, did not correlate at a significant level with any of the organisational alignment factors. As indicated in table 6.44 in section 6.4.3.1, statement Q7.2 had a mean score of 2.83 (SD: 1.11) suggesting that, on average, managers tended to be of the opinion that their organisations’ level of decentralisation was optimal in respect of the overall organisation’s ability to coherently respond to external challenges. The fact that the statement did not correlate with any of the organisational alignment factors may be due to the ambiguous or “double-barrel” nature of the statement.

Statement Q7.7 calculated a mean score of 2.69 (SD: 1.20) and also did not correlate with the organisational alignment factors (except for a negative Spearman’s rho of respectively -0.192 and -0.150 with organisational purpose factor 3 – “alignment between internal stakeholders” and the organisational alignment index). Although the respondents’ average answer to statement Q7.7 were consistent with Boswell’s (2006:1494) findings referenced in section 3.4, the reported negative correlation did not make sufficient sense. The aforementioned and the statement’s predominantly zero-order correlation with organisational alignment factors could possibly be the result of inconsistent answering due to the double-negative nature of the statement.

6.4.3.6 Review of the structure-related enabling factor

The structure-related enabler of organisational alignment was explained by one factor and was labelled “enabling organisational structure”. The factor mean was calculated as 2.99 (SD: 0.65) – however, from a practical perspective, it was considered that on average managers were neutral towards the factor statements. Based on the review on literature and the positive correlation with the organisational alignment index as well as with each of the organisational alignment factors; the “enabling organisation structure” factor should be considered as an enabler of organisational alignment.

The structure-follows-strategy debate is irrelevant according to Atkinson (2006:1444) and Drazin and Van de Ven (1985:514) – referenced in section 3.3.1.1. The respective authors mentioned that organisations need to merely acknowledge the need for a clear fit between strategy and structure, that is, strategy-structure congruence in the context of the operating environment. Interpreting “operating environment” as the socio-economic and political expectations of external as well as internal parties affecting (and being affected by) the value-creating process of the organisation; the researcher is of the opinion that the structure-follows-strategy debate *is* relevant, especially in the context of this study.

6.4.4 Systems-related enabler

6.4.4.1 Descriptive statistics

The descriptive statistics of the systems-related enabler statements and question are reported in table 6.52 below.

Table 6.52 follows on next page.

Table 6.52: Descriptive statistics

Statement	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Don't know %	Mean	Standard deviation
	1	2	3	4	5	6		
Q8.1 Your organisation's strategy is systematically translated into managers' individual objectives and goals	13.6	51.7	14.7	16.4	2.4	1.0	2.42	1.001
Q8.2 Individual performance management is effectively applied to coordinate the achievement of collective goals	9.8	44.8	16.4	21.3	7.7		2.72	1.135
Q8.3 Individual and strategic performance management are integrated	9.8	46.9	16.1	18.2	8.4	0.7	2.68	1.136
Q8.4 Your organisation's strategy is the main reference during budgeting processes	14.7	50.0	11.9	16.4	5.6	1.4	2.43	1.062
Q8.5 Organisational knowledge is retained, captured, updated and transferred over time in a systematic way	4.5	33.6	19.2	30.1	11.2	1.4	3.10	1.131
Q8.6 The management information systems' functionality suits the strategy planning and execution requirements	6.6	43.0	30.1	15.0	4.2	1.0	2.67	.958
Q8.7 The recognition and reward system effectively align individuals towards common objectives and goals	9.8	35.7	21.7	19.6	12.2	1.0	2.89	1.200
Question	Individual performance bonus	Collective bonus (e.g. team, department)		Long term incentives (e.g. deferred compensation, stock options)		Don't know/not applicable		
	1	2	3	4				
Q8.8 Which of the following influences your behaviour the most:	36.4	24.8	30.1	8.7				

Except for question Q8.8, response scales for statements ranged from “strongly agree” (1) to “strongly disagree” (5) and had a “neutral” midpoint (3). All the statements reflected a state that was considered to enable organisational alignment, the ideal in terms of responses was therefore “strongly agree” (1).

Except for statement Q8.5, managers on average agreed with all the systems-related organisational alignment enabling statements. Statement Q8.5 – “organisational knowledge is retained, captured, updated and transferred over time in a systematic way”, showed a mean of 3.10 (SD: 1.131), suggesting that on average, managers were inclined to disagree with the statement.

Answers to question Q8.8 – “which of the following influences your behaviour the most” indicated that individual performance bonuses influenced managers’ behaviour the most (36.4%) whereas collective bonuses influenced behaviour the least (24.8%).

6.4.4.2 Exploratory factor analysis

Exploratory factor analysis was conducted on statements Q8.1 to Q8.7 in order to explore the factorial structure of the systems-related enabler of organisational alignment. Question 8.8 was excluded due to its different measurement design. The results of the KMO measure of sampling adequacy, p-value of Bartlett’s test of sphericity and the determinant of correlation matrix are reported in table 6.53 below.

Table 6.53: KMO measure of sampling adequacy, p-value of Bartlett’s test of sphericity and the determinant of correlation matrix

	Value
Kaiser-Meyer-Olkin measure of sampling adequacy	0.884
P-value of Bartlett's test of sphericity	<0.001
Determinant of correlation matrix	0.028 (>0.00001)

The KMO measure of sampling adequacy measured 0.884 (good, according to Field, 2013:684) which suggests that the sample size and correlations between statements were adequate for exploratory factor analysis. The p-value of Bartlett’s test of sphericity returned a value smaller than 0.05, indicating that correlations between statements were sufficiently large for exploratory factor analysis. The determinant of correlation matrix measured > 0.00001, which indicates that multicollinearity in the data was not a problem.

Applying the minimum eigenvalue of 1 rule resulted in a one-factor solution that explained 59% of the variance.

The results of the exploratory factor analysis for the systems-related enabler are reported in table 6.54 below.

Table 6.54: Systems-related component matrix

Statement	Factor	Communalities
	Information/ Knowledge and performance management	
Q8.3 Individual and strategic performance management are integrated	0.857	0.734
Q8.2 Individual performance management is effectively applied to coordinate the achievement of collective goals	0.856	0.732
Q8.5 Organisational knowledge is retained, captured, updated and transferred over time in a systematic way	0.751	0.564
Q8.1 Your organisation's strategy is systematically translated into managers' individual objectives and goals	0.744	0.554
Q8.6 The management information systems' functionality suits the strategy planning and execution requirements	0.743	0.553
Q8.4 Your organisation's strategy is the main reference during budgeting processes	0.734	0.539
Q8.7 The recognition and reward system effectively align individuals towards common objectives and goals	0.720	0.518

All the statements loaded at 0.720 or higher on the factor with minimum communalities of 0.518 and a sufficient proportion of each statement's variance was explained by the extracted factors. The statements related to the subject areas of information and knowledge management and performance management. Based on the component matrix, it was decided to divide the statements into two sub-factors in order to better discriminate between the statements. The respective revised sets of

statements' internal consistency reliabilities were calculated and found to be sufficient and is reported on below.

“Performance management”

The “performance management” sub-factor internal consistency reliability calculated a Cronbach’s Alpha coefficient of 0.863 (good, according to Field, 2013:709) and consisted of the following statements.

- Individual and strategic performance management are integrated (Q8.3);
- Individual performance management is effectively applied to coordinate the achievement of collective goals (Q8.2);
- Your organisation's strategy is systematically translated into managers' individual objectives and goals (Q8.1);
- Your organisation's strategy is the main reference during budgeting processes (Q8.4); and
- The recognition and reward system effectively align individuals towards common objectives and goals (Q8.7).

The factor’s mean was calculated as 2.63 (SD: 0.89) indicating that managers on average agreed with the factor statements.

Support for the “performance management” factor’s organisational alignment enabling value could be found in the following review on literature. Boswell (2006:1489) found that organisations improve performance through employee contributions that are aligned with the demands of an organisation’s strategic approach (section 4.2.4). To be effective, organisational and subsequent individual goals need to be consistent with long-term goals and linked to strategy (Grant, 2011:50) – section 3.5. In section 4.3.1 Smith and Goddard (2002:247) described performance management as an integrated set of planning and review activities that cascade through the organisation, providing a link between each role-player and the strategy of the organisation.

In section 2.5.5, Foss and Lindenberg (2013:93) however, cautioned that reward structures should have a clear cause-and-effect with the normative goal frame (that is, individual rewards should explicitly recognise contributions to joint production). In addition to non-contingent rewards linked to position, managers also need to be rewarded individually in a contingent manner to maintain the motivation to engage in certain activities. In section 4.2.4, Iselin *et al.* (2008:72) referred to an organisation as being aligned when a series of objectives and goals are linked and, importantly, aforementioned and performance reporting measures are mutually reinforcing.

“Information and knowledge management”

The “information and knowledge management” sub-factor internal consistency reliability showed a Cronbach’s Alpha coefficient of 0.727 (good, according to Field, 2013:709) and consisted of the following statements (shaded in table 6.54): “organisational knowledge is retained, captured, updated and transferred over time in a systematic way” (Q8.5); and “the management information systems' functionality suits the strategy planning and execution requirements” (Q8.6). The factor’s mean was calculated as 2.89 (SD: 0.94).

At statement level, the mean answer to statement Q8.5 – “organisational knowledge is retained, captured, updated and transferred over time in a systematic way” was 3.10 (SD: 1.131), indicating that on average, managers were inclined not to agree with the statement.

This study viewed the organisational alignment enabling value of the aforementioned from an organisational learning perspective. Organisational learning, within the context of the interrelatedness and interdependence between organisations and the external environment (including subgroups within organisations interacting with each other), was discussed in section 3.2. A number of factors may have contributed to the stated on average response from managers for example: a too short-term perspective; organisational complexity; and a lack of clarity on managers’ role related to knowledge management.

Managers on average inclined to agree with statement Q8.6 – “management information system’s functionality suits the strategy planning and execution requirements” (mean: 2.67; SD: 0.958). In section 4.3.1, Avison *et al.* (2004:225) were referenced on the need for organisations’ information systems to be able to deliberately and timeously be aligned with emerging and quick-changing management insights. The functionality of an organisation’s management information system should probably not only support planning and execution requirements but also the previously discussed information and knowledge management requirements.

Factor correlation matrix

The Spearman’s rank order correlation coefficients between the systems-related organisational alignment enabling factors are reported in table 6.55 below.

Table 6.55: Correlation matrix of systems-related enabling factors

	Performance management	Information and knowledge management
Information and knowledge management	0.664**	1.000
Performance management	1.000	0.664**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The large correlation between the two factors was to be expected as especially opinions on the organisation’s performance management-related aspects would have been influenced by the functionality and efficacy of the information and knowledge management system managers experienced.

6.4.4.3 Correlations between the systems-related enabling factors and organisational alignment factors

Table 6.56 contains the Spearman's rank order correlations between the systems-related enabling factors, the organisational alignment index and the six organisational alignment factors.

Table 6.56: Correlation matrix of systems-related enabler and organisational alignment factors

		Organisational alignment Index	Organisational Purpose			Stakeholder Priorities	Execution Focus	
			Factor 1	Factor 2	Factor 3	Factor 1	Factor 1	Factor 2
			Alignment with market stakeholders	Alignment with non-market stakeholders	Alignment between internal stakeholders	Stakeholder priorities	Stakeholder satisfaction	Resource allocation
Factor 1	Performance management	0.635**	0.445**	0.313**	0.499**	0.564**	0.530**	0.506**
	Information and knowledge management	0.561**	0.294**	0.294**	0.457**	0.452**	0.473**	0.524**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

The two systems-related enabling factors had large correlations with the organisational alignment index as well as with each of the organisational alignment factors. Overall, based on the support from literature and the reported correlations with the organisational alignment factors, it may be deduced that the identified systems-related factors should be considered as enablers of organisational alignment.

6.4.4.4 Correlations between the systems-related enabling factors and organisational and biographical variables

Table 6.57 contains the Spearman's rank order correlations between the systems-related enabling factors and ordinal organisational and biographical variables.

Table 6.57: Correlations between systems-related enabling factors and ordinal organisational and biographical variables

	Performance management	Information and knowledge management
Q1.1.3 Number of employees in South Africa	0.112	0.084
Q1.1.4 Number of management levels in your operating unit	-0.041	0.040
Q1.2.1 Age	-0.015	-0.027
Q1.2.4 Highest qualification	-0.085	0.136*
Q1.2.6 Number of employees reporting directly to you	-0.188**	-0.149*
Q1.2.7 Number of organisations you've worked for including current	0.057	0.060
Q1.2.8 Your management level	0.141*	-0.009
Q1.2.9 How many years have you been with your current organisation	-0.107	-0.055
Q1.2.10 Number of positions held in the last five years	-0.014	0.091
Q1.2.11 How many years have you been in your current position	0.016	-0.068
Q1.2.12 How many more years do you intend staying with your organisation	-0.261**	-0.294**

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at 0.05 level (2-tailed).

“Performance management” correlated positively (Spearman’s rho: 0.141) with Q1.2.8 – “management level”, indicating that senior management held more positive views about the organisation’s performance management versus their more junior counterparts. “Performance management” as well as “information and knowledge management” correlated negatively (respective Spearman’s rho of -0.261 and -0.294) with Q1.2.12 – “how many years intending to stay with your organisation”, that was coded in the opposite direction, implying that *more* positive views on the performance management and information and knowledge management systems were associated with a willingness to stay with their current organisation for longer.

Highest qualification (Q1.2.4) correlated positively (Spearman's rho: 0.136) with "information and knowledge management" and "number of employees correlated negatively (Spearman's rho: -0.149) with "information and knowledge management". Both correlations, however, were not considered to be of practical significance.

6.4.4.5 Nominal-scaled question

Question Q8.8, "which of the following influences your behaviour the most", had the following nominal-scaled response options: "individual performance bonus" (coded 1); "collective bonus (for example, team, department)" (2); and "long term incentives (for example, deferred compensation, stock options)" (3). As reported in section 6.4.4.1, the response to the question was as follows: individual performance bonuses 36.4%, collective bonuses 24.8%, and long term incentives 30.1%.

Support in literature regarding financial rewards for performance could be found in section 2.5.5 (Grant, 2011:488). Foss and Lindenberg (2013:93) were referenced in the same section, cautioning that reward structures should have a clear cause-and-effect with the normative goal frame, that is, individual rewards should explicitly recognise contributions to joint production.

Cross-tabulation between question Q8.8 and the four nominal-scaled organisational and biographical questions was done and none yielded an effect size of practical significance (Cramer's $V > 0.5$). The four nominal-scaled organisational and biographical questions referred were: Q1.1.1 – Ownership status (public/private); Q1.2.2 – Gender (male/female); Q1.2.3 – Population group (African/Coloured/Indian/White); and Q1.2.13 – Equity stake (yes/no).

6.4.4.6 Review of the systems-related enabling factors

The systems-related enabler of organisational alignment was explained by two factors namely "performance management" and "information and knowledge management". The "performance management" factor mean was calculated as 2.63 and furthermore, on average, managers agreed with all the factor statements.

Although the “information and knowledge management” factor mean was calculated as 2.88, at statement level, managers on average indicated that “organisational knowledge is *not* retained, captured, updated and transferred over time in a systematic way”.

The two factors correlated positively with each other, with the organisational alignment index as well as with each of the organisational alignment factors. The aforementioned correlations were also supported by literature. The organisational alignment enabling value of performance management, and information and knowledge management systems was subsequently concluded. Should organisations decide to significantly broaden their perspective on the role of stakeholders, the contribution to organisational alignment of the information and knowledge management system may require further attention – recommendations in this regard will be presented in chapter 7.

6.5 Unique influence of organisational alignment enabling factors on perceived organisational alignment

The research problem stated: *What are the antecedents and enabling factors influencing perceived organisational alignment within South African mining organisations?* A conceptual framework of organisational alignment was hypothesised in chapter 5 (section 5.6) and consisted of four organisational alignment enabling categories of culture, strategy, structures and systems. Perceived organisational alignment was defined as a multidimensional construct with three formative dimensions of organisational purpose, stakeholder priorities and execution focus. Applying exploratory factor analysis, six factors were extracted explaining the three mentioned dimensions whereas eleven factors explained the four organisational alignment enabling categories.

Except for the non-significant correlation between culture factor 3 (socio-economic responsibility) and execution focus factor 2 (resource allocation), the eleven enabling factors had significant positive correlations with the organisational alignment index as well as with each of the six organisational alignment factors.

However, as explained in the chapter 5, so as to further address the research problem and research objectives, structural equation modelling was applied to answer the following: *first*, did the hypothesised framework (model) fit the data, that is, was the sample covariance matrix (estimated unstructured covariance matrix) similar to the hypothesised covariance matrix (estimated structured covariance matrix) and *second*, which of the identified organisational alignment enabling factors had a unique or specific influence on the multidimensional construct of perceived organisational alignment.

The hypothesised framework of organisational alignment referred to above, but also specifying the extracted factors, is illustrated in figure 6.3 below.

Figure 6.3 follows on next page.

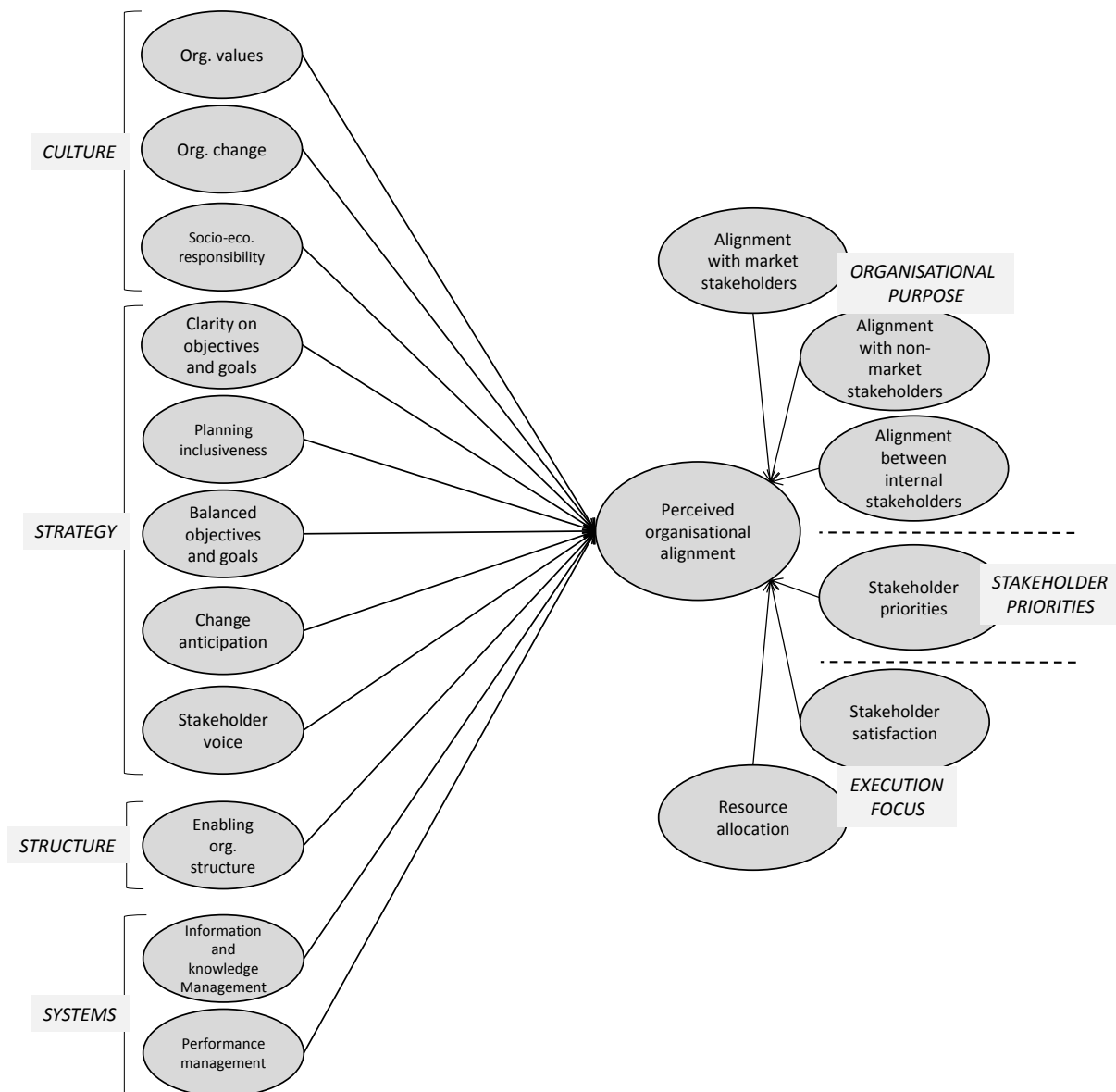


Figure 6.3: Framework of organisational alignment

Given that the six organisational alignment factors (that made up the three dimensions of perceived organisational alignment) were postulated as *forming* the construct of perceived organisational alignment (see section 5.6); the researcher considered the possibility to model the six organisational alignment factors as the endogenous variables since it may have been of practical value to determine the unique influence of each of the eleven organisational alignment enabling factors' on each of the six organisational alignment factors.

However, since a degree of multicollinearity was expected between the six organisational alignment factors (and found to be the case), the parsimony principle when modelling variables would not have been adhered to. It was therefore decided to consider the aggregate organisational alignment construct as the endogenous variable (since the construct is being formed by the six organisational alignment factors) while the eleven enabling factors were modelled as the exogenous variables.

6.5.1 Model-data fit statistics

Three tests were applied in order to assess model-data fit and as discussed in chapter 6 (section 6.5.1), model-data fit tests indicate to what degree the parameters of the model combined to estimate a population covariance matrix that is highly similar to the sample covariance matrix. The chi-square divided by its degree of freedom ratio was 1.914 (0: perfect fit; 5: poor fit). The root mean square of error approximation (RMSEA) was 0.057 (< 0.06: good) and had a 90% confidence interval of [0.053; 0.060]. While both the aforementioned tests evaluate the overall discrepancy between observed and implied covariance matrices, the RMSEA test also takes into account the model's complexity or precision (referring to the confidence interval). Kline (2011:206) commented that a large confidence interval may be considered as an indicator of a lack of precision. The comparative fit index (CFI) was calculated at an acceptable 0.852 (> 0.9: good).

The above stated results of the three model-data tests confirm that the organisational alignment framework (model) fits the data well, that is, the parameters of the model combined to estimate a population covariance matrix that is comparable to the sample covariance matrix. Since other unexamined models may fit the data just as well or better, an accepted model is only a not-disconfirmed model. The important question was therefore whether the SEM analysis dealt with substantive theoretical issues, that is, issues of practicality. In order to assess the aforementioned, the SEM estimates were analysed and are dealt with in the next section.

6.5.2 Unique relationships between organisational alignment enabling factors and perceived organisational alignment

The structural equation modelling (SEM) in figure 6.4 below illustrates the theorised set of relations (parameters) between the eleven organisational alignment enabling factors and the multidimensional construct of perceived organisational alignment (consisting of the six factors reported on in section 6.3).

Figure 6.4 follows on next page.

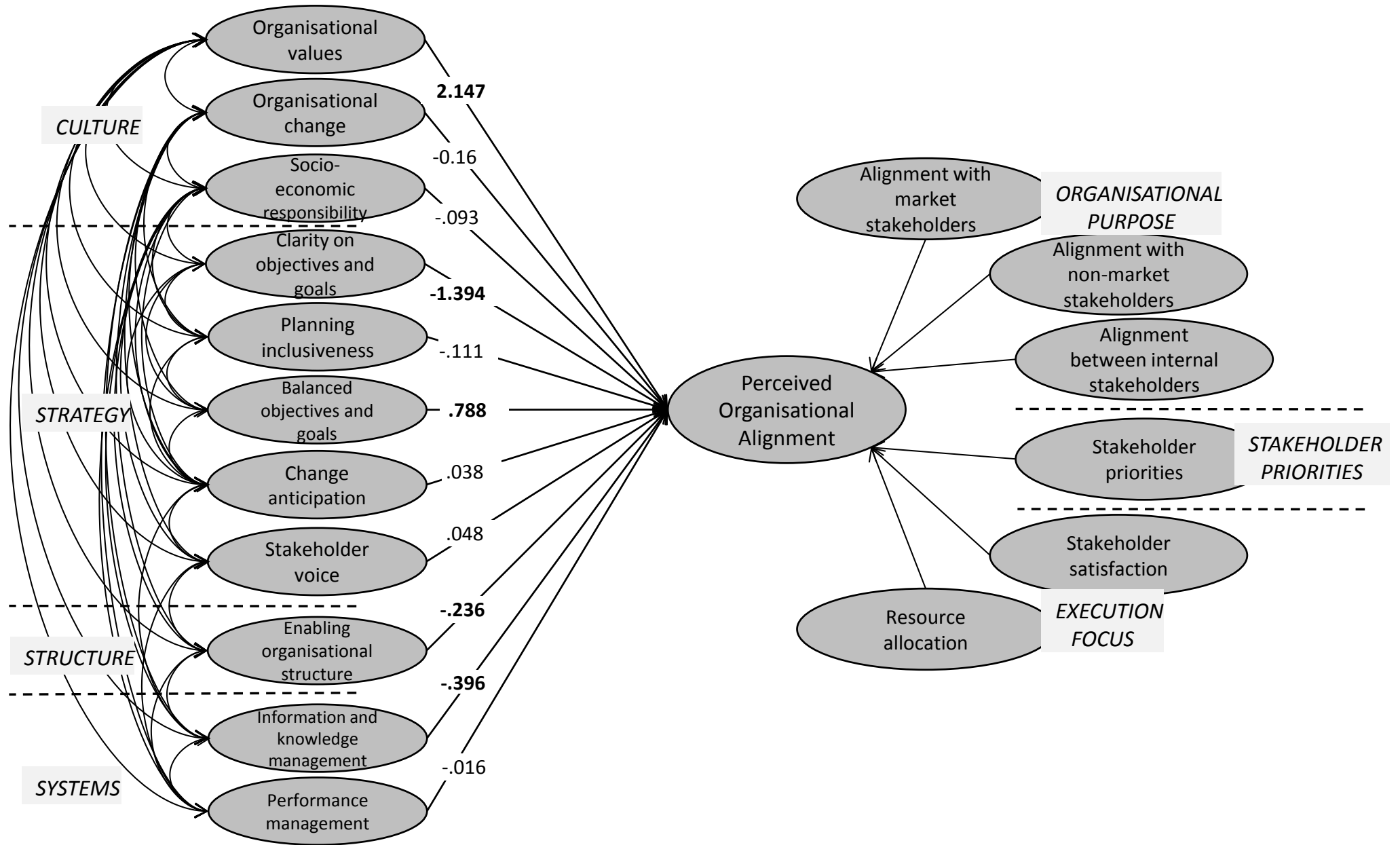


Figure 6.4: Standardised regression coefficients of organisational alignment enabling factors on perceived organisational alignment

Each organisational alignment enabling factor's standardised regression coefficient on perceived organisational alignment was calculated by controlling for, or taking into account the correlations with all other organisational enabling factors. Furthermore, standardised regression coefficients (β) correspond with effect size estimates (Suhr, 2010:2) and was subsequently used for comparisons of the organisational alignment factors (parameters).

Although not statistically significant, two of the eleven organisational alignment enabling factors indicated a positive unique influence of practical importance on perceived organisational alignment (positive standardised regression coefficients larger than 0.2 indicated in bold in figure 6.4). Controlling for the influence of the balance of the factors, the "organisational values" factor had the highest positive unique influence on managers' perception of organisational alignment (β : 2.15) followed by the "balanced organisational objectives and goals" factor's unique influence (β : 0.79).

Although the eleven enabling factors all correlated positively with the perceived organisational alignment construct, the following factors indicated a negative unique influence of practical importance on perceived organisational alignment (negative standardised regression coefficients larger than 0.2 indicated in bold in figure 6.4): "clarity on organisational objectives and goals" (β : -1.39); "enabling organisational structure" (β : -0.24); and "information and knowledge management" (β : -0.4). This was due to the correlations between the enabling factors that resulted in a suppression effect. (The suppression effect was discussed in section 5.13.).

The "enabling organisational structure" factor correlated positively with perceived organisational alignment (Spearman's rho: 0.466 – see section 6.4.3.3), that is, managers' positive opinions on the enabling nature of organisational structures correlated with positive opinions on organisational alignment. The factor's unique influence on organisational alignment was however negative (β : -0.236). Theoretically, this negative estimate should not be interpreted in a predictive sense, such as; the less a manager agrees with the suitability of organisational structures, the higher will be perceived organisational alignment.

The interpretation of the estimate should be explanatory, that is, when holding the balance of enabling factors constant, “enabling organisational structure” correlated negatively with perceived organisational alignment, implying that in the presence of all other enabling factors, further increasing “enabling organisational structure” may have a negative impact on perceived organisational alignment.

The same reasoning and subsequent deduction can be made for the “information and knowledge management” factor. The factor correlated positively with perceived organisational alignment (Spearman’s rho: 0.561 – see section 6.4.4.3) but indicated a negative unique influence (β : -0.396). It is therefore posited that, in the presence of all other enabling factors, further increasing “information and knowledge management” may have a negative impact on perceived organisational alignment.

The “clarity on objectives and goals” factor’s unique negative influence was probably the biggest surprise. The factor showed a large positive correlation with perceived organisational alignment (Spearman’s rho: 0.453 – see section 6.4.2.3) but showed a unique standardised regression coefficient of -1.394. The latter finding indicates that, in the presence of the balance of factors, further increasing “clarity on objectives and goals” may have a negative impact on perceived organisational alignment.

Figure 6.5 illustrates the eleven enabling factors’ relative correlations with the perceived organisational alignment construct as well as the relative unique influence (of practical importance) on perceived organisational alignment.

Figure 6.5 follows on next page.

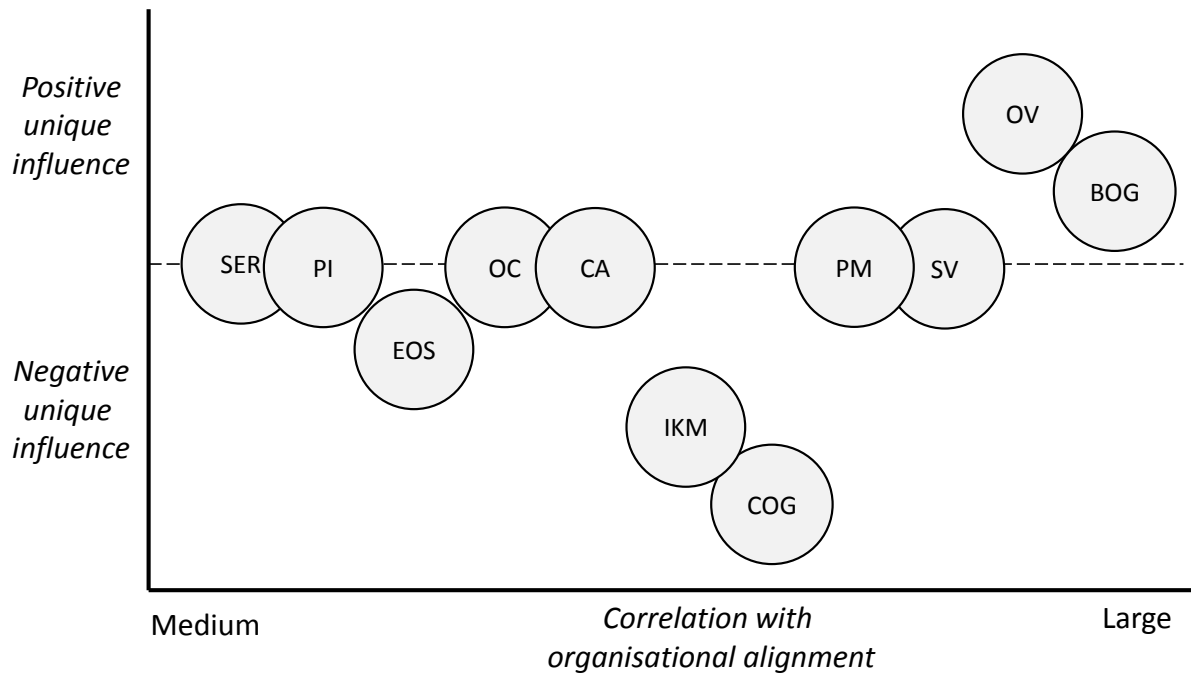


Figure 6.5: Organisational alignment enabling factors' correlation and unique influence on perceived organisational alignment

Figure 6.5 legend: BOG – balanced objectives and goals; OV – organisational values; SV – stakeholder voice; PM – performance management; COG – clarity on objectives and goals; IKM – information and knowledge management; CA – change anticipation; OC – organisational change; EOS – enabling organisational structure; PI – planning inclusiveness; SER – socio-economic responsibility.

On the horizontal axis, the eleven organisational alignment enabling factors are mapped from lowest to highest correlation with perceived organisational alignment (based on the organisational alignment index) and the vertical axis indicates the factors' relative unique influence of practical importance on organisational alignment. As reported on earlier, while all the organisational alignment enabling factors had a significant correlation with organisational alignment, five factors showed a unique influence of practical importance on perceived organisational alignment.

The implications of, and recommendations related to, the above mentioned unique influences will be discussed in the next chapter.

6.6 Chapter summary

This chapter presented and interpreted the descriptive statistics of the organisational and biographical variables, the multi-dimensional construct of perceived organisational alignment and its posited enablers of culture, strategy, structure and systems. The results of the factor analyses indicated the following. The three dimensions of the organisational alignment construct were explained by six factors namely: alignment with market stakeholders; alignment with non-market stakeholders; alignment between internal stakeholders; stakeholder priorities; stakeholder satisfaction; and resource allocation. Support in literature for each of the six factors was subsequently discussed. On average, managers indicated a positive level of perceived alignment on all of the six organisational alignment factors. Comparatively, agreement levels between internal stakeholders were the highest whereas managers' perceived agreement on resource allocation was the lowest. The four enabling categories were explained by eleven factors namely: organisational values; organisational change; socio-economic responsibility; clarity on objectives and goals; planning inclusiveness; balanced objectives and goals; change anticipation; stakeholder voice; enabling organisational structure; information and knowledge management; and performance management. The organisational alignment enabling nature of the aforementioned factors was also found to be satisfactorily consistent with literature. The correlations between the factors of each of the three perceived organisational alignment dimensions as well as between the above mentioned factors of the four enabling subject areas were reported on. The correlations of each of the four enabling categories' factors with the organisational alignment index and the six organisational alignment factors were then presented and discussed.

Each of the organisational and biographical variables' correlation with the above mentioned factors were presented and explained within the context of organisational alignment. The last section of the chapter entailed the validation of the hypothesized organisational alignment framework with the presentation and interpretation of the structural equation modelling results. The main conclusions were that the empirical data fit the framework (model) well and although not statistically significant, five of

the eleven enabling factors indicated a unique influence of practical importance on perceived organisational alignment namely “organisational values” and “balanced objectives and goals” that had positive standardised regression coefficients, and “enabling organisational structures”, “information and knowledge management” and “clarity on objectives and goals” that had negative standardised regression coefficients.

The final chapter will discuss the main conclusions and recommendations of the study in terms of the research problem and study objectives and will present a framework of organisational alignment. It will also discuss the study’s limitations, the study’s contribution and will recommend areas for future research.

CHAPTER 7

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The final chapter is structured as follows: *first*, the formulation of the research problem and research objectives are concluded; *second*, conclusions are made regarding the research design and methodology used in the study; *third*, the main conclusions and recommendations of the study in terms of the research objectives are discussed; and *fourth*, the organisational alignment framework is presented. The chapter is concluded with comments on the study's limitations; the study's contribution; and finally, recommendations for further research is made.

7.2 Research problem and research objectives

The background to the formulation of the research problem (section 1.2.1) referred to the challenges facing the South African mining industry and indicated that uncertainty and turbulence will probably remain. In addition to market-related challenges, increasing demands from a wide range of stakeholders will require organisations to address internal and external stakeholder expectations more effectively. To successfully compete in an uncertain environment, organisations require the organisational ability to respond in a unified, aligned way. The research problem, *what are the antecedents and enabling factors influencing perceived organisational alignment within South African mining organisations?* was subsequently formulated. The stated research problem not only guided the formulation of the research objectives but also provided clear-cut direction throughout the research process on the study's overall aim being "to propose a framework of organisational alignment and to make recommendations that will improve South African mining organisations' alignment capability".

In order to address the above stated research problem, the following research objectives were formulated: *first*, to determine the degree of perceived organisational alignment; *second*, to determine the enablers and antecedents of organisational alignment; and *third*, to develop an organisational alignment framework.

In order to achieve the first objective (determine the degree of perceived organisational alignment), the formulation of the construct of perceived organisational alignment was required. This formulation was necessary since the review on literature revealed a range of concepts and perspectives on organisational alignment and also indicated limited consensus on a definition (and subsequent operationalisation) of organisational alignment.

The review on literature, coupled with extensive pre-empirical stage testing, however, enabled the conceptualisation and subsequent operationalisation of a construct of perceived organisational alignment. The aforementioned also provided sufficient clarity on the identification and subsequent development of measurable variables of the theorised enablers of perceived organisational alignment.

7.3 Research design and methodology

The research design and methodology applied in the study in order to achieve the stated research objectives were considered to be appropriate and the following conclusions were drawn.

Conclusion 1

Against the background of the research subject area, the decision to only select the managers of mining organisations as the target population (unit of analysis) was considered to be correct (section 5.8). Furthermore, although the researcher had access to the majority of African-based mining organisations, the decision to limit the study to South African-based mining organisations (with operations in the Southern African region) was believed to be appropriate since the higher degree of socio-

economic similarity in the mentioned region allowed more valid deductions and potential generalisation.

Conclusion 2

The extensive testing of the draft questionnaire (section 5.7) proved to be invaluable since it resulted in significant changes to the content and length thereof. The choice of an electronically-based and anonymously-completed questionnaire was found to be appropriate. The questionnaire design also negated the risk of missing values and since it was web-based, “data capturing” was instantaneous and entirely accurate.

The timing of the data collection stage, the fact that the majority of emailed-requests were addressed to managers in person as well as personalised follow-up emails, resulted in a response rate and subsequent sample size sufficiently large to conduct exploratory factor analysis as well as structural equation modelling. The personalised approach (and the relevance of the research topic) resulted in a significant number of managers in executive positions indicating their wish to receive the outcome of the study.

Conclusion 3

The utilisation of the Statistical Package for the Social Sciences application (IBM SPSS Statistics Version 23) was crucial during the statistical analysis of the collected data. The Amos software (Amos Development Company, 2009), an add-on module to the SPSS statistical package and used to conduct the SEM analysis, furthermore, allowed the seamless use between the two applications.

The aforementioned, though, would not have been possible without the professional advice and support throughout the study received from the Statistical Consultation Services at the North-West University (Potchefstroom campus). The utilisation of a professional statistics practitioner and the mentioned statistical software increased

the value of the research and provided peace of mind regarding the choices made regarding statistical techniques as well as the accuracy of the data analyses.

Conclusion 4

The decision to conduct exploratory factor analysis in order to identify the structure and factors of the organisational alignment construct as well as of each enabling category was deemed to be correct. The exploratory factor analysis process was also used to determine the structural validity of the survey questions and statements. In all cases the internal consistency reliability (Cronbach's Alpha), suitability for multivariate analysis (Bartlett's test of sphericity) and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were calculated and confirmed that the questionnaire developed from the literature review provided a valid data collection instrument (the detail is contained in chapter 5). Critically, exploratory factor analysis permitted the development of a parsimonious measurement framework (model) of organisational alignment that was subsequently tested through structural equation modelling.

The study's sampling process was described as nonprobability-convenience and therefore not completely random; the application of effect sizes to determine the practical significance of associations and comparisons proved to be appropriate since t-values and p-values were not necessarily relevant (see section 5.12).

Conclusion 5

As expected and substantiated by literature, all the organisational alignment enabling factors had a positive correlation with the index of perceived organisational alignment. Furthermore, and typical of the social and management science domain, large correlations were evident between the identified enabling factors; the application of structural equation modelling (SEM), as a technique that allows simultaneous testing of all the relations in a hypothesised framework (model), was therefore deemed to be highly appropriate in order to discriminate between the

respective organisational alignment enabling factors' unique (or specific) influence on perceived organisational alignment.

7.4 Research objectives – main conclusions and recommendations

This section is structured as follows. *First*, the main conclusions regarding perceived organisational alignment will be presented and *second*, the main conclusions regarding the organisational alignment enabling factors will be discussed. This will be followed by recommendations regarding each enabling factor's potential contribution towards the improvement of organisational alignment.

7.4.1 Perceived organisational alignment

The first research objective was to determine perceived organisational alignment. The following main conclusions are supported by the study's results (as reported in chapter 6).

Conclusion 1

Based on the results of the organisational alignment index as well as the responses on each of the six identified organisational alignment factors (section 6.3), it was concluded that on average managers perceived their organisations were aligned as per the defined organisational alignment construct. Chapter 4 was largely dedicated to the different interpretations in literature of organisational alignment concepts and its contribution to organisational performance. Since all of the sampled managers' respective organisations were operational during the empirical stage of the study, it was concluded that the six factors were valid indicators of managers' perceived organisational alignment.

Conclusion 2

A noticeable difference in agreement levels between the six organisational alignment factor statements was reported in chapter 6 (also see figure 7.1 below). While this

study defined organisational alignment as an aggregate multidimensional construct with *formative* dimensions and accompanying factors, it is nevertheless considered to be of value to make certain conclusions and recommendations related to each of the organisational alignment factors' results since a change in perception on any of the six factors will impact the perceived overall organisational alignment by a manager.

Also, as indicated in the factor correlation matrices in section 6.3, statistically significant positive correlations were evident in between the organisational alignment factors and therefore, although the factors were considered formative in nature, the influence on each other should be taken into account.

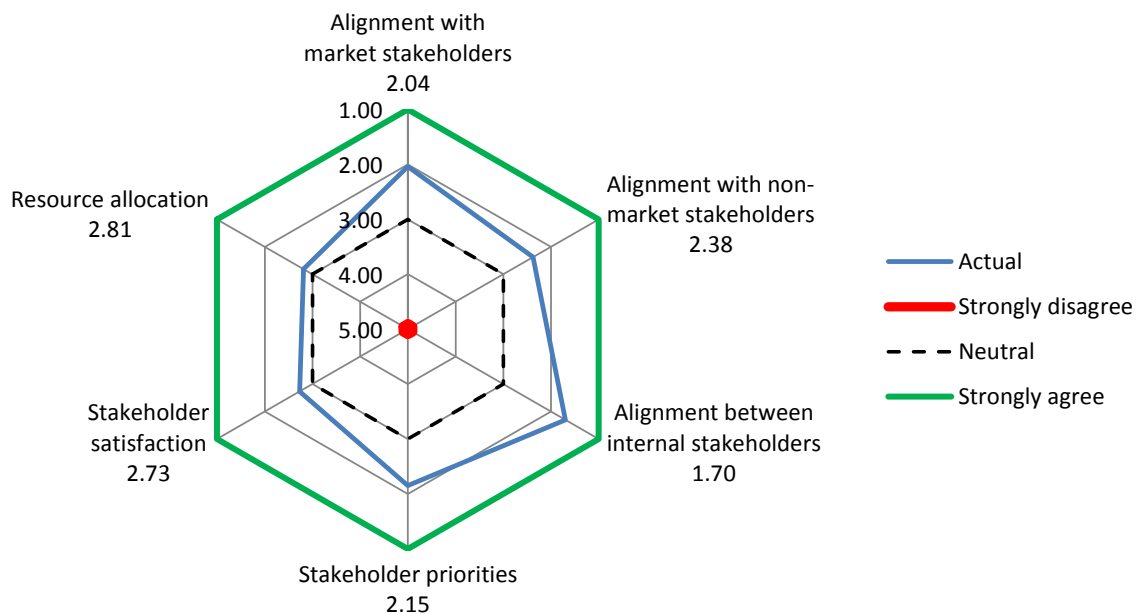


Figure 7.1: Perceived organisational alignment

Perceived alignment with *market stakeholders* were higher than perceived alignment with *non-market stakeholders*. However, managers on average indicated that their organisations' objectives should increasingly take *all* stakeholders into account (section 6.3.1.1). Such an intention – supported in literature as normatively the “correct thing to do” (section 2.5.2) and probably furthermore an indication that

mining organisations are increasingly realising that they function in an open system, will require a change in the way resources are allocated.

Significantly, managers at more senior levels had more positive views regarding alignment levels with market stakeholders, but were less positive regarding alignment levels with non-market stakeholders compared to their more junior counterparts (section 6.3.1.3). Such different views within the management hierarchy will inevitably lead to tension related to the necessary resource allocation.

Carroll and Buchholtz (2012:65), referenced in section 2.5.2, commented that managing the competing interests of stakeholders should not be viewed as a zero-sum game (that is, addressing the needs of one stakeholder group does not necessarily come at the expense of another). In practice, the cited authors' viewpoint will be a challenge as it will probably depend on the value organisations are expecting in return when affording increased attention to a specific stakeholder group. The on average agreement on the "resource allocation" factor indicated the lowest level of agreement between the six organisational alignment factors and the aforementioned challenge will exacerbate the problem.

The results indicated the highest level of on average agreement on the "alignment between internal stakeholders" factor (individual goals, supplier objectives and objectives related to stakeholders). This should be considered a positive situation from an operational effectiveness perspective. However, what was not tested in this study was the degree to which individual goals reflected the normative views the managers had towards their organisations' future or changing stakeholder priorities. Should a significant shift in an organisation's priorities towards a more inclusive (or broader) approach regarding stakeholders take place, the operational detail thereof will need to be reflected in managers' individual goals, resulting in associated re-allocation of resources.

Stakeholder satisfaction, that is, managers' views on whether they believed stakeholders (market and non-market) were satisfied with the organisational outcomes (in this study referring to the allocation of resources), indicated a lower

level of agreement versus managers' responses to whether organisational objectives were aligned with *market* and *non-market stakeholders* expectations. The conclusion was made that resource allocation may not adequately reflect organisational objectives; a situation not atypical of the challenges organisations face during execution of strategy (see section 4.2.1). In particular, on average, managers indicated that their organisations' shareholders to be dissatisfied. The latter finding has the potential for increased tension between managers regarding stakeholder prioritisation and subsequent resource allocation since the dominant normative mandate to organisations (for the foreseeable future) probably remains shareholder value maximisation (see section 2.4 – Jones and Felps (2013:208)).

As reported by Smith and Lewis (2011:381) in section 2.5.2, the mere management challenge to obtain and allocate resources presents a wide range of tensions when trade-offs are sought between collaboration and control, individual versus collective interests, flexibility versus efficiency, exploration versus exploitation, and profit versus social responsibility.

Although the referred-to tensions will predominantly manifest between managers (as the dominant role-player controlling resources), other stakeholder groups will inevitably “be drawn into” the reality of limited resource availability and the consequent trade-offs organisations need to make.

To paraphrase Watts and McNair-Connolly (2012:6), organisations are essentially institutions of society, existing to create value in collaboration with a wide range of stakeholders. From a power-dependency and resource dependence theory perspective (section 3.6), the stakeholder group best-placed to effect improved alignment between all stakeholders are the management constituencies of organisations.

Improved organisational alignment needs to be initiated and driven from *within* organisations, failing that, organisations need to be prepared for increased demand for organisational change (and possibly more disruption) from not only external market and non-market stakeholders, but also potentially internal to the organisation.

In section 5.6, an *aligned organisation* was described as an organisation that is able to sustainably meet the expectations of its internal and external stakeholders. It is within the context of this definition, as well as the reported-on state of perceived organisational alignment, that the enabling factors of organisational alignment are discussed in the next section.

7.4.2 Enabling factors of organisational alignment

The second research objective was to determine the enablers and antecedents of organisational alignment. As reported in chapter 6, each of the organisational alignment enabling factors had statistically significant positive correlations with the organisational alignment index and, except for the non-significant correlation between the socio-economic responsibility” and “resource allocation” factors, with each of the organisational alignment factors. It was also reported that five of the eleven organisational alignment enabling factors indicated a unique (specific) influence of practical importance on perceived organisational alignment.

Based on the positive correlations and substantiated by literature, the conclusion was made in chapter 6 that the eleven organisational alignment factors can be considered as enablers of perceived organisational alignment.

As concluded in section 7.4.1, organisational alignment should be improved. Section 7.4.2.1 provides the background to four sets of recommendations (that follows in section 7.4.2.2) on how the eleven organisational alignment enabling factors can be applied in order to improve perceived organisational alignment.

7.4.2.1 Recommendations on how to improve perceived organisational alignment – background

The recommendations on each of the organisational alignment enabler factors were developed within the context of three variables namely: the extent of each factor’s correlation with the organisational alignment index (section 6.3.4); the managers’ on average agreement levels with each enabling factor; and whether the enabler

indicated a unique influence of practical importance on the organisational alignment index. The three variables are presented in tables 7.1, 7.2 and 7.3 below.

Table 7.1: Correlations of organisational alignment enabling factors with perceived organisational alignment

Enabling factor	Spearman's Rho
Balanced objectives and goals	0.726
Organisational values	0.668
Stakeholder voice	0.662
Performance management	0.635
Clarity on objectives and goals	0.609
Information and knowledge management	0.561
Change anticipation	0.515
Organisational change	0.490
Enabling organisational structure	0.466
Planning inclusiveness	0.323
Socio-economic responsibility	0.247

The “balanced objectives and goals” factor showed the highest correlation with the organisational alignment index whereas the “socio-economic responsibility” factor had the lowest correlation. The shaded factor “information and knowledge management” indicates the median point.

Table 7.2 follows on next page.

Table 7.2: Managers' on average agreement levels with the organisational alignment enabling factors

Enabling factor	Mean	SD
Socio-economic responsibility	1.79	0.59
Stakeholder voice	2.42	0.76
Change anticipation	2.43	0.75
Clarity on objectives and goals	2.56	0.92
Organisational values	2.57	0.68
Performance management	2.63	0.89
Planning inclusiveness	2.67	0.89
Balanced objectives and goals	2.72	0.71
Information and knowledge management	2.88	0.94
Enabling organisational structure	2.99	0.65
Organisational change	3.4	0.94

On average, managers agreed the most with the “socio-economic responsibility” and the least with “organisational change” organisational alignment enabling factors. The shaded “performance management” factor indicates the median point.

Table 7.3 follows on next page.

Table 7.3: Unique influence of organisational alignment enabling factors on perceived organisational alignment

Enabling factor	Standardised regression coefficient
Balanced objectives and goals	0.788
Organisational values	2.147
Stakeholder voice	0.048
Performance management	-0.016
Clarity on objectives and goals	-1.394
Information and knowledge management	-0.395
Change anticipation	0.038
Organisational change	-0.16
Enabling organisational structure	-0.236
Planning inclusiveness	-0.111
Socio-economic responsibility	-0.093

As discussed in section 6.5.2 of the previous chapter, the “balanced objectives and goals” and “organisational values” factors respectively showed a positive unique influence of practical importance on perceived organisational alignment (shaded and in bold). However, “clarity on objectives and goals”; “information and knowledge management”; and “enabling organisational structure” factors (shaded) respectively showed a unique *negative* influence of practical importance on perceived organisational alignment.

7.4.2.2 Recommendations on the improvement of perceived organisational alignment

Recommendations – A

The first set of recommendations concerns the following factors: “organisational values”; “stakeholder voice”; and “clarity on objectives and goals”. All three factors showed above-median correlations with perceived organisational alignment as well

as above-median on average agreement levels on the factors' statements (see tables 7.1 and 7.2). Furthermore, the "organisational values" factor had a *positive* unique influence of practical importance on organisational alignment whereas the "clarity on objectives and goals" factor showed a *negative* unique influence of practical importance on organisational alignment (see table 7.3).

Organisational values

Organisations are fundamentally social systems, that is, the interacting units are people, but although organisations are cognitively open and therefore interacts with its environment, it needs to be operationally closed in order to allow constant alignment (Gunaratne, 2008:176).

The following are recommended:

- a) Emphasise the importance of intra-organisational value congruence (section 3.8.1 – Howell, Kirk-Brown & Cooper (2012:740));
- b) Develop normatively desired behaviour representative of not only internal stakeholders but also increasingly taking external stakeholder views into account (section 4.3.1 – Carroll & Buchholtz (2012:158));
- c) Frequently assess inconsistency between advocated and perceived behaviour and ensure consequences resulting from negative variation as well as strengthening of positive behaviour (section 3.7.1 – Kirk-Brown & Cooper (2012:740));
- d) Ensure value statements reach beyond internal behaviour-related aspects to include reference to "value-to-be-created" to broader societal/stakeholder constituency perspectives;
- e) Increase transparency by communicating organisational objectives as well as organisational performance to a wider range of stakeholders in order to strengthen trust levels (section 3.2.1 – Lazenby (2007:28)); and
- f) Encourage managers to create a work environment more conducive to enhanced "employee voice" (section 3.4 – Burris (2012:851)).

Organisations should guard against obsessive effort to achieve internal value congruence. A too tightly coupled organisation, according to Ennen and Richter (2010:209) cited in section 4.2.3, and Makins *et al.* (2012:158) in section 3.7, may result in inflexibility, resistance to change and over time then, a lack of adaption to environmental realities. However, organisations need to realise that any internal-to-organisational tension will escalate should the organisation's demonstrated behaviour were not only perceived to be incongruent with advocated values, but also perceived to be incongruent with the values of key external market and non-market stakeholders.

From a values and behaviour related perspective, the above recommendations should contribute towards organisations' ability to improve internal value congruence as well as its ability to increasingly align with market and non-market stakeholders (the latter point will become increasingly relevant within the South African mining industry). As explained earlier, the "organisational values" factor indicated a positive unique influence on perceived organisational alignment, suggesting that further organisational values-related efforts to improve perceived organisational alignment will most probably be beneficial.

Stakeholder voice

Harrison and Wicks (2013:97) were referenced in section 2.5.1 on the importance of a clear understanding of what value means to different stakeholders as a way to improve organisations' (entire) process of value creation.

The following are recommended:

- a) Include the on-going identification of all stakeholder groups (market and non-market stakeholders) in the organisation's strategic management processes (section 4.3.1 – Neely *et al.* (2001:7));
- b) Determine stakeholder needs and expectations on a routine basis (section 4.3.2.2 – Neely *et al.* (2001:7));

- c) Apply criteria of legitimacy, urgency and power (in a structured way) to prioritise and re-prioritise stakeholders (section 2.5.3 – Mitchell *et al.* (1997:854) and Carroll & Buchholtz (2012:67));
- d) Frequently assess the satisfaction of market and non-market stakeholders;
- e) Include stakeholder satisfaction (market and non-market stakeholders but also critically, ensure the inclusion of internal stakeholders) in managers' individual performance contracts; and
- f) Include stakeholder satisfaction as an integral part of organisational performance reporting (section 4.3.1 – Neely *et al.* (2001:7)).

The recommendations should formalise stakeholder “voice” during all of the organisation’s value creation stages, further enhancing organisations’ ability to effectively align resource allocation with stakeholder expectations. To paraphrase Grant (2011:35) and Neely *et al.* (2001:6): an organisation is a coalition of stakeholder groups operating to create value to multiple constituencies.

Clarity on objectives and goals

The importance of clarity on objectives and goals found in literature was frequently stated in this study, a summary of which was presented in section 6.4.2.2 of the previous chapter.

However, as confirmed earlier, the “clarity on objectives and goals” factor showed a negative unique influence of practical importance on perceived organisational alignment and it was subsequently concluded that in the presence of the balance of the organisational alignment enabling factors, further increasing clarity on objectives and goals may have a negative influence on perceived organisational alignment.

Against the above mentioned background, it is recommended that organisations take the following principles and suggestions into account when aiming to increase clarity on objectives and goals:

- a) Acknowledge that complete clarity on objectives and goals (as an aim of organisational alignment) may be considered more as a moving target and therefore rather as an emergent state, instead of an absolute condition (section 4.2.6 – Sabherwal *et al.* (2001:179));
- b) Recognise that in certain instances, a pedantic drive towards clarity on objectives and goals may inhibit creativity, make strategy inflexible (section 4.2.6 – Avison (2004:2)) and may distort risk preferences due to a too narrow focus (section 3.5 – Ordonez *et al.* (2009:6));
- c) Acknowledge that organisational objectives (effects) can be reached from a variety of paths (input goals/causes) – (section 2.2.2 – Katz & Kahn, cited by Gresov & Drazin (1997:403));
- d) Improve goal clarity by (rather) placing more emphasis on understanding cause and effect relationships between objectives (section 3.5 – Foss & Lindenberg (2013:85));
- e) Reduce the emphasis on individual goal clarity unless sufficient clarity on overall organisational and departmental goals is achieved. While employees are goal-oriented, they are “pulled along” by a sense of overall organisational purpose (section 3.5 – Brightman & Moran (2001:254)). Managers, on average indicated a high level of agreement (mean: 1.90) on individual goals and also indicated that individual performance bonus influences their behaviour the most (section 6.4.4.1).
- f) Accept that goal clarity (understanding of goals) does not necessarily imply agreement (section 4.2.4 – Boswell (2006:1489)). Vancouver *et al.* (1994:667) quoted in section 3.5, argued that agreement levels on organisational goals has a significant effect on satisfaction and organisational commitment. Clarity *and agreement* on objectives and goals should therefore be considered;
- g) Increase the extent of “bottom-up” establishment of objectives and goals. (section 3.5 – Grant (2011:50) and Thompson *et al.* (2012:68)); and
- h) Seek to obtain clarity on objectives and goals with the knowledge that on average, managers indicated that they *are* able to manage the trade-offs between often-competing goals (Q6.9 – section 6.4.2.1).

Schneider and Somers (2006:357) in section 2.2.2, referred to Wheatley who argued that self-organisation succeeds when the system supports the independent activity of its managers by giving them a strong frame of reference.

Recommendations – B

The second set of recommendations involves the following factors: “balanced objectives and goals”; “performance management”; and “information and knowledge management”. While all three factors showed median or above-median correlations with perceived organisational alignment, they had median or below-median on average agreement levels on the factors’ statements (see tables 7.1 and 7.2). Furthermore, the “balanced objectives and goals” factor showed a positive unique influence of practical importance whereas the “information and knowledge management” factor showed a negative unique influence of practical importance on perceived organisational alignment (see table 7.3).

Balanced objectives and goals

The importance of balanced objectives and goals found in literature was regularly stated in this study, a summary of which was presented in section 6.4.2.2 of the previous chapter. The factor not only had the highest correlation with perceived organisational alignment but also, as reported in the structural equation modelling section in chapter 6 (section 6.5.2), the factor showed a positive unique influence of practical importance on perceived organisational alignment. The latter point implies that further initiatives to improve perceived organisational alignment through “balanced objectives and goals” will most probably be advantageous.

It is recommended that organisations consider the following principles and suggestions when focusing on the organisational alignment enabling value of balanced objectives and goals:

- a) Adhere to the principle that internal organisational variety (complexity) needs to match the extent of the external variety (complexity) imposed on the

organisation (section 3.2.1 on requisite variety). Furthermore, the requisite internal variety needs to be reflected in the organisation's scope of objectives and goals;

- b) Recognise that "variety" refers to the range *and* dynamic nature of market and non-market stakeholder needs and expectations;
- c) Develop overall organisational objectives and goals that are most likely to promote joint production (section 2.5.5 on addressing agency concerns);
- d) Organisational objectives and goals should contain leading indicators of significant change in the expectations of internal and external stakeholders;
- e) Manage "competing" objectives and goals related to each stakeholder group through an improved understanding of the cause-and-effect relationships between them; and
- f) Ensure appropriate weighting of the importance of long-term objectives and goals (relative to short-term objectives and goals) as one way to address the difficulty managers expressed having to balance long-term objectives and goals with shorter term operational challenges (Q6.7 – section 6.4.2.2).

One cannot separate organisations from society (section 2.3.5 – Andriof *et al.* (2002:8)). Thus, society – and by implication most of the organisation's stakeholder groups – is represented *within* the organisation and interacts with most of the influencing forces as part of normal operations.

The organisation's ability to balance its strategy and ensure alignment of all functions within the organisation will be the key to sustainable performance. Developing objectives and goals that coherently address the expectations and needs of all stakeholders are therefore required.

Performance management

Essential management activities in the execution of strategy are: to develop objectives and goals that are in support of the organisation's chosen overall purpose; to ensure the effective allocation of resources in order to achieve the objectives and

goals; and to monitor and correct deviations between the actual and expected outcomes.

Strategic performance management and individual performance management are processes that aim to systemically align internal stakeholders' collective pursuit of the organisation's purpose. It is recommended that organisations take the following principles and suggestions into account when aiming to improve the organisational alignment enabling value of the performance management factor:

- a) At operational performance management level, significantly increase the range of stakeholder groups' satisfaction that a manager needs to contribute towards;
- b) Increase the weighting of collective objectives and goals in managers' individual performance contracts;
- c) Ensure all forms of reward and recognition complements the selected weighting referred to above;
- d) Ensure cause-and-effect relationships between the allocated stakeholder satisfaction responsibilities of each manager is understood and agreed;
- e) Emphasise and practise the principle that the efficacy of resource allocation and utilisation are essentially the barometer of organisational performance, implying that robust links are required between strategy formulation (setting of objectives and goals) and strategy execution (budgeting/resource allocation and utilisation); and
- f) Consider performance management not only as a correction-from-deviations activity but also (increasingly) as a system to facilitate organisational learning (section 3.2.2).

In the context of this study, then, and to paraphrase Freeman and Phillips (2002:334), performance management should be viewed as a process of *managing the relationships* that affect the achievement of the organisation's objectives and goals.

Information and knowledge management

The relevance of the “information and knowledge management” factor related to organisational alignment found in literature was referred to in section 6.4.4.2 of the previous chapter. Median correlation with perceived organisational alignment (see table 7.1) was further evidence of the factor’s enabling value on perceived organisational alignment compared to the balance of the enabling factors.

However, as reported earlier, the “information and knowledge management” factor showed a negative unique influence of practical importance on perceived organisational alignment and it was subsequently reasoned that in the presence of the balance of the organisational alignment enabling factors, further attempts to increase agreement levels related to information and knowledge management may have a negative impact on perceived organisational alignment.

The aforementioned was subsequently taken into account in the discussion and recommendations that follow:

- a) Ensure the information and knowledge management system supports an increasing stakeholder management perspective – this may include the capturing and dissemination of trends in stakeholder expectations as well as stakeholder satisfaction indices;
- b) Create an incentive for managers to contribute to the development and maintenance of the above-suggested by, as suggested as part of the recommendations on the “performance management” factor, ensuring that a larger component of managers’ performance contracts not only relate to their “immediate” internal stakeholders’ satisfaction, but also includes the balance of the organisation’s stakeholders; and
- c) Place more emphasis on information and knowledge management’s role as an enabler of organisational adaptation (and learning) to changing stakeholder expectations.

A precipitous increase in expectation that managers should take more responsibility for stakeholder satisfaction may expose their inability to make rational and appropriate decisions due to a lack of information. Improving the stakeholder management-related functionality of the information and knowledge management system will address the aforementioned concern, a situation that Alvesson and Spicer (2012:1197) referred to as “bounded rationality” (section 3.2.2).

Recommendations – C

The third set of recommendations comprises the following factors: “planning inclusiveness”; “enabling organisational structure”; and “organisational change”. All three factors showed below-median correlations with perceived organisational alignment and also had below-median on average agreement levels on the factors’ statements (see tables 7.1 and 7.2). The “enabling organisational structure” factor, furthermore, indicated a negative unique influence of practical importance on perceived organisational alignment.

Planning inclusiveness

Organisations are cognitively open but needs to be operationally closed in order to be efficient (section 2.2.2). Managers’ perceived alignment with internal stakeholders (the perspective of this study on “operationally closed”) indicated that on average, managers were of the opinion that alignment *do* exist (section 6.3.1.2 on “alignment between internal stakeholders”).

Organisations should consider the following recommendations when attempting to improve perceived organisational alignment through “planning inclusiveness”:

- a) Raise the level of cross-functional interaction by increasing the identification of common goals between departments (section 3.3.1.2 – Ford (2008:175)). Also, as noted in section 2.2.2, recognise that organisational role-players interact due to perceived shared outcomes, common goals and process and/or task interdependencies;

- b) Increasingly weight incentives and rewards towards the achievement of collective goals (section 2.5.5 – Foss & Lindenberg (2013:93)); and
- c) Include agreement on immediate stakeholder priorities as an expected outcome of collaborative planning events between managers and their internal customers and suppliers. This recommendation may also address the relative low correlation this factor had with the “resource allocation” factor (section 6.4.2.3).

Although this study limited the assessment of planning inclusiveness to the manager’s internal suppliers and internal customers, the recommendations stated above can be applied to a broader collection of internal stakeholders. Increased planning-inclusiveness will also necessitate a more relations-oriented perspective on the role of a manager, a view supported by Yukl (2012:70) in section 3.4.

Enabling organisational structure

The importance of the “enabling organisational structure” factor found in literature was referred to in section 6.4.3. A below-median correlation with perceived organisational alignment and below-median on average agreement levels on the factors’ statements (see tables 7.1 and 7.2) may be indicative of the factor’s further potential to improve perceived organisational alignment.

However, as reported earlier, the “enabling organisational structure” factor showed a negative unique influence of practical importance on perceived organisational alignment and it was subsequently concluded that in the presence of the balance of the organisational alignment enabling factors, initiatives to increase agreement levels related to enabling organisational structure may have a negative impact on perceptions of organisational alignment.

Discussion and recommendations related to the factor’s influence on perceived organisational alignment within the context of the above mentioned follow.

To paraphrase Weber's seminal work on organisational structure (cited in this study by Scott, 1981:293): organisational structures (and associated accountabilities) is a critical *organising* instrument – a manager is harnessed by the structure, a structure he/she cannot squirm out of. In most cases, the manager is only one cog in an ever-moving mechanism that prescribes a fixed route of march.

In section 6.4.3.4 it was reported that organisational size had a negative correlation with the enabling organisational structure factor and it was subsequently argued that larger organisations imply more complex hierarchies and possibly as a consequence, less effective organisational structures. As organisations increase their focus on a broader scope of stakeholders (as indicated in section 6.3.1.1) and thereby adding more interconnected role-players, organisational structure complexity may increase in an attempt to create more order (see section 2.2.2 on entropy).

Organisations should, however, guard against too complex organisational structures as highly ordered structures may inhibit organisations' flexibility to adapt; a situation opposite to what would be required when organisations aim to be more "open" and inclusive towards stakeholders. As discussed in section 6.4.3.2, organisations may be able to engage in complex activities without necessarily resorting to more complex structures. Rather, the organisational alignment enabling characteristic of organisational structures should be improved from a stewardship theory perspective, that is, formal relationships should be structured in such a way as to establish a collectivist culture, low power distances and a high involvement-oriented situation (section 2.5.3 – Davis *et al.* (1997:36); Hernandez (2012:178)).

Further to the above, the following recommendations could be considered by organisations:

- a) Ensure rhetorical congruence (as discussed in section 3.4.1) is considered when modifying organisational structures;
- b) Reduce the number of management levels;

- c) Increase managers' authority levels and counter potential "less control" concerns from senior management by ensuring subordinate managers commit to a more balanced set of objectives and goals; and
- d) Develop managers' responsibilities, roles and reporting relationships within the context of their internal and external stakeholder interdependencies.

Borrowing from Gresov and Drazin (1997:406) in section 3.3.1.1, the researcher offers the following modified perspective on organisational structures as an enabler of organisational alignment. Since organisations function within an open system, the organisational structure should be seen as the formal pattern that guides the internal-to-organisational relationships *as well as* the external relationships. The organisational structure's organisational alignment enabling value should therefore be assessed only in the context of the use of the structure to contribute to the sustainable creation of value as perceived by *all* stakeholders.

Organisational change

As reported in section 6.4.1.2, managers on average indicated that their respective organisations need to accelerate the process of adaptation to the external environment and also that they find it difficult to balance continuity and change. The support in literature of the importance of this factor as an enabler of organisational alignment was stated in section 6.4.1.2.

When considering the need to accelerate change, it is recommended that organisations take the following principles and possible actions into account:

- a) Acknowledge a perceived need for accelerated change as "adaptive tension", that is, this tension may be indicative that the variety (complexity) in the external environment exceeds the organisation's internal complexity (section 3.5) and also;
- b) Organisations should at the same time have a micro view on adaptive tension, that is, consider the tensions between internal-to-organisational departments from the same perspective as the previous point;

- c) Systematically respond to perceived adaptive tension by increasing the organisation's variety (complexity) by *first*, the on-going assessment of the anticipated stakeholder needs and expectations (also see discussion on the "change anticipation" factor to follow) and *second*, tactically determine the appropriate level of internal variety in response to the perceived disparity with external variety;
- d) Ensure managerial buy-in is obtained when considering increasing internal complexity as it may be deemed as imposed (that is, "external") and subsequently heightening the degree of adaptive tension experienced by managers; and
- e) Increasing internal complexity may take many forms. For example, an organisation experiences a period of intense labour unrest (supported by community protests in solidarity) as chaotic (see symbol ♦ in figure 7.2 below); *A*, *B* and *C* indicate the organisation's systematic response options. Systematic response *A* could be to introduce regular forums with community leaders; co-opting trade union leadership into selected internal-to-organisational planning forums; and significantly increase managers' responsibilities related to the stakeholders mentioned in this example. The opposite systematic response *C* may imply a "do nothing but let's monitor the situation" approach. The on-going challenge organisations face is to find the appropriate and sustainable level of response; that is *B*.

Figure 7.2 follows on next page.

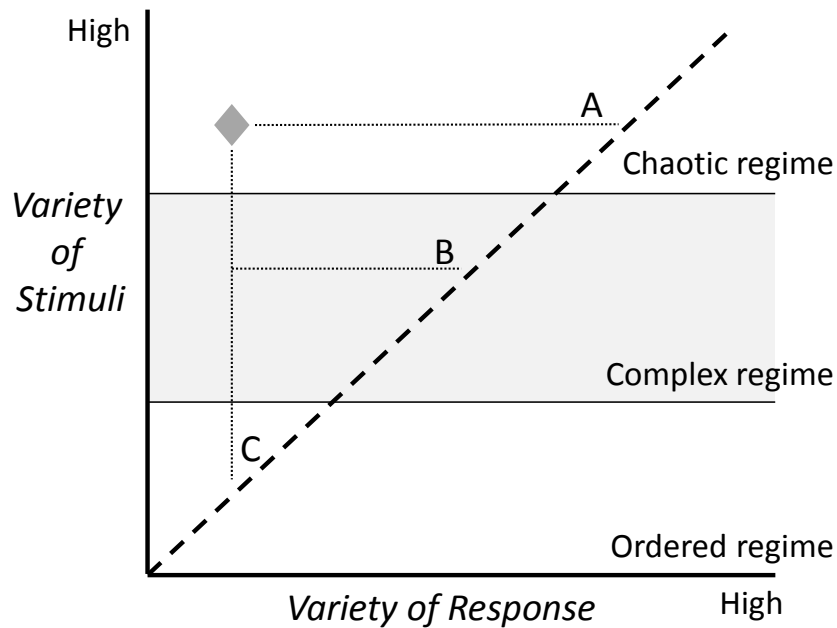


Figure 7.2: Response options

Source: Adapted from Esade and McKelvey (2010:422).

Regarding the challenges managers reported on balancing the long-term objectives with shorter term operational goals, the following perspective and recommendation are offered:

- a) The mentioned challenges are probably predominantly due to misaligned expectations – and subsequent misaligned allocation of resources – between different sets of stakeholders; and
- a) Ensure the establishment of a more balanced set of objectives and goals (see recommendations on “balanced objectives and goals” factor earlier in this chapter) and increase the transparency thereof across a wider range of stakeholders.

The perspectives and recommendations outlined above should contribute towards organisations’ attempts in finding the required balance between preservation of its character and adaptation to changing internal and external environmental expectations and requirements.

Recommendations – D

The two factors “socio-economic responsibility” and “change anticipation” showed below-median correlations with perceived organisational alignment but had above-median on average agreement levels on the factors’ statements (see tables 7.1 and 7.2). None of the two factors showed a unique or specific influence of practical importance on perceived organisational alignment.

Socio-economic responsibility

The level of agreement managers had regarding normative socio-economic responsibility towards stakeholders was the highest of all the enabling factors of perceived organisational alignment. However, while still statistically significant, the factor also had the lowest correlation with perceived organisational alignment compared to the balance of the enabling factors.

The following are recommended in order to enhance the factor’s organisational alignment enabling value:

- a) Develop ways to measure the difference between managers’ normative views on the organisation’s socio-economic responsibility (towards all stakeholders) and actual short, medium and long-term resource allocation. As discussed in section 7.4.1, managers on average indicated lower levels of agreement on their organisations’ resource allocation compared to agreement levels on organisational purpose and stakeholder priorities; and
- b) Organisations may consider the above mentioned differences as indicative of adaptive tension (section 3.2.1) that will, unless addressed systematically, result in growing internal as well as external misalignment.

Unless managers make discussions and agreement on their respective organisations’ normative socio-economic responsibilities towards all stakeholder groups central during the formulation of strategy, and subsequently ensure associated resource allocation, the factor’s current lower correlation with perceived

organisational alignment will probably continue – the aforementioned leading to increased tension not only in between managers and their external environment, but also internally among managers. However, as alluded to earlier, such internal tension should be recognised as emerging adaptive tension and exploited in positive ways, not only in order to align resource allocation but as an agenda for debate on the role and contribution of all stakeholders.

Change anticipation

Although managers' relatively high agreement levels regarding whether their organisations' objectives and goals addressed the expected changes in its socio-economic-political environments were encouraging; organisations should consider how to take advantage of the aforementioned agreement levels in order to enhance the factor's organisational alignment enabling value.

The following principles and recommendations could be considered:

- a) Specify managers' (at all organisational levels) accountability related to the monitoring of macro-environmental changes (section 3.4);
- b) Complement centrally-driven, and often annual-only, strategic planning (regarding macro-environmental aspects) with *on-going* input from managers as this will strengthen the organisations' self-regulating abilities (section 4.2.6);
- c) Determine managers' perspectives on the interdependence between their organisations and the macro environment;
- d) Ensure all managers have sufficient appreciation and understanding of the organisation's overall strategic direction since their receptiveness to triggers from the environment (and their subsequent response) will to a large extent depend on the aforementioned (section 3.4); and
- e) Acknowledge that organisations cannot achieve internal organisational alignment (micro-fit – Park *et al.* (2011:491)) in the absence of practically sufficient agreement on macro-fit perspectives.

The above mentioned principles and recommendations is in support of DeVilbiss and Gilbert's (2005:62) views stated in section 3.2.2: a learning organisation pro-actively responds to outside stimuli and changing conditions as its *collective consciousness* create an efficient and effective organisation that will adapt timeously to changing stakeholders' needs and focus the necessary resources to respond.

7.4.2.3 Organisational alignment enabling factors – concluding remarks

As explained in section 7.4.2.1, the four sets of recommendations were guided by each organisational alignment factor's results on the following three variables: the extent of each factor's correlation with the organisational alignment index; the on average agreement levels managers had with each enabling factor; and whether the enabling factor indicated a unique influence of practical importance on perceived organisational alignment.

The matrix below (figure 7.3) graphically illustrates each organisational alignment enabling factor's *relative* results to the balance of enabling factors based on two variables. The vertical axis indicates the on average agreement managers had with the factor (see table 7.2) whereas the horizontal axis indicates the Spearman's rank order (ρ) correlations of each enabling factor with the organisational alignment index (see table 7.1). The matrix quadrants are based on the median-point enabling factors on each of the axis' variables.

Furthermore, the “(-)” and “(+)” symbols indicate whether a factor had a negative or positive unique influence of practical importance on perceived organisational alignment as reported and discussed in section 6.5.2 of the previous chapter (also see table 7.3).

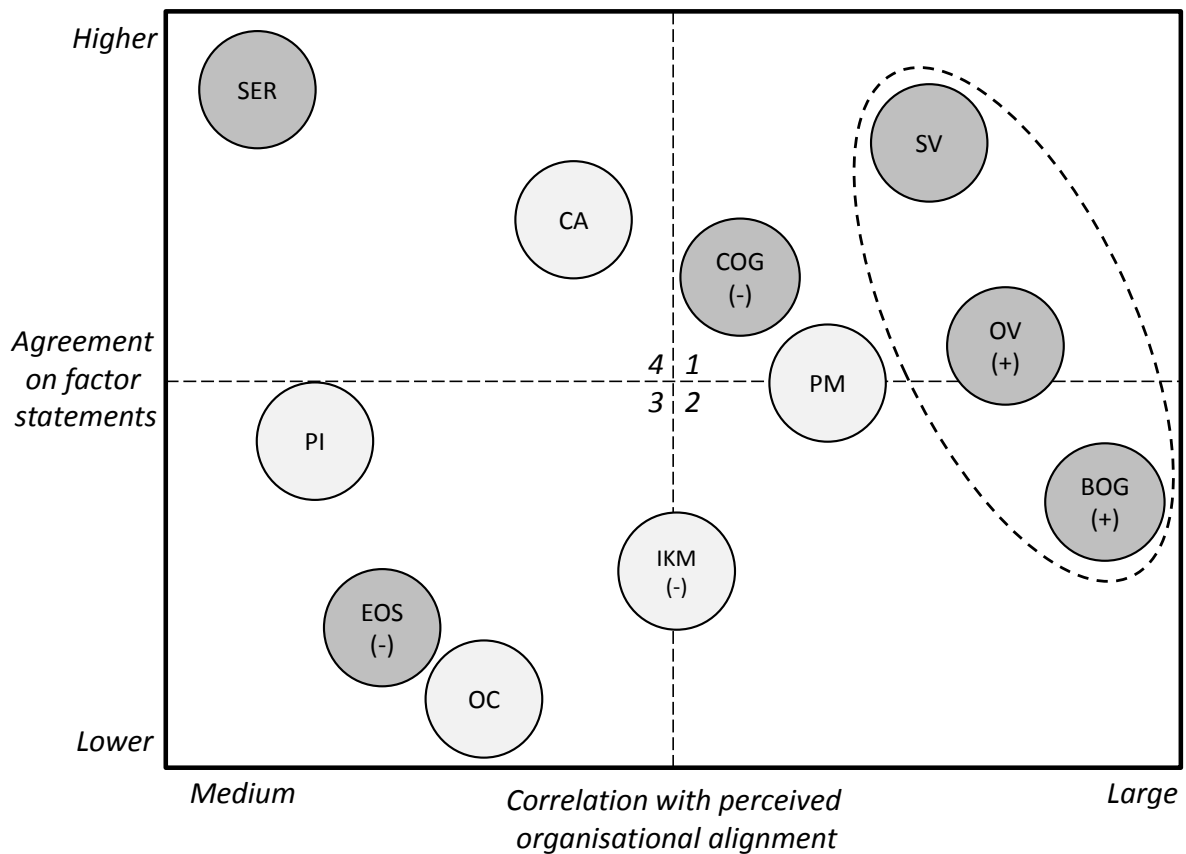


Figure 7.3: Matrix of organisational alignment enabling factors

Figure 7.3 legend: BOG – balanced objectives and goals; OV – organisational values; SV – stakeholder voice; PM – performance management; COG – clarity on objectives and goals; IKM – information and knowledge management; CA – change anticipation; OC – organisational change; EOS – enabling organisational structure; PI – planning inclusiveness; SER – socio-economic responsibility; (+) – positive unique influence; (-) – negative unique influence.

Based on the recommendations in section 7.4.2.1 on how each of the organisational alignment enabling factors’ effectiveness related to perceived organisational alignment may be improved; the following concluding remarks on the six factors shaded in figure 7.3 are considered to be important:

- a) Of the eleven enabling factors of perceived organisational alignment; “stakeholder voice” (SV), “organisational values” (OV), and “balanced

objectives and goals” (BOG) (encircled in quadrants 1 and 2) should be considered as the *most enabling*;

- b) When attempting to improve perceived organisational alignment; the “clarity on objectives and goals” (COG) factor (quadrant 1), although intuitively very important, should be focussed on with the necessary caution due to its potential negative unique influence;
- c) The value of the “enabling organisational structure” (EOS) factor (quadrant 3) as an enabler of perceived organisational alignment, should not be overstated due to its potential negative unique influence; and
- d) Managers’ relative high on average agreement levels on the “socio-economic responsibility” (SER) factor (quadrant 4) should be exploited by systematically integrating managers’ socio-economic perspectives into the strategy formulation and execution processes.

7.5 Conceptual framework of organisational alignment

The third research objective was to develop an organisational alignment framework. The elements of the conceptual framework of organisational alignment presented in figure 7.4 below was first introduced in chapter 5 and essentially contained two components. The first component comprised the construct of perceived organisational alignment whereas the second component theorised enablers of perceived organisational alignment.

Figure 7.4 follows on next page.

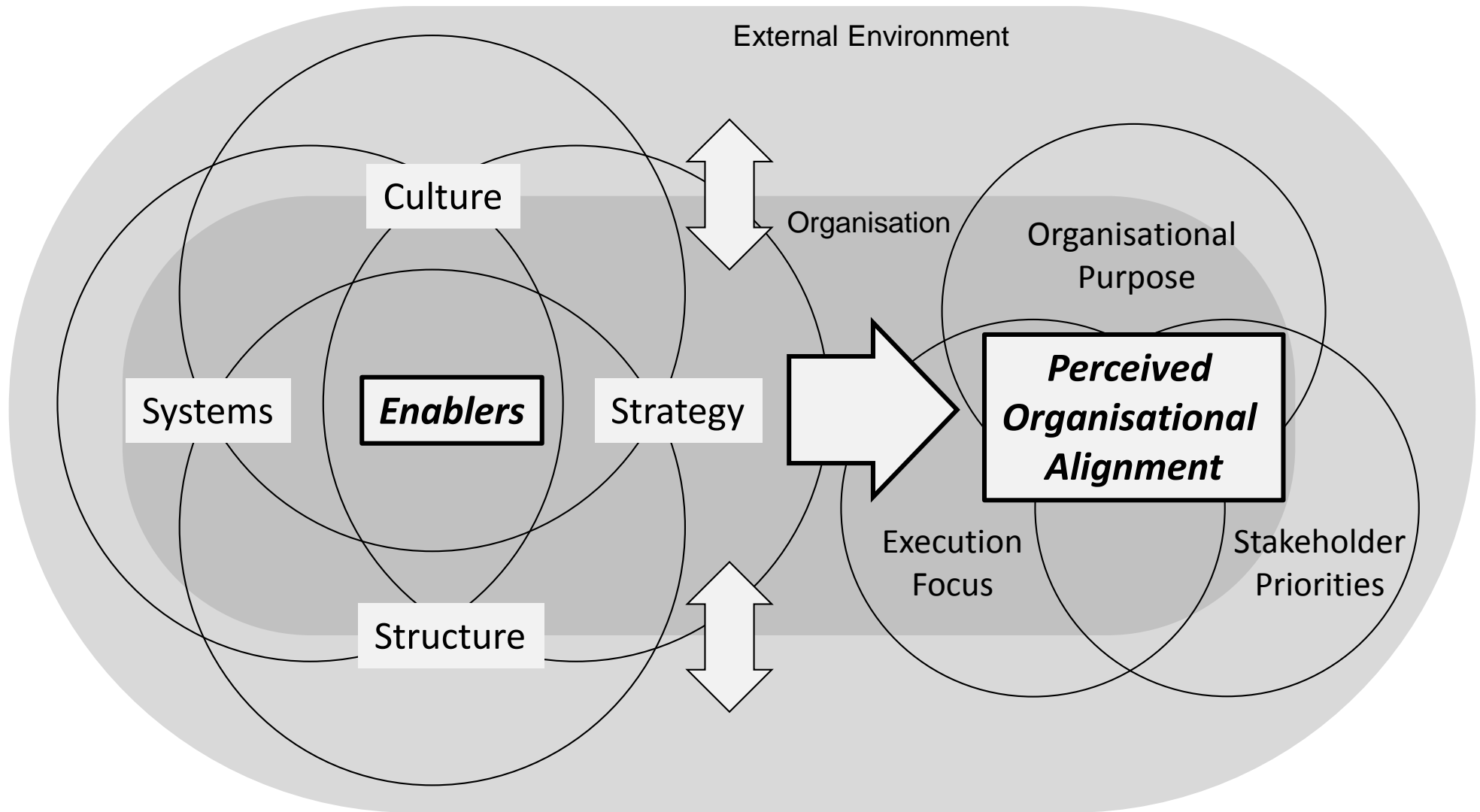


Figure 7.4: Framework of perceived organisational alignment

The two components are discussed below followed by a brief discussion on the context and application of the framework.

7.5.1 Perceived organisational alignment

This study defined perceived organisational alignment as a multidimensional construct with formative dimensions of organisational purpose, stakeholder priorities, and execution focus.

The state of organisational alignment is measured by the aggregated perceptions managers have on six factors underlying the three mentioned dimensions. The six factors are: “alignment with market stakeholders”; “alignment with non-market stakeholders”; “alignment between internal stakeholders”; “stakeholder priorities”; “stakeholder satisfaction”; and “resource allocation”.

The *formative* characteristic of the perceived organisational alignment dimensions’ factors deserves emphasis. As explained in chapter 5 and also reported on in chapter 6; dimensions’ factors are formative when the conceptualised construct is being induced (formed) by the scores in the measurement instrument. It implies that all the dimensions and its accompanying factors need to be measured in order to validly determine the perceived state of organisational alignment.

7.5.2 Enabling factors of perceived organisational alignment

The four enabling categories of culture, strategy, structure, and systems that influence perceived organisational alignment comprise the following eleven factors:

- Organisational values
 - Organisational change
 - Socio-economic responsibility
 - Clarity on objectives and goals
 - Planning inclusiveness
 - Balanced objectives and goals
 - Change anticipation
 - Stakeholder voice
 - Enabling organisational structure
 - Information and knowledge management
 - Performance management
-
- The diagram shows 11 enabling factors listed on the left, grouped into four categories on the right by curly braces:
- Culture (includes: Organisational values, Organisational change, Socio-economic responsibility)
 - Strategy (includes: Clarity on objectives and goals, Planning inclusiveness, Balanced objectives and goals, Change anticipation, Stakeholder voice)
 - Structure (includes: Enabling organisational structure)
 - Systems (includes: Information and knowledge management, Performance management)

In chapter 6 the high degree of multicollinearity between the eleven organisational alignment enabling factors was reported on. Multicollinearity was expected and this study did not posit a mutually exclusive nature between the enabling factors. The structural equation modelling (SEM) applied in order to determine the unique (or specific) influence of each of the enabling factors indicated that, although not statistically significant, certain factors had a unique influence of practical importance on perceived organisational alignment. SEM, therefore, would be a suitable technique when formulating organisational actions in order to improve perceived organisational alignment.

7.5.3 Context and application of the organisational alignment framework

Functioning within an open system environment, an organisation is enclosed by its external environment implying that, to some degree, the external environment (society) is represented within the organisation. The purpose of an organisation is to create and trade value for the benefit of internal stakeholders as well as its external stakeholders in such a way as to meet the relevant marginal conditions with respect to inputs and outputs, thereby maximising cash flow. In order for an organisation to achieve the aforementioned, it is required to balance the allocation of resources in such a way that the expectations of its stakeholders are addressed in a sustainable

way, that is, each stakeholder group needs to be satisfied with the appropriation of value as a result of the value created, measured against their contribution to the value creation process.

The organisation serves as the connection point for a set of formal and informal agreements among individuals representing all stakeholder groups. The organisation's management hierarchy is the only group of stakeholders who enter into a form of contractual relationship with all other stakeholders and is also the only group that exercises positional power to influence resource allocation.

Within the above stated context, then, managers need to exhibit a form of organisational ambidexterity related to stakeholders. On the one hand, for the organisation to be efficient, it needs to be operationally closed, implying tight-fitting – even bureaucratic – internal relationships and subsequent agreements among managers. On the other hand, managers (each with their own perspective on the organisation's overall purpose) need to develop and maintain relationships and associated agreements with the balance of stakeholders (externally as well as internally).

In closing, managers interact with each other, with various internal stakeholders and with external market and non-market stakeholders due to perceived shared outcomes, common goals and process and/or task interdependencies. Based on this interaction, a particular state of perceived organisational alignment emerges. As managers experience tension among each other due to perceived misalignment, each manager will react in order to return to a state of equilibrium or to increase his/her power over each other. Managers should pay attention to the eleven organisational alignment enabling factors in a structured approach towards on-going organisational alignment. A structured approach may entail the following steps: *first*, periodically determine the state of organisational alignment by measuring the six identified factors of perceived organisational alignment; *second*, determine the level of agreement on each of the eleven identified enabling factors of organisational alignment; and *third*, consider the recommendations of this study to increase the enabling value of the comparatively low agreement-level enabling factors, taking into

account the factors that indicated a positive or negative unique influence on perceived organisational alignment.

7.6 Study limitations

The study was conducted in the best possible way and with the necessary attention to the appropriate research design and methodology. However, certain limitations need to be noted of which some may lead to areas for future research (see section 7.8 for suggestions on future research).

These limitations were:

- Various concepts and perspectives of organisational alignment could be found during the review on literature. Whereas the researcher is confident that the construct of *perceived organisational alignment* was adequately conceptualised, it is conceivable that different operationalisation thereof may be advanced;
- Although the study's empirical stage was quantitative in nature, extensive time and resources were expended in order to develop the questionnaire. However, against the background of the above mentioned limitation, the researcher is mindful that a mixed-method research approach may have further addressed any uncertainty on the validity of the developed construct as well as the enabling factors;
- The researcher is closely involved within the Southern African mining industry and notwithstanding the thoroughness of the literature review and questionnaire development phase; a degree of researcher bias was inevitably present when judgements were made on the conceptualisation and operationalisation of the organisational alignment construct and its posited enablers; and
- Although the researcher had the contact details of the majority of managers within the South African mining industry, the nonprobability-convenience sampling approach resulted in a large proportion of the sampled organisations being organisations where the researcher had working relationships.

7.7 Contribution of the study

This study set out to develop a framework of organisational alignment and to make recommendations to improve South African mining organisations – a study which has to date not being undertaken. A thorough review on literature and an extensive questionnaire development phase resulted in the conceptualisation and operationalisation of a multidimensional construct of organisational alignment. The key contribution of the developed multidimensional organisational alignment construct was that it effectively incorporated a view on alignment that has to date not being at the forefront of mining organisation practices. The construct, if adopted by an organisation, will result in a broader perspective (or at very least, stimulate debate) on the role of a manager, and then by implication, the purpose of an organisation being to create and trade value *more inclusively of all its stakeholders*. This perspective should also challenge mining organisations' managers to look beyond a moral-based motivation of stakeholder involvement and to acknowledge the organisational survival imperative of an increased stakeholder approach.

This study therefore took a distinctly social view on the functioning of an organisation, a view that is lacking within large sections of the South African mining industry. This so-called social view was based on the fact that any form of organisational functioning is essentially a social activity playing out in an open system environment. In every respect aware that organisations need to be efficient in order to generate sufficient cash flow while simultaneously addressing all stakeholders' expectations, a set of organisational alignment enabling factors were identified and empirically validated as such. Structural equation modelling allowed the identification of enabling factors' unique influence on perceived organisational alignment. Again, a predominantly social perspective was taken when interpreting the results.

This study not only presented a concept of perceived organisational alignment and associated enabling factors but also provided a wide range of recommendations on how each of the enabling factors can be leveraged in order to improve perceived

organisational alignment. Currently, the accountability for the “management of stakeholders” is heavily slanted towards executive management levels. This study will broaden the debate on the evolving leadership role of a manager within South African mining organisations as increasingly one of “managing relations”. This study should furthermore allow mining organisations to, incrementally and in a structured way, decentralise the previously stated accountability to all levels of management.

As a closing remark, mining organisations in South Africa needs to move from one of extraction and exploitation to one of shared endeavour, a dispensation where all relevant stakeholders are more actively involved in the value creation and trade processes complemented with more transparent processes related to value distribution.

7.8 Suggestions for future research

The review on literature, the empirical results and the above stated study limitations provided areas suitable for future research.

- This study defined an *aligned organisation* as an organisation that is able to meet the expectations of its stakeholders in a sustainable way. A case study approach during which the perceptions of a mining organisation’s external stakeholders are included as the unit of analysis may provide invaluable insight into the efficacy of the complete value creation efforts of the organisation;
- Due to the fact that the questionnaire was anonymous, this study did not compare managers’ answers with that of their actual superiors or their subordinates. At a micro level, a dyadic study may unearth additional insights into perceived organisational alignment within mining organisations;
- Given the strategic nature of organisational alignment, combined with the importance of an operational perspective on alignment; it may be of value to extend the unit of analysis to include organisations’ boards; and
- While the review on literature referred to the intuitive link between organisational alignment and performance; a study to compare organisations’ performance levels with perceived organisational alignment may further

substantiate the posited framework on organisational alignment. On the other hand, it may also highlight the lack of relevance of organisations' current measures of performance.

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Annexure A – Survey questionnaire

Questionnaire for the development of an Organisational Alignment Framework to improve South African mining organisations

Dear Participant

I humbly request your participation in a PhD research study at the North-West University (Potchefstroom) Business School being undertaken within the South African mining industry.

The purpose of this questionnaire is to determine the antecedents and enablers influencing the perceived organisational alignment amongst managers within South African mining organisations.

The survey is anonymous and confidential - i.e. respondents or organisations will not be identifiable.

It takes between 12 and 15 minutes to complete the questionnaire.

Any questions concerning the research may be directed to:

Floris Burger

floris@cdi.biz

+27 (0)82 377 8850

Should you be interested in the outcome of the research, please provide your email address and I will gladly forward it to you.

Thank you for your time.
Floris Burger

* Required

1. Organisational and Personal Information

Please answer the following general questions about your organisation and yourself.

1.1 Organisational Information

1. 1.1.1 Ownership status *

Mark only one oval.

Public

Private

2. 1.1.2 Commodity sector/s of your organisation in South Africa *

Check all that apply.

- Gold
- PGM
- Coal
- Manganese
- Chrome
- Diamonds
- Iron Ore
- Aggregate and Sand
- Quarries
- Other

3. 1.1.3 Number of employees in South Africa *

Mark only one oval.

- < 500
- 500 - 1 000
- 1 001 - 2 000
- 2 001 - 5 000
- 5 001 - 10 000
- 10 001 - 20 000
- > 20 001

4. 1.1.4 Number of management levels in your operating unit *

Mark only one oval.

- <3
- 3-4
- >4

1. Organisational and Personal Information

Please answer the following general questions about your organisation and yourself.

1.2 Personal Information

5. 1.2.1 Age *

Mark only one oval.

- <20
- 20-30
- 31-40
- 41-50
- 51-60
- >60

6. 1.2.2 Gender *

Mark only one oval.

- Male
- Female

7. 1.2.3 Population group *

Mark only one oval.

- African
- Coloured
- White
- Indian
- Asian
- Other

8. **1.2.4 Highest qualification ***

Mark only one oval.

- <Grade 12
- Grade 12
- Diploma/B-degree
- Higher Diploma/Honours degree
- Masters degree or higher

9. **1.2.5 In which functional department do you work**

Mark only one oval.

- Production/Mining
- Production/Processing

10. **OR (please choose one)**

Support Services:

Mark only one oval.

- Mine services (Geology, survey, planning, etc.)
- Engineering
- Marketing
- Human Capital
- Finance & Administration
- Supply Chain
- Safety/Health/Environment/Community
- Information Technology
- Other

11. **1.2.6 Number of employees reporting directly to you ***

Mark only one oval.

- 0
- 1-4
- 5-10
- 11-15
- >15

12. **1.2.7 Number of organisations you've worked for (including current) ***

Mark only one oval.

- 1
- 2
- 3
- 4
- 5
- >5

13. **1.2.8 Your management level ***

Mark only one oval.

- Executive management
- Senior management
- Middle management
- Junior management

14. **1.2.9 How many years have you been with your current organisation ***

Mark only one oval.

- <3
- 3-5
- 6-10
- 11-15
- 16-20
- >20

15. 1.2.10 Number of positions held in the last five years *

Mark only one oval.

- 1
- 2
- 3
- 4
- 5
- >5

16. 1.2.11 How many years have you been in your current position *

Mark only one oval.

- <3
- 3-4
- 5-7
- 8-11
- 12-16
- >16

17. 1.2.12 How many more years do you intend staying with your organisation *

Mark only one oval.

- <1
- 1-2
- 3-5
- >5

18. 1.2.13 Do you have an equity stake in your organisation *

Mark only one oval.

- Yes
- No

Statements/questions referring to "organisation" should be answered in the context of your overall organisation - the rest of the questions/statements refer to your immediate work environment.

2. Organisational Purpose

This section deals with organisational and individual objectives and goals.

19. *

Please indicate to what extent you agree with the following statement
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
2.1 You and your superior are aligned on your individual performance goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.2 Key internal suppliers' objectives and goals are aligned with your service expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20. **Your organisation's objectives and goals are aligned with the socio-economic expectations of: ***

Please indicate to what extent you agree with the following statement
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
2.3 the community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.4 the relevant government departments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.5 its external customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.6 trade union federations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.7 its shareholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.8 its key external suppliers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. **2.9 Which of these two objectives best describe your organisation's actions? ***

(indicate position on the scale)

Mark only one oval.

	1	2	3	4	5	
To increase ONLY SHAREHOLDER satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	To increase the satisfaction of ALL STAKEHOLDERS

22. **2.10 In your view, what SHOULD BE your organisation's overall objective? ***

(indicate position on the scale)

Mark only one oval.

	1	2	3	4	5	
To increase ONLY SHAREHOLDER satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	To increase the satisfaction of ALL STAKEHOLDERS

3. Stakeholder Priorities

Internal stakeholders are categorised as employees, internal customers and internal suppliers - and external stakeholders as shareholders/investors, customers, suppliers, trade union federations, relevant government departments and the community.

A stakeholder's priority is determined by their relative legitimacy, urgency and power.

23. *

Please indicate to what extent you agree with the following statements

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
3.1 You and your superior are aligned on the prioritisation of internal stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.2 You and your superior are aligned on the prioritisation of external stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

24. *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know/Not applicable
3.3 You and your subordinates are aligned on the prioritisation of internal stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.4 You and your subordinates are aligned on the prioritisation of external stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

With the next two questions you are first required to indicate what you believe to be your organisation's CURRENT stakeholder priorities followed by what you believe SHOULD be its stakeholder priorities.

25. **3.5 Indicate the three (3) stakeholders that you perceive to be your organisation's CURRENT top priorities ***

Indicate top three

Check all that apply.

- External customers
- External suppliers
- Shareholders
- Community
- Trade union federations
- Relevant government departments
- Internal customers
- Internal suppliers
- Employees
- Don't know

26. **3.6 Indicate the three (3) stakeholders that you believe SHOULD be your organisation's priorities ***

Indicate top three

Check all that apply.

- External customers
- External suppliers
- Shareholders
- Community
- Trade union federations
- Relevant government departments
- Internal customers
- Internal suppliers
- Employees

4. Execution Focus

Execution refers to actual value-creating activities.

Resources refer to capital and operational budgets, people, material and equipment.

27. *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
4.1 Your organisation's overall resource allocation is aligned with the organisation's strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.2 You always agree with your superior on resource allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.3 Your subordinates always agree with your resource allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.4 Your organisation's resource allocation is too short-term focussed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.5 Internal customers are satisfied with your products and/or service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.6 The community is satisfied with your organisation's contribution to its socio-economic wellbeing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

28. *

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
4.7 Relevant government departments are satisfied with your organisation's overall socio-economic contribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.8 The organisation's customers are satisfied with your organisation's products, price and service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.9 Trade union federations are generally satisfied with your organisation's treatment of its members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.10 Your organisation's shareholders are satisfied with the long term trend of the share price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.11 The key suppliers are satisfied with its relationship with your organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.12 The majority of employees are satisfied with the professional, social and monetary benefits of being associated with your organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Organisational Culture

This section deals with organisational values, leadership behaviour and change.

29. *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
5.1 A common understanding exists between all management levels on expected organisational behaviour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.2 Your superior's behaviour is not aligned with your personal values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.3 Your subordinates' behaviours are in line with your personal values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.4 Increased cultural diversity will improve alignment with external stakeholders' expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.5 Employees are encouraged to voice their opinion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

30. *

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
5.6 Your superior is defensive towards employees who oppose his/her decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5.7 Your organisation finds it difficult to balance continuity and change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.8 Your organisation needs to accelerate the tempo at which it adapts to changes in the external environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.9 Your organisation is transparent with all stakeholders regarding matters that may affect them	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.10 The achievement of your individual objectives and goals are more important than the collective objectives and goals of your organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

31. **Your organisation should have a socio-economic responsibility towards: ***

Please indicate to what extent you agree with the following statements.

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
5.11 the community surrounding our operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.12 key external suppliers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.13 it's employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

32. **5.14 Managers' general behaviour can best be described as: ***

Mark only one oval.

- Totally self-serving
- Somewhat self-serving
- Neutral
- Somewhat serving others
- Always serving others
- Don't know

33. **5.15 Your superior's decision-making style can be described as mostly: ***

(select one)

Mark only one oval.

- Instructive
- Participative
- Consensus-seeking

34. **5.16 Regarding differences of opinion, your superior usually: ***

(select one)

Mark only one oval.

- Forces his/her opinion
- Avoids a discussion on the matter
- Tries to find a compromise between his/her opinion and yours

6. Strategy

This section deals with all formal planning and control activities.

35. *

Please indicate to what extent you agree with the following statements

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.1 Internal suppliers are involved in your planning processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.2 You participate in your internal customers' planning processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36. **6.3 The setting of objectives and goals (what, by who, by when) is predominantly a: ***

(select one)

Mark only one oval.

- Top-down process
- Bottom-up process
- A top-down and bottom-up process
- Don't know

37. *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.4 A single overall organisational goal exists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.5 Your organisation is able to effectively respond to changes within its external environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.6 Managerial roles and accountabilities are clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.7 Managers find it difficult to balance the implementation of long term objectives and goals with current shorter term operational challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.8 Your organisation's objectives, goals and performance are consistently communicated organisation-wide	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

38. *

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.9 Management is able to coherently balance the trade-offs between multiple organisational objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.10 Lack of cooperation between departments is due to the absence of perceived common goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6.11 Objectives and goals are balanced between leading and lagging perspectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.12 Objectives and goals are balanced between financial and non-financial perspectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.13 Objectives and goals are balanced between short term and long term perspectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.14 People-related objectives and goals are formulated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

39. Your organisation's objectives and goals address the expected changes (e.g. regulatory and sentiment) in the macro: *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.15 sociological environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.16 economic environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.17 political environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

40. The expectations of the following stakeholders are clearly defined and communicated: *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.18 internal suppliers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.19 trade union federations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.20 relevant government departments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

41. The value to be created to the following stakeholders are clearly defined and communicated: *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
6.21 shareholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6.22 community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. Organisational Structure

This section deals with decision-making authority, organisational levels and structure flexibility.

42. *

Please indicate to what extent you agree with the following statements
Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
7.1 You are allowed to make decisions without interference from your superior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.2 Increasing operating units' level of authority will inhibit your organisation's ability to coherently respond to external challenges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.3 Communication is constrained due to too many management levels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.4 Communication is constrained due to too wide spans of control	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

43. *

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
7.5 More cross-functional (between departments) communication is required to reduce departmental "silos"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.6 Organisational structuring is dynamic, i.e. it constantly changes in response to internal and external stakeholder expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7.7 Remaining too long in one position decreases a manager's ability to respond to changing stakeholder expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Systems

This section deals with the processes and technology supporting planning and implementation activities.

44. *

Please indicate to what extent you agree with the following statements

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
8.1 Your organisation's strategy is systematically translated into managers' individual objectives and goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.2 Individual performance management is effectively applied to coordinate the achievement of collective goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8.3 Individual and strategic performance management are integrated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.4 Your organisation's strategy is the main reference during budgeting processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

45. *

Mark only one oval per row.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Don't know
8.5 Organisational knowledge is retained, captured, updated and transferred over time in a systematic way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.6 The management information systems' functionality suits the strategy planning and execution requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8.7 The recognition and reward system effectively align individuals towards common objectives and goals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

46. 8.8 Which of the following influences your behaviour the most: *

(select one)

Mark only one oval.

- Individual performance bonus
- Collective bonus (e.g. team, department)
- Long term incentives (e.g. deferred compensation, stock options)
- Don't know/not applicable

Thank you for participating in this study!

Powered by



Annexure B – Invitation to participate in the study

Send	To...	
	Cc...	
Subject: Participation in an Academic Study within the South African Mining Industry		

Dear []

I am busy with a PhD study at NWU Business School - the purpose of my research is to *determine the antecedents and enablers influencing the perceived organisational alignment amongst managers within South African mining organisations.*

The expected outcomes and value of the study can be summarised as follows:

- a) A validated construct of organisational alignment;
- b) The identification of organisational alignment antecedents and enablers;
- c) A conceptual framework of organisational alignment; and
- d) A set of recommendations to improve organisational alignment.

The empirical research stage entails an online survey questionnaire that:

- a) Only targets management positions (Patterson D-band or equivalent to this level or higher);
- b) Is completed anonymously (respondents' organisations will also not be identifiable); and
- c) Takes between 12 and 15 minutes to complete.

I hereby humbly request the following:

- a) Complete and submit your answers; and
- b) Distribute the questionnaire-link to your managers and colleagues for their completion.

Questionnaire link: https://docs.google.com/forms/d/1PTpgF37at76hE_yMfGtE_Eokk6Keb6OaXxgmDDvGWmE/viewform

Any questions regarding the research may be directed to me or my promoter Professor Theuns Pelser at 031 260 7172. You are welcome to contact me should you be interested in the outcome of the research.

Your contribution to the successful outcome of this study will be highly appreciated.

Kind regards
Floris



a Sustainable Competitive Advantage

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Director
Competitive Dynamics International (Mining) (Pty) Ltd
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Cell: +27 (0)82 377 8850
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Annexure C – Research endorsement letter from the North-West University (Potchefstroom campus)



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Statistical Consultation Services
Tel: +27 18 2992016
Fax: +27 0 87 231 5294
Email: monique.vandeventer@nwu.ac.za

To whom it may concern

30 September 2015

Re: Research study within South African mining organisations

Various studies indicate that organisations that have a narrow view on external as well as internal interdependencies will eventually experience a decline in performance as relationships extinguish or become destructive due to the inadequacy of interaction. Organisations within the mining industry are, of course, no exception.

Floris Burger is a PhD student at North-West University undertaking a research study that aims to address the organisational challenge mentioned above.

The objective of his research is *to determine the antecedents and enablers influencing the perceived organisational alignment amongst managers within South African mining organisations.*

The expected outcomes and value of the study can be summarised as follows:

- A validated construct of organisational alignment;
- The identification of organisational alignment antecedents and enablers;
- A conceptual framework of organisational alignment; and
- A set of recommendations to improve organisational alignment.

The empirical research stage entails an online survey questionnaire that:

- Only targets leadership positions (Patterson C-upper band or equivalent to this level or higher);
- Is completed anonymously (respondents' organisations will also not be identifiable); and
- Takes between 12 and 15 minutes to complete.

Data analysis and interpretation will be conducted by the Statistical Consultation Services of the NWU (Potchefstroom Campus).

You are hereby humbly requested to distribute the following questionnaire-link to your leadership hierarchy for their completion.

Questionnaire link:

https://docs.google.com/forms/d/1PTpgF37at76hE_yMfGtE_Eokk6Keb6OaXxgmDDvGWmE/viewform

Any questions regarding the research may be directed to Floris Burger at (floris@cdi.biz) or his promoter Professor Theuns Pelsler at 031 260 7172. You are welcome to contact Floris Burger should you be interested in the outcome of the research.

Your contribution to the successful outcome of this study will be highly appreciated.

Kind regards



Dr SM Ellis (Pr. Sci. Nat)

Head: Statistical Consultation Services

Annexure D – Letter from the Statistical Consultation Services of the North-West University (Potchefstroom campus)



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Statistical Consultation Services

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15 August 2016

Re: Thesis, Mr FJ Burger, student number: 24140732

We hereby confirm that the Statistical Consultation Services of the North-West University analysed the data involved in the study of the above-mentioned student and assisted with the interpretation of the results. However, any opinion, findings or recommendations contained in this document are those of the author, and the Statistical Consultation Services of the NWU (Potchefstroom Campus) do not accept responsibility for the statistical correctness of the data reported.

Kind regards

A handwritten signature in black ink, appearing to read 'SM Ellis'.

Dr SM Ellis (Pr. Sci. Nat)

Head Subject Specialist: Statistical Consultation Services

Annexure E – Letter from the language, technical and typographic editor



Dynamic Language &
Translation Specialists

Antoinette Bisschoff
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Tel: 018 293 3046
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CC No: 1995/017794/23

Monday, 19 September 2016

To whom it may concern,

Re: Letter of confirmation of language editing

The dissertation: ***An organisational alignment framework to improve South African mining companies*** by ***FJ Burger*** (24140732) was language, technically and typographically edited. The citations, sources and referencing technique applied was also checked to comply with North-West University guidelines. Final corrections as suggested remain the responsibility of the student.

Yours sincerely,

Antoinette Bisschoff

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)