

**THE INFLUENCE OF TRANSFORMATION ON FINANCIAL
PERFORMANCE OF OPERATIONAL LEVEL OF RETAIL
BUSINESSES: A CASE STUDY**

By

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DECLARATION

I, Xolani Protus Simamane, hereby declare that this dissertation submitted for the Master's Degree in Management Sciences (Business Administration) in the faculty of Management Sciences at the Durban University of Technology is my own original work. It has not previously been submitted to any institution of higher education. All the sources that have been used in the study are cited in the text and referenced under 'References'.

Signature Date

ABSTRACT

The retail industry is arguably one of the most prosperous sectors in the global economy. Retail's importance lies in the fact that it serves as an intermediary between producers and consumers. Given its significance in the everyday lives of people in communities and its role in national economies, the industry operates under extensive competition driven by growth in Information Technology which has dramatically changed the consumption patterns and buying behavior of consumers today. The changes are greatly influenced by different economic factors that impose change in the industry and impact on the bottom line of businesses. Thus, retailers are constantly realigning their businesses in ways that ensure that old customers are kept and new ones are sourced. It is from the foregoing that this study sets out to investigate the influence of transformation on the financial performance of the operational level of retail businesses: A case study.

Using a quantitative research method, the study focused on 101 middle level branch managers of The South African Post Office obtained through the simple random technique. The questionnaires were administered to the branch managers and the data obtained was analysed using SPSS software.

Findings from the study revealed that the overall business transformation has a positive impact on the financial performance of businesses. The results further revealed that continuous communication with regards to transformation inspires confidence among employees, thereby leading to productivity and the achievement of organisational goals and objectives. Findings also suggest that productive employees contribute positively to the financial performance of the business. The study recommends that retail businesses should consider overall business transformation in terms of structural design change, Information Technology, products and services and employee motivation to keep business relevant in the ever-changing global economy.

DEDICATION

Almighty God, thank you for guiding me through this journey. It was not easy. I would like to dedicate this dissertation to my two loving parents, Thuleleni and Musawenkosi Simamane, for encouraging me to persevere in my studies. Without their support, none of this would have been possible.

To my sister, Winnie Simamane, thank you for your support. You have been a great inspiration to the whole family. May God continue to bless you.

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CHAPTER 1 : INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

The retail industry is one of the prosperous sectors in the global economy. It is the intermediate link between the producer and consumer. It is a place where goods and services are bought. This sector is divided into two parts, i.e. organised and unorganised sectors. The organised retail sector refers to trading activities undertaken by licensed retailers who are registered for value-added tax (VAT), income tax, etc. This includes the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. The unorganised retail sector refers to the traditional formats of low-cost retail, for example, general dealers, local supermarkets, convenience stores, etc. This study focuses on the organised retailing sector. The high level of competition and the domination of information technology in this environment pose challenges to the retail industry. Furthermore, the ever changing consumer consumption patterns driven by various economic factors also pose challenges to the industry and have an impact on the bottom line of business. This study is aimed at investigating the influence of transformation on the financial performance of the operational level of retail businesses: A Case study.

This chapter presents a brief overview of the background of the problem, objectives of the study, contribution of the study, research methodology, research design and structure of the dissertation. The remainder of the study is structured as follows: Chapter 2: literature review, Chapter 3: research methodology, Chapter 4: analysis and interpretation of results and Chapter 5: conclusions and recommendations.

1.2 Background of the Problem

The retail industry functions under extreme competition in a technology dominant environment. For a business to adapt under these external

conditions, it has to undergo internal changes to respond to the external changes. During this transition, financial performance drops, quality of the service rendered declines, customer volumes decrease, and employee morale is affected (Fisher, 2005). Emanating from such problems, the following challenges have been identified.

✓ **The lack of Financial Performance of the Business**

The high level of competition brings more substitutes into the market which forces businesses within the sector to divide the market share. Such compulsion impacts on the financial performance of the business. This is seen as an advantage to the consumers but impacts negatively on the retail businesses. The changing consumption patterns of consumers and the changing economic conditions greatly impact on the financial performance of the business. Chugani, Jacobsen, Parker, Poulsen and Urda (2013) state that many retailers, especially those with long track records of success, look to transformation only after their business models begin breaking down or when they are unable to compete.

✓ **Inability to Provide Satisfactory Products and Services**

Inability of the business to adapt to the change and make use of the latest information technology systems and equipment hinders business from rendering satisfactory products and services and in the result is customer dissatisfaction. According to Wang (2006), customer dissatisfaction due to the lack of retail businesses providing desired products and services is one of the factors that leads to customers' reduced repurchase intentions.

✓ **The lack of Employee Motivation on Businesses Undergoing Transformation**

A business transformation process that is not well communicated with the employees causes uncertainty and confusion within the workforce and results in decreased employee morale and motivation. This impacts negatively on employee productivity. According to Higuera (2010), unmotivated employees develop a lack of interest in their work and performance suffers, resulting in lower productivity. As a result, the overall financial performance suffers.

Therefore, this study investigates whether transformation in retail businesses is the solution to these outlined problems. The next subsection presents the contribution of the study.

1.3 Contribution of the Study

The contributions of this study are outlined below:

- This study will ensure that the retail sector is able to adapt to the continuous changing economic environment that is created by the open economic system;
- This study will contribute positively to the retail businesses that are undergoing transformation by taking into account the findings and the recommendations of this study in mapping the way-forward;
- The study will contribute to the academic body of knowledge in the field of retail and other related businesses;
- The study will contribute to the field of human resources management and the workforce, in general. Valuable information about business transformation and the ways of getting employees motivated during and after business transformation will be provided; and
- The finding of the study will benefit management and the staff of the South African Post Office, and the retail sector in general, by implementing recommendations of the study, where necessary.

This study focuses on the retail sector in KwaZulu-Natal. However, the South African Post Office (SAPO) was used as a case study. The questionnaires were administered to branch managers of SAPO. The study investigates the influence of transformation on the financial performance of the operational level of the retail businesses: A case study. Informed consent was obtained from regional manager Retail to conduct the study. The findings of this study can be generalised to other retail businesses in South Africa and abroad.

1.4 Purpose of the Study

The study is aimed at investigating the influence of transformation on the financial performance of the operational level of retail businesses in Kwazulu-Natal.

1.5 Objectives of the Study

The objectives of this study are as follows:

- To determine the components of operational transformation that support change;
- To examine if the change brought about by transformation improves the financial performance of retail businesses;
- To establish if the change brought about by transformation improves the provision of product and services in retail businesses and thereby improves the financial performance; and
- To determine if retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals.

1.6 Research Methodology

The study followed a quantitative research method. Burns and Grove (2005) describe quantitative research as a formal, objective, systematic process in which numerical data are used to obtain information. This data often consists of particular responses that are coded, categorised and reduced to numbers so that they may be manipulated for statistical analysis (Cooper and Schindler, 2014). This section will further explain the empirical research and study population, measuring instrument, pilot study, sampling technique, questionnaire administration, validity and reliability.

1.7 Literature Review

According to Cooper and Schindler (2014) a literature review is a systematic, explicit, and reproducible method for identifying, evaluating and synthesising the existing body of completed work produced by researchers, scholars and

practitioners. The aim of the literature review is to convey to the reader what knowledge and ideas have been established on a certain topic. The aim of this research was to investigate the influence of transformation on the financial performance on the operational level of the retail businesses. The study objectives served as guidelines in terms of gathering the literature that is relevant to the study. The literature review also played a major role in formulating statements that have been used in the questionnaire.

1.8 Empirical Research and Study Population

This study is categorised as a fundamental research study. It aims to test the respondents' perceptions and views on the transformation and its influence on financial performance of the retail businesses. A total of 101 branch managers from SAPO participated in the study.

1.8.1 Measuring Instrument

Questionnaires were used as a measuring instrument to collect data from participants. The Likert scale method was employed and, as a result, closed questions were used to obtain information from participants. The questionnaire was subdivided in accordance with stated objectives and the questions were informed by a literature review.

1.8.2 Pilot Study

A pilot study was conducted with ten branch managers. The aim was to improve the internal validity of the questionnaire and to identify potential practical problems in following the research procedure. According to Dhawan (2010), a pilot study is the mini version of a full-scale study and is also called a feasibility study.

1.8.3 Sampling Technique

The study employed a simple random sampling method to identify the sample. Each member of the population has the same chance of being included in the sample and each sample of a particular size has the same probability of being chosen (Gravetter & Forzano, 2012).

1.8.4 Questionnaire Administration

Personal and electronic media (email) methods of distribution were employed to administer questionnaires to the participants.

1.8.5 Validity and Reliability

Construct validity was employed by means of a pilot study, which ensured that the constructs in the questionnaire were measuring what they claim to be measuring (Van Rensburg, 2010). The internal consistency of the study was measured by Cronbach coefficient alpha. Reliability is a statistical concept and is related to consistency and adaptability, that is, consistency in obtaining the same relative answer when measuring phenomena that has not changed (Burns and Bush, 2010).

1.8.6 Limitations and Scope (Delimitations)

The study focused on business transformation and was geographically limited to retail businesses in KwaZulu-Natal. The South African Post Office was used as a case study. However, it is contended that the findings could be useful in the retail sector outside KwaZulu-Natal.

1.9 Structure of the Dissertation

The remainder of the study will be structured as follows.

Chapter 2: Literature Review

This chapter focuses on the review of the relevant and current literature on the influence of transformation on the financial performance of the operational level of the retail business. It further elaborates on the ability of transformation to improve financial performance of the business, implications of transformation in improving the provision of product and services in retail business thus improving its financial performance, and the ability of retail businesses undergoing transformation in inspiring confidence amongst employees aimed at achieving their goals.

Chapter 3: Research Methodology

Chapter 3 provides an explanation of the methodology used, data collection method, the questionnaire design, pilot study, the sampling techniques and the data analysis. This chapter mainly focuses on the methodology and research design.

Chapter 4: Analysis and Presentation of Results

Chapter 4 presents the results of the study. The explanation of results is presented in table form. The questionnaire is divided into five segments: demographics, business transformation, business financial performance, provision of products and services and employee motivation after the transformation process.

Chapter 5: Conclusions and Recommendations

Chapter 5 provide a summary of the previous chapters and also presents conclusions and the recommendations based on the study findings.

1.10 Conclusion

This chapter presents the general introduction and the layout of the study. The sections that was covered were introduction, background of the problem, the purpose of the study, objectives of the study, research methodology, literature review empirical research and the study population, measuring instrument, pilot study, sampling techniques, questionnaire administration, validity and reliability, limitations and delimitations, structure of the dissertation and the conclusion.

CHAPTER 2 : LITERATURE REVIEW

2.1 Introduction

The relevant literature that is related to retail transformation was extensively reviewed and summarised. The study objectives served as a guideline to ensure that only current and relevant literature was gathered for the study. A large number of secondary sources were consulted during the course of the study. This included journals, research papers, books, e-books, internet, dissertations and theses. This chapter expands on the background of the study and focuses on the influence of transformation on the financial performance of the operational level of retail businesses.

The following section is divided into sub-headings elaborating on the components of operational transformation.

- The ability of transformation to improve financial performance of the business.
- Implications of transformation in improving the provision of product and services in retail business thus improving their financial performance.
- The ability of retail business undergoing transformation to inspire confidence amongst employees aimed at achieving their goals.

The next section will focus and elaborate on the components of operational transformation in the retail sector. This includes structural design, information technology and employee transformation and training. During the course of the study the words 'remodelled' and 'transformation' will be used interchangeably.

2.2 Components of Operational Transformation in the Retail Sector

Hammond (2012) states that transformation is the process of profound and radical changes that orients an organisation in a new direction and takes it to a next level. The retail landscape is being remodelled as economic volatility

compels stores to alter traditional formats (Katz, 2010). Internal and external pressures have forced some retailing institutions to undergo major changes over time (Docrat, 2007).

According to Katz (2010), large chains are breaking out the most profitable or promising segments of their businesses such as accessories, sportswear and denim, into smaller stand-alone footprints. Other retailers are trying to appeal to a younger demographic with new labels and edgier store concepts. Communication and marketing is one of the main aspects to take into consideration in the current competitive market.

Due to the rapid expansion of information and communication technologies, consumers now have access to information that they could not have accessed before (Guimaraes, 2012). The heart of the changes affecting retail sector is that the internet has opened up a new world of education for shoppers. As a result, shopping online allows the customers to be forearmed with knowledge of the best deal in order to procure the best price or package deal (Apostolou, 2011). This development has opened competition and forced retail prices to tumble (Apostolou, 2011). The next sub-section discusses structural transformation in detail.

2.3 Structural Transformation

Structural transformation is one of the components of overall business transformation. It involves the remodeling of the entire business (Bansal, 2013). This component is aligned with the objective of this study relating to the changes brought about by transformation and whether they have the ability to improve the financial performance of the business.

Wang (2011) states that rapid economic growth and improvement in people's income have stimulated a huge and expanding demand for goods and services. As a result, burgeoning consumerism, new consumption patterns, and increasing level of consumer choice have sparked a consumer revolution in the retail sector (Wang, 2011). In response to the new consumption patterns and transformation of people's consumption needs, the retail sector has undergone profound structural changes in the past 5-10 years (Ho and

Leigh, 1994; Price water house Cooper, 2006). The structural change in the retailing industry has led some to argue that a retail revolution is unfolding (Wang, 2011).

According to Zhuang (2013), the transformation of the retail industry begins with government policy relaxation, which lowers barriers to entry to the industry and lessens restrictions of the incumbents on the cross-scope operation. The entry of non-state and the non-collective ownership into the market leads to the compositional change of ownership and to the appearance of competition within the industry.

Meanwhile, relaxed controls on the operational scope provides both suppliers and the retailers with more room for bargaining and with great opportunities for substitution. Customers have increased their bargaining power due partly to intensified competition within the industry and partly to the environmental change (Zhuang, 2013).

Bansal (2013) agrees that, to survive in the highly competitive retail world, retailers must become attentive and meticulous with their pricing. The financial success of companies selling goods and services depends on their pricing strategy. The competitive market requires businesses to differentiate themselves from the competition by innovating their products and services and changing their physical layout to obtain competitive advantage (Popa, Dobrin, Popescu and Draghici, 2011).

In the next section, Hardy and Pages (2011) elaborate on the structural design of the old retail buildings and their importance.

According to Hardy and Pages (2011), old buildings conjure up nostalgic feelings. They remind us of simpler times, and their composition is easy to understand. Their familiar ornamentation adds to richness of texture often absent in the modernist architecture. The reason why people like old building structures is that they are familiar. Many are well known civil land marks where important events take place daily and these monuments mark significant historical milestones. They represent social stability and institutions that people can trust (Hardy and Pages, 2011).

Young (2012) argues that smart growth principles have established historic preservation precepts and the interest in sustainable design will advance the need for the alteration of old buildings for hybrid buildings of both new and old architectural structures. Only a few notable examples of structural styles have combined into a single building in history. New buildings tend to replace old ones and structural styles changes slowly over the course of architectural history (Young, 2012).

Much has been written on the digital revolution in retail, but less has been said on the continuous need for traditional retailers to transform their bricks-and-mortar businesses (Chugani *et al.* 2013). Transformations must reinvent not only the in-store experience for consumers but all the components that contribute to this experience, including store mix, format, people, products, infrastructure, IT and supply chain (Chugani *et al.*, 2013). According to Mohd Ali (2013), structural transformation has been visible in banking services, service stations; in IT shops, restaurants and other financial service providers.

Bansal (2013) states that a number of considerations are important in shaping model retail structures and their implementation. The five key considerations and their intentions are described below.

✓ **Attract more customers**

Stylish architectural design can attract more customers into the business. Retail business owners understand the value of their showroom design. The more time a customer spends in their store, the more likely they are to spend some money. Even a small facelift can increase the interest of both new and existing customers. One needs to keep up to date with style and show that one cares about one's retail business image. Advertising products and services to potential and existing customers can be used as a tool to attract them into the business. Different types of advertising methods can be employed to get a message across word-of- mouth, business cards, letterhead, envelopes, brochures, direct mail bulletin boards, newspapers local radio and television stations. The aim is to attract customers into the business.

✓ **Improve quality of product or service offered**

The transformation of the retail structures results in excellent quality services which is a profitable strategy because it results in new customers and more business with existing customers. According to Dinh and Pickler (2012), excellent quality services can also be energizing because this requires the building of an organisational culture in which people are challenged to perform to their potential and are recognised and awarded for a job well done. Quality service is the key component of the value that drives a company's success and it also helps the organisation to maximise benefits and minimise non-price burdens for its customers.

✓ **Increase productivity of the employees**

The flattening of the global marketplace has dramatically changed the retail landscape. Bansal (2013) states that, in order to stand out in the crowd, retailers must be able to respond quickly to the needs and whims of widely dispersed customers who do their shopping in brick-and-mortar stores as well as in virtual marketplaces. They must be able to continually improve productivity and efficiency to meet profitability targets. Professional training of the employees and owners of the outlets in the retail sector is assumed to be crucial for the acquisition of new knowledge. It is essential for the modernisation of the establishments and, subsequently, the increase of sales. Introduction of IT portals can help employees with their training and their specific job functions. Providing store associates with the resources they need can help increase employee performance, satisfaction and retention while helping improve business efficiency.

✓ **Serve as the incubator for new products**

New retail structural designs encourage innovation amongst employees. People in teams are encouraged to be creative. They focus on getting the innovation going and they bring co-operation, enthusiasm and diversity to bear on the problem. An incubator can overcome the problems of corporate inertia and inter-departmental fault-lines by concentrating the resources of people, skills and time needed to make and deliver new products.

✓ **Friendly work environment for customers and employees**

Making a company a great place to work will help to attract and keep great employees. However, creating an employee-friendly work environment involves more than just offering an attractive pay cheque. It includes open lines of communication, a clear organisational mission, careful hiring, work-life flexibility and competitive pay, fun and benefits. The customer-friendly architectural design is more visible in food markets, restaurants and allows a free movement for people with disability and also provides a playing facility for kids while their guardians are dining. Brügger, Foubert, and Gremler (2011) state that a business undergoes structural transformation for the creation of a new servicescape that incorporates a substantially different store design which includes store renovation and involve relatively minor changes in the servicescape. Wall repainting and store remodeling typically entail significant changes in several servicescape dimensions, including ambience, layout, and signage and decor.

The next section will be discussing the retail types and formats in detail. The retail formats are important for the study because different retail businesses transform their businesses differently, for example, wholesalers transform their physical structures differently to restaurants. Understanding of retail formats is necessary before examining their transformation.

2.4 Retail Formats

Wang (2011) and Docrat (2007) outline and classify retail formats in the retail sector. In order to optimise profit, many retailers have adopted an 'umbrella' multi-format strategy. In this strategy, retailers introduce multiple formats under the same chain name, with each new format offering corresponding as well as similar attributes in comparison to the parent brand (Haans, 2011). And Kahn and McAlister (1997) add that grocery retailers have introduced multiple formats under the 'umbrella' of the parent brand to cope with, for instance, shifts in consumer needs and shopping behaviour and increased competition. Jhamb and Kiran (2012) outline and classify the retail formats that the retail market offers.

2.4.1 Classification of Retail Formats

✓ Shopping Mall

Shopping malls are the largest form of organised retailing today, constituting the whole experience with an amalgamation of products, services and entertainment all under one roof.

✓ Convenience Stores

These are relatively small stores located in residential areas and open for long hours for seven days a week. These carry a limited line of high turnover convenience products to fulfil important needs for customers. Most of these shops are housed at petrol service stations. They have expanded their product line offering fresh fruit and vegetables.

✓ Department Stores

Department stores are another type of format and these carry several product lines – typically clothing, home furnishing and household goods with each line operated as a department managed by specialist buyers or merchandisers.

✓ Hypermarkets and Supermarkets

Hypermarkets and supermarkets are the latest formats located in or near residential high streets. Hypermarkets carry products varying from foods, home-ware, appliances, furniture, sports, toys and clothing. The supermarkets are large self-service outlets, catering to varied shopper needs and mainly focused on food and grocery and personal sales.

✓ Discount Stores

Consumers preferring to pay a low price can visit discount stores or factory outlets which offer discounts as they sell in bulk and have higher economies of scale.

✓ Specialty Stores

These stores especially cater to consumers who are looking for assorted brands at one store. Apparel stores, sporting goods stores, furniture stores and book stores are examples of specialty stores.

The next section discusses retail technological transformation. This is a second component of transformation where business transforms or upgrades its IT systems to respond to the external changes of the business environment. This component is aligned with the study objective to establish whether the changes brought about by transformation improves the provision of products and services, thereby improving the financial performance of the business. Innovations and investing in the IT systems are a key factor in retail businesses.

2.5 Retail Technological Transformation

Technology has become a critical tool for retailers of all sizes, affecting everything from ordering samples for the store floor and managing day-to-day operations and delivering products and services to customers (Evans, 2006). Technology has been a catalyst for change throughout retailing history starting from the rise of data processing in the retail back offices (Niemeier, Zocchi and Catena, 2013).

The growth of the Internet has powered major events in the retail landscape that are revolutionary in scope, and extraordinary in nature (Sorescu, Frambach, Singh, Rangaswamy and Bridges, 2011). When businesses undergo structural transformation, they also upgrade IT systems to keep up with an ever changing business environment (Silver, 2011). The authors add that the great transformation and innovation in retail business is usually seen in point of sale systems which involves technology that collects data when clients transact with the personal shopping assistant (PSA) system and other online technologies.

According to Pantano (2013), retailing needs to develop innovative strategies related to the point of sale (POS). It is evident that consumers expect innovations in the stores that are able to make them save time and make the physical store more convenient (Pantano and Viassone, 2012). While many

small retailers continue to use a cash register, many others have moved into more sophisticated payment systems; which can increase sale processing speed by quickly scanning bar codes, and processing electronic payments quickly. These same systems can also track customer details with ease (Bock, 2013).

Touch screen point of sale is the quickest and most efficient way to put in an order at a restaurant or ring up a sale at a retail store (Kraft and Mantrala, 2010). Bock (2013) states that touch-screen technology has the ability to accept multiple payment types, and customer management capability. Most retail restaurants have moved away from using note pads to take orders from clients. Some are now using personal digital assistants (PDA). This system uses touch screen and stylus pen enabling the users to manage information, such as notes, calendar, contacts, schedules, etc. It is also has handwriting recognition (Silver, 2011). Niemeier, Zocchi, and Catena, (2013) add that PDA are the most used device in a restaurant environment. Waiters and waitresses take orders from customers' tables. The orders are printed at the point where the food will be prepared and the bills are generated simultaneously.

Other restaurants use touch screen systems that permit users to play trivia and other games and opt in to the restaurant's loyalty program, as well as peruse the menu. It interfaces with the POS system to self-order foods and pay tabs using credit or debit cards (Bock, 2013). Kraft and Mantrala (2010) state that retail supermarkets and super stores use the personal shopping assistant (PSA) technology attached to their shopping carts or trolleys. The customer scans items that he or she buys into the PSA which transfers the notification of the total sum due to the checkout system, where the sales receipt is printed out and the customer pays a stated amount either with cash, credit card or debit card. A PSA system is aimed at considerable reduction of the waiting time at checkouts and makes more efficient use of the sale force. The main benefit of the PSA is the time that is saved during the scanning and payment process (Kraft and Mantrala, 2010).

For the management of products and inventory, most retailers use radio frequency identification technology (RFID) to track transport and the whereabouts of goods along the entire delivery chain from production to the point of sale (Niemeier *et al.*, 2013). The authors state that RFID allows businesses to store and retrieve product information such as price, best before dates and the producer identification code.

Niemeier *et al.* (2013) state that electronic data interchange (EDI) has been of comparable importance in extracting value from pre-selection and physical movement of stock, delivering a leap in speed of transfer of data, of integrity and hence accuracy of data, and cost efficiency. The authors further state that EDI enables retailers and suppliers to transact among themselves more efficiently. This means that suppliers and purchasers can have simultaneous recognition of shipments, deliveries, invoices, and payments.

The next section discusses the classes of the intelligent technologies in detail. These are the software that the retail business can install on IT systems to upgrade points of sale and other systems that they are using in the business.

2.5.1 Classes of Intelligent Technologies

According to Kraft and Mantrala, (2010), these technologies are most used in the retail and manufacturing sectors. They are aimed at improving the management of inventory, improving customer services and improving the financial performance of the business process.

The next section will discuss intelligent software in detail.

✓ Knowledge Discovery Databases (KDD)

This technology is used to uncover meaningful patterns and rules in data to support an organisation's operational process. Such knowledge can become an important strategic resource or source of competitive advantage for the organisation.

✓ Fuzzy Logic Technology

Managers use this technology to model their sales prediction, customer segmentation, predicting customer churn, developing a quick response, and reorder systems for seasonal apparel. Fuzzy is good at embedding human experiential knowledge, and has low computational requirements.

✓ **Neural Networks Technology**

This technology is used for forecasting retail sales and market share, and for segmenting customers for various purposes such as direct marketing and modeling repeat purchases in mail order retailing. This technology is good at function approximation, forecasting and classification tasks.

✓ **Soft Computing Technology**

This is used in modeling apparel retail operations, competitive retail pricing and advertising, repeat purchases modeling, configuring cooperative supply chains, customer targeting in direct marketing, and forecasting retail share.

✓ **Case-Based Reasoning Technology**

This technology can be used as a forecasting system for retailers in planning periodic promotions. It is good when data appears as cases and when the data set is small.

✓ **Collaborative Filtering Technology**

Retailers can use this technique to make recommendations to users who like to buy things over the internet by looking into the profile of similar customers. It can be used to generate personalised recommendations for the users.

The next section discusses internet retailing. Without IT systems, there will be no virtual retail stores or online stores. It is important for the study to touch on the internet retailing to outline the importance and the opportunities that internet retail provides to retail businesses.

2.5.2 Internet Retailing

The importance of internet retailing is growing all over the world. Internet retailers such as e-Bay and Rediff.com are providing vendors with a platform to sell their products online but do not take responsibility for delivering the products to the buyers. They only provide virtual shopping space (Kraft and Mantrala, 2010). On the other hand, online retailers such as amazon.com and Walmart.com maintain their own warehouses to stock products and take responsibility for delivery (Kraft and Mantrala, 2010). Most studies of online shopping literature indicate that websites with a high level of interactivity lead to cognitive and affective motivational states as well as purchase intentions (Huang, 2013).

Kennedy and Coughlan (2006) state that the future of shopping lies in multi-channel retailing where, rather than competing with the internet, retailers adopt a hybrid strategy merging online and offline activities through a bricks and clicks approach. They further state that if retailers support traditional retail practice by engaging in e-commerce as a parallel strategy, they can provide customers with online shopping portals, and a bricks and clicks approach. Kennedy and Coughlan (2006) predict that customers will use the brick to click purchasing patterns. This means that customers will buy on the internet from firms that have brick stores. The author further states that customer-based advantages include the reputation and trust already established by traditional retailers as well as consumer interest in the benefits offered by multi-channel shopping.

The next section discusses employee transformation in detail. This section is crucial for the study due to the fact that any changes taking place in the work place will affect employees. Therefore, it is important to prepare employees for these changes.

2.6 Employee Transformation in a Business Undergoing Change

According to Mooney (2012), the ability to implement change has become a core competency in managing change. It is a critically important skill on par with product, financial and marketing skills. The author further states that

change programmes tend to follow one another and the level of the external thread should dictate the robustness of internal responses.

It is not surprising that most employees, when undergoing an organisational change, think about themselves first and how the change will affect them personally. Secondly, they think how it is going to impact on their jobs, and, thirdly, how the change is going to impact on the organisation (Aslam, 2013). He further states that it is important that people that are in charge of communicating with employees are well prepared so that they can help senior leaders to manage change effectively and with as little disruption as possible.

Varelas (2013) believes that change destabilises established systems and, even if the change is good, it raises red flags unless its benefits are explained. Aslam (2013) states that performance is driven by how employees are feeling about the changes happening in their Organisations. This has a definite impact on the bottom line which proves that there is a clear business case for handling employee communication effectively.

2.7 Business Financial Performance during Operational Transformation

Transformation is about making comprehensive changes to the business at a time when incremental shifts are not sufficient (Hill and Doughtie, 2013). The authors further state that businesses are challenged to think holistically to develop operating models that will empower them to respond to current pressures and translate change into a competitive advantage. However, the goal of business transformation is not to move from one static place to another, but to make changes that will prepare the organisation with the tools and skills it needs to effectively manage ongoing change. Hill and Doughtie (2013) are of the opinion that adaptation is the key turns the challenges of a dynamic business environment into drivers of sustainable profit growth.

Zelgalve and Zaharcenko (2012) identify financial analysis as an important factor in the changing economic environment. This helps in understanding the correctness and efficiency of the use of financial resources in generating company earnings. They state that doing a financial analysis in an enterprise

gives it an opportunity to evaluate its financial operations and market position, to identify possible risks, to notice mistakes and make plans for the future. Manning (2012) observes that the retail sector has faced its most challenging year since the onset of the recession in late 2008 which saw the collapse of big retail stores.

The impact of the consumer recession throughout 2011 and 2012 has hit retail particularly hard, coupled with the overall acceptance by the general public of purchasing goods online (Manning, 2012). To adapt to the ever changing economic environment and customer's behavior the retail sector has to respond to the change by transforming their business to retain the market share (Vijayalakshmi and Gupta, 2013). Brügger, Foubert, and Gremler, (2011) define store transformation as the creation of a new servicescape that incorporates a substantially different store design. They further state that store makeovers lead to improvements in managerially relevant measures such as perceived service quality and customer spending, thus leading to increased organisation profitability.

Previous research studies show that even a small change in store atmosphere can increase the amount spent and store traffic also might benefit from the remodeling through curiosity visits that, in turn, boost the financial performance of the business (Brügger *et al.*, 2011). The authors' outline that in the short-term store remodeling may disrupt customers' habitual behaviors and lead them to identify other alternatives. As a result, during the rebuilding, some customers may switch to other stores and that may affect the bottom line of the store.

Few studies have shown that elements of store environment can influence store choice. However, most literature studies on store choice ignore the role of the servicescape and are dominated by the impact of factors such as assortments or situational variables (Brügger *et al.*, 2011). However, exciting servicescape increase shopping aims for the recreational but not for the task-oriented store trips. Vijayalakshmi and Gupta (2013) suggest that store visit characteristics may moderate the effectiveness of store remodeling.

Kiriinya (2006) emphasises the financial performance of the business and describes financial performance of the business as a gauge to evaluate management's financial ability. Arabsalehi and Mahmoodi (2012) state that it is widely believed that the primary objective of a business is to maximise shareholders' wealth by means of the efficient allocation of resources. Therefore, all the activities of the business must be focused towards achieving that objective to increase its profitability. The use of financial analysis is crucial since it is the measurement tool of the company's financial performance. During and after the business transformation process, companies make use of the financial ratios to assess their financial status in terms of business financial performance.

The next section discusses financial ratios as a measure of a company's financial performance.

2.7.1 Financial ratios as a measure of a company's financial performance

Several businesses use financial ratios to measure the financial performance of the organisation (Marr, 2012). To monitor the profitability of the company and also take a strategic decision, managers have used traditional accounting base measures (Arabsalehi and Mahmoodi, 2012). Most retailers including South African Post Office regards financial ratios as an important profit tools that assist financial analyst implement plans that improve profitability, liquidity, financial structure, reordering, leverage and interest coverage (Rama Rao, 2010). These include:

2.7.2 Return on Investment for business efficiency (ROI)

A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio.

2.7.3 Return on Capital Employed for Business Profitability (ROCE)

It is the financial ratio that measures a company's profitability and the efficiency with which its capital is employed. Higher ROCE indicates more efficient use of capital. The ROCE should be higher than the company's capital cost. Otherwise, it indicates that the company is not employing its capital effectively and is not generating shareholder value.

2.7.4 Return on Assets (ROA) for the Company's Capital Investment

This is an indicator of how profitable a company is in relation to its total assets. It gives an idea as to how resourceful management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets. ROA is displayed as a percentage. It informs the user whether earnings were generated from invested capital assets. The ROA for the companies can vary substantially and will be highly dependent on the industry.

2.7.5 Return on Equity as a Measure of a Company's Equity (ROE)

Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money that shareholders have invested. The ROE is useful for comparing the profitability of a company to that of other firms in the same industry.

2.8 Value-based Performance as Measures for Company's Financial Performance

Arabsalehi and Mahmoodi (2012) argue that managers can manipulate accounting earnings' measures to show that their firm has a good performance. As a result, accounting base measures have come under attack and the need for new performance indicator increases. Several scholars and consulting firms have suggested new performance measures, namely, value-based measures, and also argued that these new measures are better than traditional measures for monitoring the real performance of the company. These include the following:

2.8.1 Shareholders' Value Added (SVA) for Business Profitability

A value-based performance measures a company's worth to shareholders. The basic calculation is net operating profit after tax (NOPAT) minus the cost of capital from the issuance of debt and equity, based on the company's weighted average cost of capital.

2.8.2 Economic Value Added (EVA) as Determinant for Shareholders' Dividends

This is a measure of a company's financial performance based on the residual wealth calculated by removing cost of capital from its operating profit (adjusted for taxes on a cash basis).

2.8.3 Market Value Added (MVA) as the Evaluator of Management Investment Decision

This is a calculation that indicates the difference between the market value of a company and the capital paid by investors (both bondholders and shareholders). A high MVA shows that the company has generated substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market.

2.8.4 Refined Economic Value added as a Measure of Shareholders' Value Creation (REVA)

According to Yalcin (2012), REVA is an extension of the EVA methodology, providing an analytical framework for evaluating company performance in the context of shareholder value creation. REVA is a slightly modified version of basic EVA. The REVA is described with the consideration of the market value of the firm in the beginning of a period instead of book value. Moghaddam and Shoghi (2012) state that REVA, in prior research, was considered as a vital complementary and effective evaluating instrument in relation to the EVA criteria. A variety of research has been conducted by researchers to determine the capability of these criteria in evaluating the performance of companies.

Yalcin (2012) adds that this instrument seeks to close the accounting profit and economic profit by considering the market value of capital costs in calculation of accounting profit, trying to measure and create value for enterprises that are better than the EVA, so that it could be a superior evaluating basis for performance of managers and investors in enterprises. Gombola and Kertz (1983) state that most retail companies are using the financial ratio to measure their financial performance. However, retail companies tend to have much higher turnover ratios, much lower profitability on sales and much shorter operating cycles than primary manufacturing companies.

2.8.5 Business Profitability the Measure of Financial Performance

Profitability is another financial metric that is used to assess a business's ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time (Marr, 2012). Levy and Sarnat (1999) state that net profit / net income typically represents the most important measure of an organisation's performance. The net profit indicates whether there is still any money left over after deducting all cost and expenses.

According to Goel (2013), working capital is also a vital tool for growth and profitability for corporations. He further states that an insufficient level of working capital could lead to shortages and problems in day-to-day operations of the business. The objective of working capital management is to have a balanced optimal proportion of working capital management components to achieve maximum profit and cash flow (Goel, 2013). However, having an excess of working capital leads to an inefficient use of funds; insufficient working capital disturbs the smooth flow of business activity and profitability. Effective management of working capital leads to a smooth operation of the business and maintain business profitability in the long-run (Goel, 2013).

2.8.6 Business Profitability Ratios

According to Wu (2014), it is important to take into consideration that some industries experience seasonality in their operations. The retail industry experiences higher revenues and earnings for the Christmas season. Therefore, it is not advisable to compare retail fourth quarter's profit margin with the first quarter profit margin. The author further states that it will be informative to compare fourth quarter profit margin with the same period a year before to establish the trend.

2.8.7 Profit Margin Ratio as a Comparison Tool for Business Financial Performance

The higher the company profit margins the better, but, as with other ratios, it is not enough to view it in isolation. It is important to compare the company's past performance with its competitors (Amir, Einhorn and Kama, 2012). If the company demonstrates a low profit margin, it could be adversely affected if the market changes (Levinthal and Wu, 2012).

Why do investors, competitors, shareholders and managers use the profit margin? The answer is that the profit margin is the first thing that many investors look at to gauge a company's profitability. It can give a deeper insight into management efficiency (Levinthal and Wu, 2012). Amir, Einhorn and Kama (2012) add that, instead of measuring how much managers earn from assets, equity or invested capital, these ratios measure how much money a company squeezes from its total revenues or total assets. Margins are earnings expressed as a ratio or a percentage of sale and this allows investors to compare the profitability of different companies which earnings, which are presented as absolute numbers, cannot (Amir, Einhorn and Kama, 2012).

2.8.8 Gross Profit Margin Ratio as a Measure of Business Profitability

The gross profit margin shows the profit that the company makes on its cost of sales or cost of goods sold. It clearly indicates how efficiently management uses labour and supplies in the production process (Darlington, 2011). A

company with a high gross profit margin will have lot of cash to spend to finance other business operations like research and development, and marketing (Jagelavicius, 2013). It is vital to remember that gross profit margins can vary drastically from business to business and from industry to industry.

2.8.9 Operating Profit Margin as an Operating Leverage of the Business

According to Jagelavicius (2013), this ratio is a rough measure of the operating leverage a company can achieve in the conduct of the operational part of its business. It indicates how much earning before tax and interest (EBIT) is generated per rand sales. The high profit can mean that the company has effective control over cost or sales have increased more than the operating cost (Wu, 2014). This ratio also gives investors the opportunity to do profit margin comparisons between companies that do not issue a separate disclosure of their figures for cost of goods sold.

2.8.10 Net Profit Margin Ratio for Business Competitive Advantage

Darlington (2011) states that the net profit margin ratio compares net income with sales. It provides a summing up in a single figure of how effectively managers run the business. He explained that when a company has a high profit margin, it usually means that it also has one or more advantages over its competitors and it normally has a bigger cushion to protect itself during hard times. Wu (2014) states that companies with a profit margin reflecting a competitive advantage are able to improve their market share during the hard times leaving them better positioned when things improve again.

The next section discusses the significance and the necessity of transformation in providing satisfactory products and services. This section is crucial for the study as it is aligned with the study objective to determine whether transformation has the ability to improve the provision of products and services of the business.

2.9 Transformation for Providing Satisfactory Product and Services

In the current competitive environment, the provision of superior customer services is an extremely important strategic aim for all companies seeking to achieve and retain their competitive advantage (Weng, 2011). Given the severity of modern day global economic challenges, the improvements in service performance have become critical to survival within the retail industry (McGregor, 2009). According to the Aberdeen Group (2012), the role and the impact of service businesses have transformed and continue to transform in organisations around the world. They further explained that service champions are needed across the organisation to deliver and exceed customer expectations in order to continue the privilege of an extended, profitable relationship with the customers (Aberdeen Group, 2012).

McGregor (2009) states that when the need for the provision of superior service performance is communicated as an important element of the company's vision, and one which is advocated by the leader as an important organisational goal, members of the organisation are likely to pursue it with vigour. According to Liao and Chuang (2007), when transformation leaders succeed in implanting such vision, values and beliefs into their employees, such employees will feel far more motivated to produce high-level commitment, and make positive changes in their attitude towards their work. They say that this intensifies the employees' efforts to improve overall service performance. Nadiri and Tümer (2009) note that superior service quality has become a major differentiator in producing customer satisfaction, and successful quality management is recognised as the most powerful competitive weapon that many leading service organisations possess.

The next section discusses the importance of retail transformation and rendering of products and services. Upgrading of the facility is important as it helps to improve the provision of products and services.

2.9.1 Importance of Retail Transformation in Rendering of Products and Services

Retailers spend millions of pounds each year to design, build, and furnish their establishments. Extensive competition prompts them to employ the store environment as a source of differential advantage (Brüggen *et al.*, 2011). Brüggen *et al.*, (2011) explained that McDonald's began redesigning its 30,000 stores in a makeover of unprecedented scale to provide the stores with a contemporary, welcoming image. With reference to Kentucky fried chicken and McDonald Brüggen *et al.*, (2011) and National Restaurants (2006) affirms that these two restaurants transformed their brick and mortar to improve the rendering of product and services thus will also improve the restaurant profitability.

According to Nation's Restaurants news (2006), Kentucky Fried Chicken (KFC) also responded to a changing environment by transforming their stores. They say that the model store was intended to provide the optimal dining experience for a KFC customer, which would include the following:

- The hottest, freshest food served daily;
- Unparalleled hospitality and service;
- Exciting new products;
- Consumer choice and a variety of menu items; and
- A clean and comfortable dining experience.

The model store would also help to promote financial performance such as sales growth, increased average spend and improved profitability. Brüggen *et al.* (2011) further state that, despite the pervasiveness of store transformation, research to date does not provide sufficient understanding of customer responses to store makeovers. However, most research has revealed that customer response is influenced by individual servicescape parameters such as colour, lighting as well as store characteristics such as store design and ambience (Brüggen *et al.*, 2011).

The relevant literature only focuses exclusively on store response to the servicescape. However, a complete evaluation of the transformation impact

on the store performance also requires an understanding of whether transformation brings more people into a store in the first place. Dagger and Danaher (2014) state that shopping is an everyday element in most people's lives because the in-store experience continues to have high relevance and retailers must keep their servicescape modern, fresh and in line with competitors. They further explain that the look, feel, and mood of a retail store or service environment are unique and constructed purposefully to contribute to the persona of the brand and ultimately its profitability. Simon, Gomez, McLaughlin and Wittink (2009) explain that, in a buying decision, the place where the product or service is purchased or consumed is often more influential than the product itself.

They further state that most retailers have created not just a retail store but a place that customers will love. Creating a place to satisfy a customer is critical to a company's success. They are of the opinion that satisfied customers may be the most consequential of all economic assets. Indeed they may be proxies for all other economic assets combined. Companies that are unable to satisfy their customers can expect to lose their market share to rivals that are offering better products and services at lower prices (Simon *et al.*, 2009).

Geenen (2011) created a programme which made transformation of retail shops easier, especially franchises. The programme is a franchise sponsored savings plan designed to encourage franchises to pre-pay the cost of improvements and renovations for their properties. He says that this programme is structured to maximise tax benefits for both the franchiser and franchisee. The aim of the programme is to transform retail shops to give them a new look to attract new customers, provide better product and service offerings and improve customer satisfaction.

The next section discusses customer satisfaction and business performance. Customer satisfaction is important for the business because it increases the buying intentions of customers, thus resulting in improved financial performance of the business.

2.9.2 Customer Satisfaction and Business Performance

Numerous studies assess the relationship between a company's level of customer satisfaction and business performance. The results indicate that customer satisfaction provides a variety of economic benefits to the company. Customer satisfaction has been found to increase revenues which, in turn, increase the profitability of the company. With reference to South African Post Office to improve customer satisfaction and business profitability. The customer service center handles all the enquiries and provides customer feedback on the services rendered thus provide customer satisfaction and improves the company image (Ashton, 2014).

Simon *et al.*, (2009) explain customer satisfaction in three dimensions: quality, service and price. Quality service sustains customers' confidence and is essential for competitive advantage (Dinh and Pickler, 2012). However Berry, Parasuraman, and. Zeithaml (1994) identify quality service as a profit strategy because it results in more new customers and more business with existing customers. They further explain that excellent service can also be energizing because it requires the building of an organisational culture in which people are challenged to perform to their potential and are recognised and rewarded when they do.

Companies need to build a service quality information system not just to do a study on service quality. However, deeper insight and a sense for the pattern of change come from a continuing series of snapshots taken from many angles (Dinh and Pickler, 2012). Many researchers suggest five broad service dimensions that customers use as criteria to judge service quality. Dinh and Pickler (2012) describe the dimensions as mutually exclusive, yet they provide a helpful framework in understanding what customers expect from service providers.

Table 2.1 describes what clients expect from a service provider in order to be satisfied with the service they purchased. This is vital for the study since retail business not only provides products but also renders services to clients. Consequently, it is important to take these dimensions into account when doing business.

Table 2.1: Five broad service dimensions

1	Reliability	The ability to perform a promised service dependably and accurately
2	Responsiveness	The willingness to help customers and provide prompt service.
3	Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence.
4	Empathy	The individualised attention provided to customers.
5	Tangibles	The appearance of physical facilities, equipment personnel and communication materials.

Source: Adapted from journal of strategic quality information systems Gorla, Somers &Wong (2010)

From the above mentioned broad dimensions, reliability is the most important one as the customers entrust the company with their business with the expectation to deliver a quality product or service at a promised time. In addition, Tanwar (2013) and Dinh and Pickler (2012) suggest that companies must build quality service information that will help to align them with ever changing environments and improve the provision of products and services.

The next section will describe and interpret building quality service information system. Explanations will be presented in table format. This system helps retail businesses to improve on the provision of products and services by conducting research that will help to improve the provision of products and services.

Table 2.2: Building quality service information systems

NO	Research type	Frequency	Purposes
1	Customer complaints	Continuous	Identify dissatisfied customers. Identify most common categories of service failure for remedial action.
2	Post transaction surveys	Continuous	Obtain customer feedback while service experience is still fresh, act on feedback quickly if negative patterns develop.
3	Customer focus group interviews	Continuous	Provide a forum for customers to suggest service improvement ideas, offer fast informal customer feedback on service issues.
4	Mystery shopping of service providers	Quarterly	Measure individual employee service behavior for use in coaching, training, performance

			evaluation, recognition and rewards. Identify system strengths and weaknesses in customer contact service.
5	Employee surveys	Quarterly	Measure internal service quality, identify employee perceived obstacles to improve the service, track employee morale and attitudes.
6	Total market services quality surveys	Three times a year	Assess company's service performance compared to competitors, identify service improvements priorities, and track service improvements over time.

Source: Adapted from journal of strategic quality information systems Gorla, Somers &Wong (2010)

An employee has a direct effect on the level of service provided because the behavior of the employee plays an important role in determining customer perceptions of the service quality (Simon *et al.*, 2009). Tanwar (2013) argues that retail employees have little control over product quality, as these goods are normally produced by other workers, and, in many cases, by other firms. Moreover, product quality is more likely to be influenced by the quality of other inputs, especially the raw materials used to produce the goods.

The next section discusses employee training as an integral part of customer satisfaction. Customer satisfaction depends on how well employees execute their tasks. Continuous training is required to improve on employees' skills and knowledge to provide clients with excellent service.

2.9.3 Employee Training as an Integral Part of Customer Satisfaction

According to Rodriguez, Mar and Almeida (2011), the human element is an extremely important factor for service sector enterprises. They further explain that, unlike the manufacturing industry, the service industry is permanently linked to the employee that provides a service and, therefore, they represent an essential link, i.e., the value chain for the customers' perception of the level of the quality obtained with regards to their expectations. They add that the recent research studies on employee satisfaction show that when the

employees are more qualified, they are capable of offering a better service which contributes to improving customer satisfaction.

According to Jehanzeb, Rasheed, and Rasheed (2013), training is a planned intervention that is designed to enhance the determinants of individual job satisfaction. They further suggest that training must be associated with the skills required by the organisation that must be obtained by the employee to achieve organisational goals. Efficient training programmes result in improved production, decrease in employee turnover and better job satisfaction of the employee (Jehanzeb *et al.*, 2013). Latif (2012) shares the same opinion with the previous author by suggesting that employee training is not only linked to improved business results but is also a powerful factor in shaping employee attitudes. He expands by saying that it creates a motivation for increased discretionary behavior and a satisfaction with career development that ultimately leads to improved job satisfaction.

The next section describes models of training effectiveness, as illustrated in Figure 2.1. This is a process that is followed during the training session up to the point that employees are satisfied with training that improves their skills, knowledge and provides job satisfaction.



Figure 2.1: Model of Training Effectiveness

Source: Adapted from Latif (2012)

Latif (2012) suggests that, for training to be effective, the four dimensions of training satisfaction must be adopted, as illustrated in Figure 2.1. This dimension assists the organisation to assess training programme outcomes as well employee satisfaction with the training and application of the knowledge learnt from on-the-job training.

Enkuzena and Klierere (2011) emphasises that training should correspond to a certain requirement. The trainee's motivation and company's management support to training are significant criteria for effective training. They say that training will be more effective if it corresponds with the trainees' needs. People can learn in different conditions if they expect that it will satisfy their needs for achievement, growth, recognition and professional development.

Gitomer (2010) outlines the importance of the training programme, content and the professionalism of the trainer. He recommends training evaluation since it is necessary to find a programme in which the trainer will be ready to evaluate the success of the training programme. He further states that it has been revealed that company managers do not devote sufficient time to assess employee training programmes. This is seen as a big mistake because ineffective training hinders work flow and employee costs continue to grow. Therefore, it must be ensured that training programmes work according to appropriately determined requirements (Gitomer, 2010).

Enkuzena and Klierere (2011) suggest that management's, evaluation of training can answer the following questions to ensure effectiveness:

- Will the training help me to solve my problems?
- Will it achieve the defined goal?
- Is it worth the invested money and is it worth to invest on training programmes in the future?

The trainer's questions are as follows:

- Has a defined goal been achieved?
- Was the training achieved?

The employee who has attended the training's questions are as follows:

- Will the training help me to execute my work responsibility better, faster and more qualitatively?
- Will it affect my career growth opportunities?
- Do I really need it?

According to Enkuzena, and Klierere (2011), to perform a successful evaluation of training effectiveness, all three categories should be involved in discussing this issue and the most optimal method of evaluation should be chosen. They further explain that after the training is provided, it is important to evaluate the trainees.

The next section discusses training evaluation methods. It is important to evaluate the trainees to determine whether the skills and knowledge have been transferred or not.

2.9.4 Training Evaluation Methods

Multifactor is the one of the well-known approaches which includes several separate methods. Stankeviciene, Luicvaitiene and Simelyte (2009) provide a traditional definition of training environment evaluation as the training efficiency evaluation, any effort to get information, feedback about the results of the training programme and to determine the value of the training in the context of provided information. However organisations want to know if the training benefits justify the investment made and if the knowledge and skills acquired in a training course are, indeed, used at work (Grohmann and Kauffeld, 2013).

There is large gap between learning outcomes and the actual training content transfer, e.g., the degree to which training contents are applied in practice. The majority of training content is not transferred to the job. However, a lack of training transfer can result in high financial cost and can be highly time consuming (Grohmann and Kauffeld, 2013). It is important for the organisation to identify the training with a high amount of transfer and it is also vital for the organisation and human resource professionals to evaluate

and document on training benefits (Stankeviciene, Luicvaitiene and Simelyte, 2009).

Enkuzena and Klierere (2011) state that it is important to determine the actual training benefits to evaluate not only short-term outcomes but also the participant's long-term outcomes back at work. Grohmann and Kauffeld (2013) and Enkuzena and Klierere (2011) agree that Kirkpatrick's hierarchy model offers a useful framework for evaluating the training results and process, taking into account training evaluation at four levels, as illustrated in Figure 2.2. The diagram interprets the evaluation system that can be used to evaluate the training process to improve the performance of the employee to ensure the effective provision of products and services to customers.

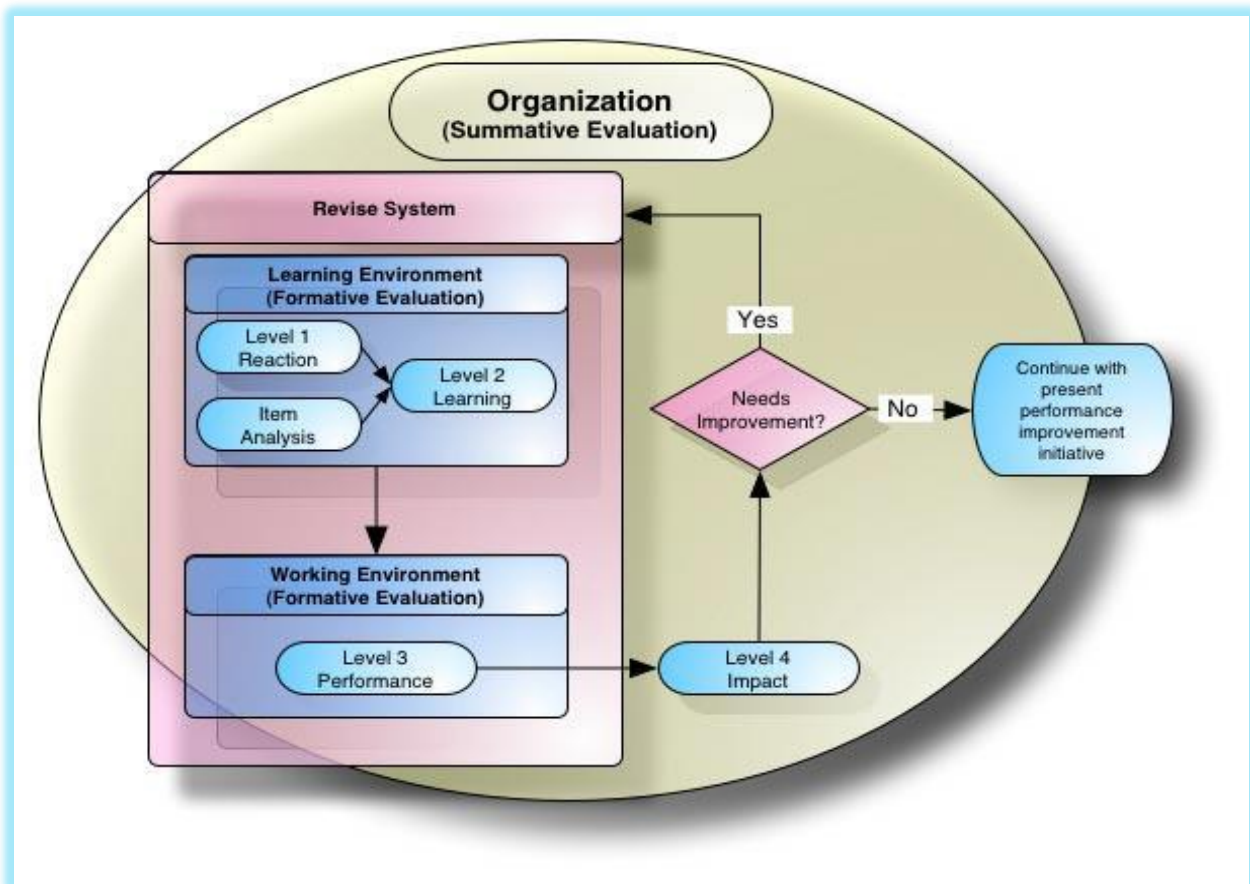


Figure 2.2: Connection of training evaluation level diagram

Source: Adapted from Latif (2012)

Enkuzena and Kliederer (2011) insist that it is important to evaluate training because one cannot anticipate performance change if one or several of the training goals have not been attained.

The following are the four levels of training evaluation:

- **Reaction level:** this training evaluation level shows how trainees react to the training. Questionnaires completed at the end of the training are often used as a research tool. At this level, the trainees may not say whether the course content and delivery can fulfill their needs. This level does not verify the training performance potential and it is possible that trainees have gained new knowledge and skills that will be used in the work environment.
- **Learning level:** assesses to what extent participants have changed their attitude and improved their knowledge and skills as a result of training. Different kinds of post-testing must be piloted to find out what skills employees have acquired. To measure exactly what the training participants have acquired, it is important to do pre-testing before the training. It is only then possible to state what the employee knew and could do before the training and what exactly they have acquired during the training. Normally, training evaluation is performed by answering the following questions: (1) what knowledge has been learned? (2) What skills have been developed or improved? (3) How have attitudes changed? At this stage, training evaluation takes place through trainee evaluation.
- **Performance level:** refers to changes in performance as a result of attended training. At this level, an employee's ability to use the obtained knowledge at work is evaluated, with measuring take place at work and not in the training room. Informal or formal measuring methods can be used. At this level, evaluation is critical to determine if the training is effectively managed. The evaluation will show whether the knowledge and skills are transferred to the work environment or not, and, if not, why not?
- **Impact level:** this is highest evaluation level in Kirkpatrick's Hierarchy. At this level, the effectiveness of the training programme is evaluated

by measuring the gain in the units of money, effectiveness, morale, and team work. The evaluation process at this level becomes more complicated and time consuming but it offers more valuable information. The fourth level is the most significant, and perhaps also the most complicated step because it evaluates business results gained in relation to the employee training.

The next section discusses customer loyalty and the retail environment. This section is important to the study as it deals with systems that can be used by retail businesses to retain customers in order for the business to remain relevant and improve its financial performance.

2.10 Customer Loyalty in Retail Businesses

The cost of obtaining new customers frequently exceeds the cost of retaining an existing customer. As a result, customer retention has turned out to be a managerial strategy that has encouraged interest in understanding and implementing store loyalty programmes (Ray and Chiagouris, 2009). They further state that store loyalty is the most vital foundation of retail management. The success and major benefits of customer loyalty and retention to retailers include positive word-of-mouth messages. They explain that customer retention is the capability of the organisation to be able to prevent customers from defecting to other alternative companies. Positive customer retention starts with the first contact and continues throughout the lifespan of the relationship (Chavadi and Kokatnur, 2009).

According to Ray and Chiagouris (2009), willingness to pay higher prices and greater customer share result from increased purchases. More importantly, revenues generated by loyal customers continue to grow the longer the customers remain loyal to the store. However, Dagger and Danaher (2014) argue that the purchase decision is taken where the product is bought or consumed and is often more influential than the product itself. Ray and Chiagouris (2009) also insist that, to attract customers, retailers have to invest extensive resources into creating unforgettable and attractive environments to deliver a positive shopping experience.

Nanda, Kuruvilla and Murty (2013) state that the store image is the amalgamation of all functional and psychological factors that the consumers observe in a retail store. They explain that innovation has an important effect on customers' loyalty because it influences factors such as customer expectation, perceived quality, perceived value, corporate image, customer satisfaction, trust, confidence, customer commitment and customer complaints. They further state that customer loyalty, attitude and behavior emanate from the commitment, trust, and confidence of customers who express satisfaction with the purchases or consumption of goods. In the retail sector, customer loyalty programmes are used as a strategy aimed at building up and consolidating the loyalty of customers and these programmes are usually supported by buyers' cards, computerised systems and economics incentives.

However, according to Agudo, Crespo and Del Bosque (2012), customer loyalty programmes are not strictly limited to keeping customers but rather seek to increase sales by raising the purchases level and increasing the range of products bought from the supplier. Ray and Chiagouris (2009) state that, in order for customers to adhere to this kind of initiative to translate into larger purchases, it is a necessary condition for the service offered by the retailers to satisfy the customer's requirements. This implies that customer loyalty programmes will only be effective if the company offers the customers a service that is perceived to be similar or greater to that of the competitor. Otherwise, the customer will opt for other alternatives available in the market (Agudo *et al.*, 2012).

The next section discusses the benefits of customer loyalty programmes. The objective of loyalty programmes is to increase revenues to elevate the bottom line of the organisation.

2.10.1 The Benefits of Customer Loyalty Programmes

Gaining a customer's loyalty is an important goal of the marketing function and loyalty programmes are intended to help in reaching that goal (Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut and Backhaus,

2012). These programmes have been identified as the most important driver of purchase behaviour. This implies that company loyalty programmes primarily attract customers to a particular store and it ensures that once the customer is inside the store, more money is spent.

Evanschitzky *et al.*, (2012) and the Loyalty Guide (2010) identify fifteen benefits of loyalty programmes that aim at retaining clients, boosting sales and maximising profits. For the purpose of this study, only the following five benefits will be discussed.

✓ **Retain Existing Customers**

The influence of customer retention rate on actual bottom line customer numbers cannot be overestimated. In five years, a company with a 70 percent customer retention rate will have two to three times more missing customers than a company with a 90 percent retention rate. Loyalty programmes provide a concrete reason for continuing to buy – the accumulation of points towards reward, or higher level of service. Such programmes make available information about customers that allows their needs to be met more efficiently and effectively.

✓ **Acquire New Customers' Loyalty**

A programme should attract new customers to the business by offering valuable rewards to the targeted audience. Acquiring a new customer is another business strategy to boost the revenue of the organisation. Getting new customers is essential to any business but it can be very costly if it is compared to cherishing existing good customers. Loyalty programmes should not be the focal point. However, it is far more profitable to retain existing customers than attracting new ones.

✓ **Deselect Unprofitable Customers**

It can be more cost-effective to lose bad customers than to gain new ones. Cherry picker customers, who only purchase discounted lines and nothing else cost a business money as they are low spending customers. They cost more money to service than they generate. Creating a loyalty programme

that rewards better customers without rewarding low spenders at all gives the latter less reason to stay.

✓ **Increase Customer Lifetime Value**

Customer life time value is increasingly being acknowledged as one of the most vital measures of the worth of the customer. It brings into account not only the customer's value but the anticipated value over their projected lifetime as a customer. It is the best way that a marketer can demonstrate unequivocally that a programme is working and profitable.

✓ **Create a Brand Advocate**

Advocacy is the one of the main forms of loyalty that a customer can show. Advocates must be so gratified and pleased with business offerings that they can tell their friends and associates. For most people, personal recommendation is far more substantial than any amount of promotional material they obtain even if they trust the brand. Omar, Razak and Musa (2009), and Pradhan and Roy (2012) emphasize that loyalty programmes have become a vital strategy and mechanism for retailers to increase revenue growth. They explain that it has become a key component for customer relations management (RCM). Servicing is a critical role in developing relationship, stimulating product and services and retaining customers. Today, the use of loyalty programmes, as a technique for the companies to enhance customer loyalty, is extremely popular as it is believed that both consumers and the company can reap benefits from it (Omar and Musa, 2009).

The next section discusses the role of business transformation in inspiring confidence among the employees. This section is aligned with the study objective, to determine if retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals. Its importance is to establish the relationship between the two variables, i.e., whether transformed business do inspire confidence among the employee and do result in high productivity and improved bottom line of the business.

2.11 The role of Business Transformation in Inspiring Confidence among Employees

Mishra and Gupta (2009) define motivation as the psychological process that gives behavior a purpose and a direction, a predisposition to behave in a positive manner to achieve specific unmet needs. Work motivation is a key mechanism for maximizing the use of human capital for organisational success (Kanfer, Chen & Pritchard, 2008). Motivated employees are highly involved in their work; they take initiative and make extra effort to help their organisation achieve its goals (Parfvonova, 2009). The self-determination theory of motivation (SDT) posits that the employee job performance and well-being depends on the satisfaction of employee needs for autonomy, competence and relatedness at work (Parfvonova, 2009).

For management to be successful, managers need to be true leaders who can understand what motivates their team and enrol employee participation in a way that combines their personal need with group goals (Sidikova, 2011). According to Thurlow, Helms and Mills (2009), employee motivation during change can be affected by fear of failing in new tasks or not being able to adapt to change. Many researchers proved that employee motivation and their performance are closely linked. (Sidikova, 2011). Mishra and Gupta (2009) state that the success of retail companies is reliant on a motivated work force. Companies use a variety of job motivators to retain employees' motivation and satisfaction. The most important motivators used by retail stores are working conditions, skills development, recognition, role clarity, career growth and support from management. The result of the regression analysis from their study shows that compensation, working conditions, and support from management are the most important predictors of employee satisfaction (Mishra and Gupta, 2009).

Vlad (2012) identifies human capital in all service sector organisations, like retailing, as one of the pillars of success. Proper personnel planning, recruitment, motivation and retention are crucial to maintaining operational smoothness and consistent service to customers. As the retail industry continues to mature, employee satisfaction and retention is likely to persist as

a challenge. Therefore, adequate steps must be taken by the retail industry in terms of recruiting, training retaining, motivating, and engaging employees for enhanced productivity (Mishra and Gupta, 2009). According to Kumar (2011), motivating the work force is not just a means to get people to pursue the organisation's goal. Rather, it is an attempt to get people to buy in and take ownership of the organisation's need as well as their own. Strategies such as appreciation of achievements, individual attention, empowerment and providing opportunity for leadership roles can be a powerful means of motivating knowledge workers who are quite satisfied with their package.

Mishra and Gupta (2009) outline that the work patterns of the retail industry require employees to put in long hours of work which generally causes fatigue and lower motivation to the employees. Huddleston and Good (1999) agree that the success of retail companies is dependent on a motivated workforce. Motivation is vital in the work environment because it influences work performance and productivity.

The next section discusses intrinsic and extrinsic motivation among retail employees.

2.11.1 Intrinsic and Extrinsic Motivation among Retail Employees

According to Mishra and Gupta (2009), keeping the workforce motivated can be done by increasing salaries, benefits or education but it is significant to acknowledge that individuals are motivated differently. Normally, it is difficult to know what motivates employees. Managers on the shop floor usually don't know what motivates their workforce due to the fact that they don't recognise that individuals in the organisation have different motives for working. Therefore, communication is needed on an on-going basis to know what motivates the workforce (Glen, 2006).

Most organisations offer intrinsic and extrinsic rewards to members for the purpose of improving human resource outcomes. The reward system must be aligned to motivate workforce performance that is consistent with the firm's strategy to attract and retain people with the knowledge, skills and abilities required to realise the company's strategic goal and create a

supportive structure (Constanta and Madela, 2011). Ozutku (2012) defines intrinsic motivation as the execution of a task or activity because of the inherent satisfaction arising from it rather than due to some outcome. Intrinsic motivation reflects the natural propensity of people towards learning and assimilation. Intrinsic rewards are those rewards that exist on the job itself and include achievement, variety, challenge, autonomy, responsibility, personal and professional growth.

On the other hand, extrinsic rewards are external to the job itself. They consist of elements such as fringe benefits, pay, job security, promotions, office space and the social climate (Ozutku, 2012). The author provides additional examples of extrinsic rewards such as competitive salaries, pay raises, merit bonuses, and other indirect forms of payment such as compensatory time off. Çınar, Bektaş and Aslan (2011) and Constanta and Madela (2011) argue that the workforce is not motivated by money. Extrinsic rewards can decrease intrinsic motivation and they further state that rewards that are linked to the completion of tasks, deadline threats and directives undermine intrinsic motivation because individuals perceive these as behaviour control mechanisms. However, free choice and the opportunity for self-direction can increase intrinsic motivation because of the sense of autonomy linked to them.

Constanta and Madela (2011) and Ozutku (2012) insist that most companies in the manufacturing sector are implementing total quality management (TQM) and these companies are relying heavily on intrinsic awards to motivate and improve the productivity of the employees, thus resulting in good financial performance of the firm. These rewards usually include certificates, letters of appreciation or merchandise, often in conjunction with celebrations, for instance, special quality-related events. Intrinsic rewards are used to give recognition to an individual or a team for making a quality contribution. Rewards appear to be a good source of motivation for the team or the individuals to improve their performance and productivity but there is no concrete or solid agreement on which type of specific rewards system is more effective and widely used by companies to motivate their workforce.

2.12 Conclusion

In this chapter, an overview of transformation on the operational level of financial performance of retail business has been discussed in detail. The aim of the literature review is to complement and support the current research study by reviewing previous literature related to business transformation. A number of information sources have been consulted and reviewed. These include journal articles newspapers, books, e books, theses, dissertations and websites.

The relevant literature revealed that the retail sector cannot operate in isolation because it is part of the global village. Any changes and challenges affecting the global market will affect everyone in the industry. The forever changing economic conditions, customer tastes and habits forces retailers to adapt or change when the economic situation changes.

This chapter has outlined the challenges that are facing retail businesses that are undergoing operational transformation. Reviewed literature has revealed that retail business has to undergo operational transformation by transforming their brick and mortar store, their virtual store, their technology and their employees – change is necessary for businesses to remain relevant and competitive to boost their financial performance. The next chapter discusses the research methodology.

CHAPTER 3 : RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter dealt with literature review where secondary sources were intensively reviewed. This chapter presents the research methodology that was adopted for the study. The areas that are covered in this chapter include the following: research site; research design; target population; sampling techniques; measuring instrument; validity and reliability primary data; secondary data; advantages of using a questionnaire; the administration of the questionnaires; recruitment process and data collection method; pilot testing; data analysis; limitations and delimitations; ethical considerations; confidentiality and anonymity; and the conclusion of the chapter.

The next section discusses the research site where the study was conducted. A brief overview of South African Post Office and its operational structures are also discussed.

3.2 Research Site

The SAPO's Retail division is the primary channel for the SA Post Office through which customers can access the products and services offered by the organisation. The company has 2 486 branch networks in South Africa which makes it the largest footprint in the retail industry. It employs about 23 714 employees across the country. The workforce is distributed according to the following regions: Witwatersrand (23.1%); Northern region (19.7%); Western Cape (14.9%); Central Bloemfontein (12.9%); KwaZulu-Natal (11.6%); Head Office (9.7%); and Eastern Cape (8.2%).

The study was conducted in KwaZulu-Natal. The target population was branch managers. The selection of this level of management was due to their involvement in day-to-day management of retail outlets. SAPO is solely owned by the government. It is mandated to deliver postal and other related services to the public. Its offers the following products and services:

- Postal services;
- Ordinary mail;
- Insured parcels;
- Ordinary parcels;
- Registered mail;
- Cash on delivery parcels;
- International parcels;
- Speed Services Couriers;
- XPS Couriers and Freight services;
- Post bank;
- Motor vehicle licensing;
- Lotto;
- Government retail bonds;
- Faxing and photocopying services;
- Laminating and binding services;
- Scanning; and
- Payment of bills.

The next section discusses the research design and its importance.

3.3 Research Design

This section is divided into the target population, sampling techniques used, measuring instrument, validity and reliability, pilot study, questionnaire administration, recruitment process and data collection method and data analysis.

According to Burns and Grove (2005), there are two general approaches to a research design, namely, qualitative and quantitative research. They define quantitative research design as a formal, objective, systematic process for obtaining quantifiable information about the world, presented it in numerical form, and analysing through the use of statistics.

For the purpose of this study, the quantitative research design method was employed with the intention of obtaining relevant and precise information

from the participants. It is important to make use of the quantitative research design since it is more reliable (Creswell, 2009). It can also use statistics to generalise findings. Qualitative research is primarily exploratory research which is used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research (Creswell, 2009).

The next section will discuss the target population of the study.

3.4 Target Population

The target population for the study consisted of middle level branch managers who are directly involved in the day-to-day management of retail operations. The total number of the branch managers who are in the employment of SAPO in KwaZulu-Natal is 101. Saunders, Lewis and Thornhill (2009) describe the target population as the group of potential participants with whom the researcher wants to conduct research for the study. The branch managers' details were obtained from both the Human Capital Management department and the Infrastructure Management department. The Infrastructure Management department is responsible for the rollout of retail outlets and the maintenance of retail outlets. The target group was conversant with the retail operations which made it easier to provide the researcher with information about the influence of transformation on financial performance of the operational level of the retail businesses.

The next section discusses the sampling techniques that were used to select the sample.

3.5 The Sampling Techniques

The study employed a simple random sampling method. According to Gravetter and Forzan (2012), this sampling method allows each member of the population an equal chance of being included in the sample. The total population size was 101 branch managers of the retail outlets. All branch managers were contacted and asked to participate. A total of 72 participated, a 71 percent response rate. This sample was made up of 40 males and 32

females from different race groups. Branch managers were chosen as respondents because of their responsibility of managing retail outlets. Financial impacts resulting from business actions are also absorbed at this level. The exclusion of top management from the study is due to the fact that they are responsible for the formulation of strategies and not day-to-day management of the business.

The next section discusses the measuring instrument, i.e., the tool that was used to collect data from the participants.

3.6 Measuring Instrument

A questionnaire was used to collect data from participants. The questionnaire was carefully created to ensure that there were no double barrel questions and also to ensure that there was no bias in the questions. To ensure validity and reliability, a pilot study was conducted with a few selected members of the target population with the intention of testing the way the questions are asked and correct errors before sending questionnaires to participants. The questionnaire was subdivided into the following sections:

- Section A: background and biographical information;
- Section B: business transformation;
- Section C: business financial performance;
- Section D: provision of product and services; and
- Section E: employee motivation after transformation process.

The questionnaire was subdivided in accordance with the stated objectives. According to Dhawan (2010), a questionnaire is a set of carefully designed questions given in exactly the same form to a group of people in order to collect data about a topic in which the researcher is interested. The Likert scale method was employed and closed questions were used to obtain information from participants.

3.6.1 Advantages of Using a Questionnaire

The researcher chose to use the questionnaire to conduct the study because this is an easy and cheap method to collect data. It also gives respondents

enough time to go through a questionnaire and respond to it in his or her own time. William (2006) also agrees that questionnaires have an advantage over some other types of surveys because they are cheap and do not require as much effort from the researcher as verbal or telephone surveys and, often, have standardised answers that make them simple to compile. The questionnaire allows participants sufficient time to consider answers before responding (Sekaran, 2000).

3.6.2 Characteristics of a Good Questionnaire

The questionnaire for this study was designed in such a way that it met the following characteristics to ensure that participants clearly understood the content of the questionnaire before answering it:

- Designed to achieve a particular objective;
- Covers a significant topic;
- Only seeks information that is not easy obtainable;
- Short as possible, clear and easy to complete;
- Attractive, neat and easy to duplicate;
- Clear directions, define important terms; and
- Avoid asking double-barrelled questions.

Zikmund (2003) agrees that the above-listed points assist in making a good questionnaire.

The next section discusses the validity and reliability of this study.

3.7 Validity and Reliability

For the purpose of ensuring the questionnaire's validity, it was inspected for likely ambiguity and double-barrel statements. All those statements that were found to have two meanings were rephrased to provide a clear understanding to the respondents. The study employed construct validity and the questionnaire was used as an instrument to check the perceptions of the participants about the overall business transformation and the financial performance of the business. Van Rensburg (2010) defines construct validity as the experimental demonstration that a test is measuring the construct it

claims to measure. The pilot study also assisted in improving the study's constructs. These included constructs being measured within the transformation and financial performance of the retail businesses.

The reliability of the questionnaire was observed by checking the internal consistency and dependability of the results. The internal consistency was measured by the Cronbach coefficient alpha. According to Burns and Bush (2010) reliability is a statistical concept and is related to consistency and adaptability, that is, consistency in obtaining the same relative answer when measuring phenomena that have not changed. Phelan and Wren (2006) add that reliability is the degree to which an assessment tool produces stable and consistent results.

The next section discusses the effects of the pilot study to ensure validity and reliability. It also helps in refining of the questionnaire before distributing it to participants.

3.8 Pilot Study

Dhawan (2010) defines a pilot study as the mini version of a full-scale study. A pilot study is also called a 'feasibility' study. Saunders, Lewis and Thornhill (2009) adds that the purpose of the pilot study is to refine the questions on the questionnaire in order to ensure that there is no ambiguity or bias and the questionnaire is fine tuned for data collection. The greatest error in any research is the omission of the pilot study, as the researcher is always eager to rush to the main study. Burns and Bush (2010) outline the following aims for the pilot study:

- To determine if the proposed data analysis techniques could expose any potential problems;
- To authenticate if the research procedure was realistic and workable for the study; and
- To check and eliminate any ambiguities in the questionnaire.

Ten middle level managers from Midlands's area of SAPO participated in pilot study. The aim was to improve internal validity of the questionnaire, and identify potential practical problems in the research procedure.

The next section discusses the administration of the questionnaire.

3.9 The Administration of the Questionnaire

The researcher obtained a letter of approval to conduct the study at SAPO. The letter was signed and authorised by the Regional Manager Retail. It was obtained before the researcher distributed the questionnaires to participants. A letter of participation was attached to the questionnaire. The letter stated that participation in the study was voluntary and participants were given the opportunity to withdraw at any time if they felt that they no longer wanted to participate in the study. The questionnaires (Annexure B) were distributed by the researcher personally and via email. The total number of questionnaires distributed was 101. A total of 72 questionnaires were received from the participants. The reason for the unreturned questionnaires was that branch managers were too busy managing their day-to-day operations and didn't have the time to complete the questionnaire. Moreover, some of them did not want to participate in the study.

The next section discusses the recruiting process and the data collection method.

3.10 Recruiting Process and Data Collection Method

According to Creswell (2009), data collection is a systematic gathering of data for a particular purpose from various sources, including questionnaires, interviews, observation, existing records, and electronic devices. The process is usually preliminary to statistical analysis of the data.

A detailed letter of consent was attached to the questionnaire requesting branch managers to participate on the study.

Questionnaires were physically distributed to branch managers for completion and other questionnaires were emailed to branch managers who

had their email accounts active. All the completed questionnaire were emailed back and others were posted to the researcher for capturing.

3.10.1 Primary Data

Sekaran and Bougie (2010) state that primary data is first-hand information obtained by the researcher regarding the variables of interest for the specific purpose of the study. They further interpret the questionnaire as an efficient data collection mechanism to be used by a researcher when he or she knows what is required and how to measure the variable of interest. The primary data was obtained from participants using a questionnaire.

3.10.2 Secondary Data

The secondary sources were consulted in support of the primary information and gathering of literature related to the study. Sekaran and Bougie (2010) add that secondary data is the information gathered by someone other than the researcher conducting the study. Such data can be obtained through internet access or the perusal of records or published information. There are a number of sources where one can access secondary data. The secondary sources were consulted in support of the primary information.

The next section indicates how the data was analysed.

3.11 Data Analysis

Creswell (2009) describes data analysis as the process of evaluating data using analytical and logical reasoning to evaluate each component of the data provided. Sarantakos (2000) explains data analysis as the data that is analysed in order to determine whether the general hypotheses have been supported.

The data collected from the respondents was analysed using an analytical statistical tool called the Statistical Package for the Social Sciences (SPSS) version 22.0. This statistical tool presents descriptive statistics in the form of graphs, tables, cross tabulations, chi square tests and correlations, for the purpose of interpreting the study statistically. Questionnaires were collected

from respondents and inspected to check whether respondents answered all the questions stated on the questionnaire. The returned questionnaires were coded and captured on a data sheet for the statistician to commence the analysis.

The next section discusses the ethical considerations of this study.

3.12 Ethical Considerations

The researcher complied with ethical procedure to protect the rights of research participants. This includes voluntary participation which requires that the participants not be forced to participate in the research project. The participants had a right to withdraw from the study at any time. They were also assured of anonymity and confidentiality for participating in this study. They were assured that the study will not result in potential harm. The participants were given the option of requesting a copy of the completed research project.

The next section elaborates on the confidentiality and anonymity of participants during data collection.

3.13 Confidentiality and Anonymity

The participants were assured that their participation in the study will remain anonymous and confidential. The respondents were not required to write their names on the questionnaires. Reporting of results was not linked to individual scores.

The next section elaborates on the limitations and delimitations of the study.

3.14 Limitations and Delimitations

The study focused on one company, which is the South African Post Office, but the findings are much broader in their application. A substantial amount of data was available pertaining to South Africa and abroad, and not just Kwazulu-Natal. The researcher had an interest in expanding the study to other retail businesses outside KwaZulu-Natal. However, due to time and cost constraints, the study was conducted within KwaZulu-Natal only.

The next section presents the conclusion of the chapter.

3.15 Conclusion

This chapter focused on the research methodology that was used by the researcher to conduct the study. The chapter covered issues such as the research design, ethical considerations, limitations and delimitations. The quantitative research design approach was chosen by the researcher as a relevant approach for this study.

The next chapter presents the results and the analysis and interpretation arising therefrom.

CHAPTER 4 : DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The previous chapter dealt with the research methodology and design. This chapter presents, discusses and interprets the findings obtained from the study. Questionnaires were the primary tools used to collect data. They were distributed to the branch managers of the SAPO. The data was analysed using the SPSS version 22.0. The results for the descriptive statistics are presented in the form of graphs, tables and cross tabulations. The inferential techniques include the use of correlations and chi-square test values. These were interpreted with the aid of p-values. This chapter covers the profile of respondents, descriptive statistics, Chi square testing, correlations, reliability and conclusions.

The next section presents the profiles of the respondents.

4.2 Profile of the Respondents

This section summarises the biographical characteristics of the respondents. This includes the branch levels that were visited during the study, age, racial composition, the length of employment and their span of control. These characteristics provide detailed information about respondents and are useful for the interpretation of the results.

The next section discusses and interprets the racial composition of the respondents. The racial composition was firstly presented in diagrammatic form and further statistically interpreted in percentages.

4.2.1 The Racial Composition of the Respondents

Figure 4.1 presents the racial composition of the respondents. The aim is to show how the group of respondents was constructed and their participation in the study.

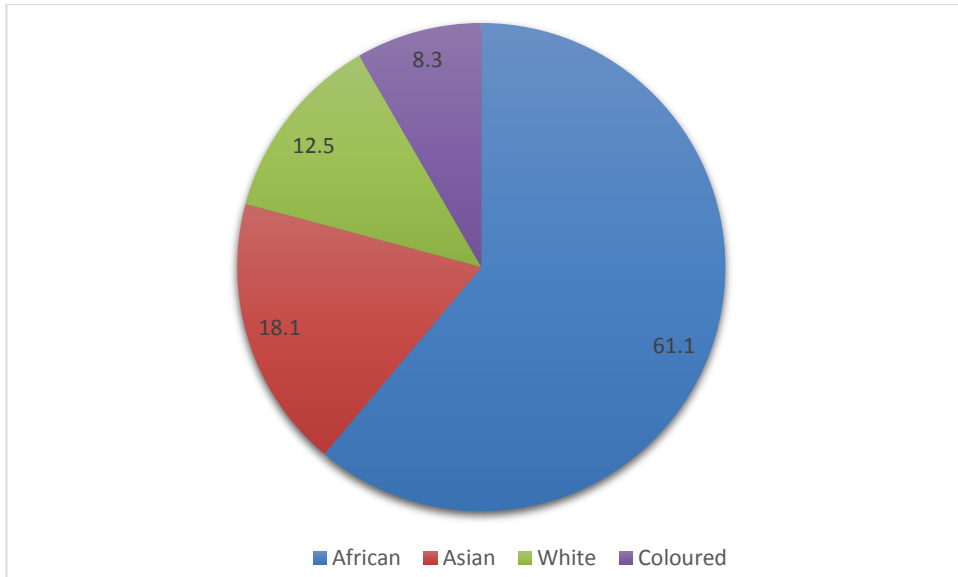


Figure 4.1: Racial Compositions

As it can be observed from Figure 4.1, approximately two-thirds of respondents, i.e., 61 percent were Africans, with Asians forming the next largest grouping with 18.1 percent. This is followed by Whites at 12.5 percent. The least number of respondents at 8.3 percent were Coloureds. Figure 4.1 presents the true reflection of the demographics for the retail sector in the South African Post Office.

The next section discusses and interprets gender distribution based on the age. The results are presented in Table 4.1.

4.2.2 Gender Distribution of Respondents by Age Group

Table 4.1 presents the gender distribution of respondents by age group. The participation ratio is shown in percentage form.

Table 4.1: Gender and Age Group of Respondents

		Gender		Total
		Male	Female	
Age Group (years)	Count	1	4	5
	% within Age Group	20.0%	80.0%	100.0%
	% within Gender	2.5%	12.5%	6.9%
	% of Total	1.4%	5.6%	6.9%
	Count	13	9	22
	% within Age Group	59.1%	40.9%	100.0%
	% within Gender	32.5%	28.1%	30.6%
	% of Total	18.1%	12.5%	30.6%
	Count	15	17	32
	% within Age Group	46.9%	53.1%	100.0%
	% within Gender	37.5%	53.1%	44.4%
	% of Total	20.8%	23.6%	44.4%
	Count	11	2	13
	% within Age Group	84.6%	15.4%	100.0%
	% within Gender	27.5%	6.3%	18.1%
	% of Total	15.3%	2.8%	18.1%
Total	Count	40	32	72
	% within Age Group	55.6%	44.4%	100.0%
	% within Gender	100.0%	100.0%	100.0%
	% of Total	55.6%	44.4%	100.0%

Table 4.1 indicates that most of the respondents were males (55.6 percent) while females made up 44.4 percent. The largest group of respondents by age were those between 39 to 49 (44.4 percent) followed by the group 28 to 38 (30.6 percent) followed by the group 50 to 60 (18 percent).

This group is generally well experienced. In most cases, this group mentors the young branch managers that just join the organisation. The combination of the respondents in the age groups of 17 to 27, 28 to 38 and 39 to 49 form 82.2 percent of the respondents. This finding indicates that most of the respondents are still young. According to Mishra and Gupta (2009), the retail sector is a very demanding sector since it requires employees to work long

hours, sometimes even on public holidays. Young and energetic employees are needed in this sector to keep up with the needs of the industry.

The next section presents the number of years the respondents served as branch managers. The result is presented in Table 4.2 and interpreted in percentages.

4.2.3 The Length of Years of Respondents' Employment as Managers

Table 4.2 presents the length of years respondents were employed as Branch Managers.

Table 4.2: Number of Years as the Branch Manager

		Number of years as branch manager				Total
		0 - 10	11 - 21	22 - 32	33 - 43	
Number of years in the company	0 - 10	Count 25	0	0	0	25
		% of Total 34.7%	0.0%	0.0%	0.0%	34.7%
	11 - 21	Count 17	5	0	0	22
		% of Total 23.6%	6.9%	0.0%	0.0%	30.6%
	22 - 32	Count 10	3	4	0	17
		% of Total 13.9%	4.2%	5.6%	0.0%	23.6%
	33 - 43	Count 3	1	3	1	8
		% of Total 4.2%	1.4%	4.2%	1.4%	11.1%
Total		Count 55	9	7	1	72
		% of Total 76.4%	12.5%	9.7%	1.4%	100.0%

Approximately three-quarters of the respondents (34.7 percent) were branch managers who have worked in the organisation for 10 years and less. This is followed by 30.6 percent who have served from 11 to 21 years as branch managers. The 23.6 percent is formed by the branch managers who have been serving from 22 to 32 years in the organisation. The least number of 11.1 percent are the branch managers who have served for 33 to 43 years.

The next section discusses and interprets the span of control of the branch managers. The results are presented in Table 4.3 and interpreted in

percentages. The span of control is important for the allocation of resources and daily operations of retail management.

4.2.4 The Number of People under the Control of the Respondents

Table 4.3 presents the span of control of the branch managers. The aim of this table is to show the number of employees that are under control of one respondent. The results are shown in percentages and theoretically analysed.

Table 4.3: Span of Control

Number of people	0-10	11-21	22-32	33-43
Percentages	93%	2.8%	1.4%	2.8%

The majority of respondents (93. % percent) were in charge of at most 10 employees. This is followed by 2.8 percent of the branch managers who have the span control of 11 to 21 employees, and 2.8 percent who have a span of control of 33 to 43 employees. The least number of 1.4 percent is formed by branch managers who have the span of control of 22 to 32 employees.

The next section discusses and interprets descriptive statistics for the research objectives.

4.3 Descriptive Statistics for Research Objectives

This section analyses the scoring patterns of the respondents per variable per section. Levels of disagreement (negative statements) were combined to show a single category of disagree.

A similar procedure was followed for the levels of agreement (positive statements). The results were presented in the tables using summarised percentages for the variables that constitute each section. It was further analysed according to the importance of the statements. Chi square statistical tests were also used in the interpretation of the findings. Salkind (2010) states that the Chi square test is a statistical test commonly used for testing independence and goodness of fit. Testing independence determines whether two or more observations across two populations are dependent on

each other. The focus was on the areas that are aligned to the study objectives relating to business transformation, business financial performance, provision of products and services and employee motivation after the transformation process.

The next section presents the results on business transformation.

4.3.1 Business Transformation

Hammond (2012) describes transformation as the process of profound and radical change that orients an organisation in a new direction and takes it to the next level. Brügger, Foubert, and Gremler (2011) add that store transformation is the creation of a new servicescape that incorporates substantially different store designs. This section deals with structural transformation of the business.

4.3.2 The Summarised Scoring Patterns for Business Transformation

Table 4.4 presents the summarised scoring patterns for business structural transformation. Statements were presented and respondents indicated their level of agreement, uncertainty or disagreement with each statement. The results are interpreted in percentages and theoretically analysed.

Table 4.4: Business Transformation

	Agree	Uncertain	Disagree
Organisation is ready to change if it acknowledges that the current status is not where it wants to be.	69.4	16.7	13.9
Transformed or remodelled business attracts more new customers into the store.	81.9	8.3	9.8

A large number of respondents (81.9 percent) believed that remodelled businesses attract new customers. A total of 8.3 percent of respondents were uncertain. This is followed by 69.4 percent of respondents who agreed that the organisation is willing to change if it acknowledges that the current status is not where it wants to be, whereas 16.7 percent of respondents were uncertain. Different market forces compel businesses to undergo transformation. Businesses are challenged to think holistically, to develop

operating models that will empower them to respond to current pressures and translate change into a competitive advantage (Hill and Doughtie, 2013)

The next section discusses Chi square test statistics for business transformation. Table 4.5 presents the Chi square test statistics. The statistical results of .000 are less than the conventional value (p) of 0.05 which means that there is a significant relationship between two variables. Any results above 0.05 means that there is no significant relationship between the variables. The aim is to determine whether the scoring patterns were significant or insignificant. The results are statistically interpreted and theoretically analysed to provide a broader analysis of the variables.

Table 4.5: Test Statistics for Business Transformation

	Organisation is ready to change if it acknowledges that the current status is not where it wants to be.	Transformed or remodelled business attracts more new customers into the store.
Chi-Square	33.833 ^a	54.806 ^a
df	4	4
Asymp. Sig.	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 14.4.

As shown in Table 4.5, the p value is 0.000. These are less than the conventional significant value of 0.05. The results relate to business transformation. This implies that there is a significant relationship between the two variables, that is, the organisation is ready to change if it acknowledges that the current status is not where it wants to be and business transformation. This is followed by another significant relationship between transformed business attracts more new customers into the store and business transformation – since the results shows that a p value equals to .000 which is less than conventional significant value of 0.05. The above statistical results are in line with the descriptive statistics of 69.4 percent and 81.9 percent shown in Table 4.5.

The next section discusses business transformation components that support change.

4.3.3 Business Transformation Components that Support Change

This section tests the perceptions of respondents about business transformation regarding the components of business transformation. The statements are presented in Table 4.6. The results are interpreted in percentages and analysed theoretically to provide a broader analysis of results.

Table 4.6: Business Transformation Components

Business transformation components	Yes	Unsure	No
Structural layout	77.8	13.9	8.3
IT infrastructure	88.9	8.3	2.8
Product offerings	90.3	6.9	2.8
Services rendering	97.2	1.4	1.4

A total of 77.8 percent of respondents see structural layout as one of the business transformation components. This is followed by 88.9 percent of respondents that feel that the IT infrastructure is a business transformation component. A total of 90.3 percent of respondents agreed that product offering is a component of business transformation. The highest number of respondents (97.2 percent) feel that services rendering is a business transformation component. The above statistical description is in line with the study objectives. In support of the above statistical results, Brügger, Foubert, and Gremler (2011) state that businesses undergo structural transformation or store remodeling for the creation of a new servicescape that incorporates a substantially different store design. The store design includes store renovation and also involves relatively minor changes in the servicescape, e.g. wall repainting.

Store remodeling typically entails significant changes in several servicescape dimensions, including ambience, layout, signage and décor.

The next section discusses Chi square test statistics of business transformation components. Table 4.7 presents the Chi square test statistics.

Table 4.7: Test Statistics for Business Transformation Components

	Structural layout	IT infrastructure	Product offerings	Services rendering
Chi-Square	64.333 ^a	100.333 ^a	105.250 ^a	132.250 ^a
df	2	2	2	2
Asymp. Sig.	.000	.000	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 24.0.

As shown in Table 4.7, the p value is 0.000 for all of the variables. This is less than the conventional significant p value of 0.05. This result relates to business transformation components. This implies that there is a significant relationship between 'business transformation components' and 'structural layout', 'IT infrastructure' 'product offering' and 'service rendering'.

The above statistical analysis is in line with the study objectives. To affirm the above analysis, Chugani *et al.* (2013) state that transformation must reinvent not only the in-store experience for consumers, but all the components that contribute to this experience, including store mix and format, people, products, infrastructure, IT and supply chain.

The next section discusses and interprets transformation based on IT. The results are presented in Table 4.8 and interpreted in percentages. The Chi square test results are also presented.

4.3.4 IT as a Factor for Transformation

This section deals with business transformation based on IT systems. It tests the perception of the respondents on the effect of IT to the businesses. This section is in line with the study objective which is to determine the components of business transformation. Information technology is one of the components identified. The results, which are presented in Table 4.8, are interpreted in percentages and theoretically analysed.

Table 4.8: the Effects of IT Transformation in a Business

(IT) items on business transformation	Yes	Unsure	No
Shorter queuing time	94.4	4.2	1.4
Customer satisfaction	88.9	8.3	2.8
High financial performance	88.9	6.9	4.2

A total of 94.4 percent of respondents feel that the transformed IT systems result in shorter queuing time for the customers, followed by 88.9 percent of respondents that affirm that IT transformation provides customer satisfaction and 88.9 percent of respondents who affirm that transformed IT systems result in high financial performance. In support on the above descriptive statistics, Pantano (2013) states that retailing needs to develop innovative strategies that are able to attract and maintain consumers and promote the brands and the company's reputation, with emphasis on the innovative technical systems in the POS.

Table 4.9 presents the chi square test statistics for IT transformation.

Table 4.9: Test Statistics for IT Transformation

	Shorter queuing time	Customer satisfaction	High financial performance
Chi-Square	121.083 ^a	100.333 ^a	100.083 ^a
df	2	2	2
Asymp. Sig.	.000	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 24.0.

As shown in Table 4.9, the p values equal 0.000. These are less than conventional significant value of 0.05. The results relate to IT transformation. This implies that there is significant relationship between the variable 'IT transformation' and each of the other variables, namely, 'shorter queuing time', 'customer satisfaction' and 'high financial performance'. The above statistical results are in line with the descriptive statistics of 94.4, 88.9 and 88.9 percent shown in Table 4.9. To affirm the above stated results, Pantano and Viassone (2012) state that consumers expect innovations in the stores that save them time and make the physical store more convenient.

The next section discusses and interprets business financial performance. The results are presented in Table 4.10 and interpreted in percentages.

4.4 Business Financial Performance

This section deals with the overall financial performance of the business. Zelgalve and Zaharcenko (2012) are of the opinion that financial analysis is an important factor in the changing economic environment. This helps in understanding the correctness and efficient use of financial resources in generating company earnings. By doing financial analysis, an enterprise has the opportunity to evaluate its financial operations and market position, to identify possible risks, to notice mistakes and make provision for the future. Table 4.10 presents the summarised scoring patterns for business financial performance. Statements were presented and respondents indicated the level of agreement, uncertainty or disagreement with each statement. The results are interpreted in percentages and theoretically analysed.

Table 4.10: Items for Business Financial Performance

Items on business financial performance	Agree	Uncertain	Disagree
Transformed business has the ability to improve financial performance of the organisation.	91.7	5.6	2.7
Financial performance is a gauge to evaluate management's financial ability of the firms	83.3	8.3	8.4
Structural transformation has an impact on financial performance of the organisation	86.1	6.9	7.0
Structural transformation process may result in growth of the organisation bottom line.	84.7	9.7	5.6

A total of 91.7 percent of respondents affirm that transformed businesses have the ability to improve the financial performance of the organisation. This is followed by 83.3 percent of respondents who feel that financial performance is a gauge to evaluate management financial ability of the firms, and 86.1 percent of respondents affirm that structural transformation has an impact on the financial performance of the organisation. A total of 84.7 percent of respondents feel that the structural transformation process may result in growth of the organisation's bottom line. The above statistical analysis is in line with the study objective which is to examine if the changes

brought about by transformation improves the financial performance of retail businesses.

To affirm the above descriptive statistics analysis, Kiriinya (2006) states that the financial performance of the business is the gauge to evaluate management's financial ability of the company. Arabsalehi and Mahmoodi (2012) add that it is widely believed that the primary objective of the firm is to maximise shareholders' wealth by engaging in an efficient allocation of resources. Therefore, all the activities of the company must be focused towards achieving that objective to increase the company's profitability.

Table 4.11 presents the Chi square test statistics for business financial performance.

Table 4.11: Test Statistics for Business Financial Performance

	Transformed business has the ability to improve financial performance of the organisation.	Financial performance is the gauge to evaluate management's financial ability of the firms	Structural transformation has an impact on financial performance of the organisation	Structural transformation process may result in growth of the organisation bottom line.
Chi-Square	50.556 ^a	34.778 ^a	71.194 ^b	71.333 ^b
df	3	3	4	4
Asymp. Sig.	.000	.000	.000	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 18.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 14.4.

As shown in Table 4.11, the p value equals to 0.000 which is less than conventional significant value of 0.05. This implies that there is a significant relationship between the two variables which are that transformed business has the ability to improve financial performance of the organisation and business financial performance. This is followed by another significant relationship between two variables which are financial performance is the gauge to evaluate management's financial ability of the firms and business financial performance since the results shows that a P value equals to 0.000 which is less than conventional significant value of 0.05.

Table 4.11 also shows a significant relationship between the two variables which are structural transformation impacts on the financial performance of

the organisation and business financial performance since the results show that a P value equals to 0.000 which is less than the conventional significant value of 0.05. A significant relationship was found for the two variables which are the structural transformation process may result in growth of the organisation bottom line and business financial performance. The results indicate that the P value equals to 0.000 which is less than the conventional significant value of 0.05. The above statistical result is in line with the study objective which is to examine if the changes brought about by transformation improves the financial performance of retail businesses.

The following section discusses the provision of products and services of the business. The results are presented in Table 4.12.

4.5 Provision of Products and Services

This section deals with the general provision of products and services in the business. According to Brügger, Foubert, and Gremler (2011), retailers spend millions of rands each year to design, build, and furnish their establishments. Extensive competition prompts them to employ the store environment as a source of differential advantage. Dagger and Danaher (2014) state that, in buying decisions, the place where the product or service is purchased or consumed is often more influential than the product itself. Most retailers have created not just a retail store but a place that customers will love to be.

Table 4.12 present provisions of products and services. The results are interpreted in percentages and theoretically analysed to provide a broader analysis of the variables.

Table 4.12: Provisions of Product and Services in the Business

Items on provision of products and services		Yes	Unsure	No
Transformation has the ability to improve the provision of the following	Products	90.3	9.7	0.0
	Services	91.7	8.3	0.0
Upgraded facility has an impact on rendering the following	Products	87.5	9.7	2.8
	Services	84.7	11.1	4.2
Transformation process has the influence on provision of the following	Products	83.3	13.9	2.8
	Services	84.7	13.9	1.4
If the provision of the following is communicated as an important element of the company's vision, the employees will pursue it with passion	Products	86.1	12.5	1.4
	Services	83.1	15.5	1.4

A total of 90.3 percent of respondents affirm that transformation has the ability to improve the provision of the products, whereas 91.7 percent of respondents feel that transformation has the ability to improve the rendering of the services in the business followed by 87.5 percent of respondents who affirm that an upgraded facility has an impact on the provision of products. A total of 84.7 percent of respondents believe that upgraded facility has an impact on rendering services, 83.3 percent of respondents affirm that the transformation process has an influence on the provision of the products and 84.7 percent of respondents believe that the transformation process has an influence on the rendering of the services.

A total of 86.1 percent of respondents affirm that if the provision of the products is communicated as the important element of the company's vision, the employees will pursue it with passion and 83.1 percent of respondents believe that if the rendering of the services is communicated as the important element of the company's vision, the employees will pursue it with passion. The above descriptive analysis is in line with the study objective which is to establish if the changes brought about by transformation improves the provision of products and services in retail businesses and thereby improves the financial performance. To affirm the above analyses, Tanwar (2013), Dinh and Pickler (2012) suggest that companies must build quality service

information that will help to align them with the ever changing environment and improve the provision of products and services.

The next section presents and interprets the Chi square test results.

To determine whether or not there is a significant difference between the product provision and service rendering for each statement, a Wilcoxon test was performed. This test is an alternative to the paired T-test as the distributions were all not normal. The Chi square test for the provision of products and services are presented below. The results are presented in a table format, and interpreted theoretically and statistically.

4.5.1 Test Statistics for Provision of Product and Services in the Business

Table 4.13 presents the Chi square test for the provision of products and services. Statistical results of 0.000 are less than the conventional significant value of 0.05 which means that there is a significant relationship between two variables. Any result above 0.05 means that there is no significant relationship between the variables. The results were statistically analysed based on the relationship between the variables. They will also be theoretically interpreted to provide a broader explanation of the variables.

Table 4.13: Provision of Product and Services

	D1: Services - Products	D2: Satisfactory products - Satisfactory services	D3: Services - Products	D4: Services - Products
Z	-.378 ^b	-.749 ^c	-.816 ^b	-1.000 ^c
Asymp. Sig. (2-tailed)	.705	.454	.414	.317

a. Wilcoxon Signed Ranks Test. b. Based on positive ranks. C. Based on negative ranks.

None of the P-values are significant or less than conventional significant value of 0.05. This implies that there is no significant relationship between the tested variables. Table 4.13 shows an insignificant value of .705 which is greater than the conventional significant value of 0.05 between the two

variables which are the 'provision of products and services' and the 'transformation and its ability to improve the provision of products and services. This is followed by another insignificant relationship between the two variables which are the 'provision of products and services' and 'upgraded facility' and its impact on providing satisfactory products and services. The significant value equals to .454 which is greater than the conventional significant value of 0.05. There is an insignificant relationship between two variables which are the 'provision of products and services' and the 'transformation influence on the provision of products and services'. The significant value equals to .414 which is greater than the conventional significant value of 0.05. Table 4.13 also shows the insignificant relationship between the two variables which are the provision of products and services and the company's vision that the employees will pursue it with passion. The significant value equals to .317, which is greater than the conventional significant value of 0.05.

The above statistical analysis is in line with the study objective which is to establish if the changes brought about by transformation improves the provision of products and services in retail businesses and thereby improve the financial performance.

The next section discusses employee motivation after the transformation process. The results, which are presented in Table 4.14, are interpreted in percentages and theoretically analysed. The Chi square test statistics are also presented.

4.6 Employee Motivation after the Transformation Process

This section deals with general motivation of the workforce in the business. It aims at determining managers' perception regarding employee motivation after the transformation process. Mishra and Gupta (2009) define motivation as the psychological process that gives behavior a purpose and direction, a predisposition to behave in a positive manner to achieve specific unmet needs. Work motivation is a key mechanism for maximizing the use of human capital for organisational success (Kanfer, Chen and Pritchard, 2008).

Motivated employees are highly involved in their work; they take initiative and make extra effort to help their organisation achieve its goals (Parfvonova, 2009). Table 4.14 presents the employee motivation after transformation process. The results are interpreted in percentages and theoretically analysed.

Table 4.14: Employee Transformation

The items on employee motivation	Agree	Uncertain	Disagree
Transformation has the ability to inspire confidence amongst employees	83.3	9.7	7.0
Motivation increases employee productivity in business undergoing transformation	87.5	8.3	4.2
Intrinsic rewards improve the employee morale and result in productivity.	93.1	4.2	2.7
Extrinsic rewards motivate the employees to improve productivity.	87.5	5.6	6.9

A total of 83.3 percent of respondents affirm that transformation has the ability to inspire confidence among employees, followed by 87.5 percent of respondents that feel that motivation increases employee productivity in the business undergoing transformation, 93.1 percent of respondents believe that intrinsic rewards improve the employee morale and result in productivity, while 87.5 percent of respondents affirm that extrinsic rewards motivate employees to improve productivity.

The above statistical analysis is in line with the study objective to determine if retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals. In support of the above results, Kumar (2011) states that motivating the workforce does not merely mean getting people to pursue the organisation's goal; rather, it is an attempt to get people to buy in and take ownership of the organisation's needs as well as theirs. Huddleston and Good (1999) share a similar opinion. They state that victory of retail firms is dependent on a motivated workforce. Motivation is vital in the work environment because it influences work performance and productivity of employees. Constanta and Madela (2011) state that most organisation offer intrinsic and extrinsic rewards to members for the purpose of improving human resources outcomes and the reward

system must be aligned to motivate workforce performance that is consistent with the firms strategy, attract and retain people with the knowledge, skills and abilities required to realise the firm strategic goal and create a supportive structure.

Table 4.15 presents the Chi square test statistics for employee motivation after the transformation process.

Table 4.15: Test statistics for employee motivation

	Transformation has the ability to inspire confidence amongst employees	Motivation increases employee productivity in business undergoing transformation	Intrinsic rewards improve the employee morale and result in productivity.	Extrinsic rewards motivate the employees to improve productivity.
Chi-Square	58.139 ^a	68.694 ^a	94.667 ^a	77.861 ^a
df	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000

0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 14.4.

As shown in Table 4.15, the p value for all relationships is 0 .000. This is less than the conventional significant value of 0.05. The results relate to business employee motivation after the transformation process. This implies that there is a significant relationship between the variable and ‘employee motivation after the transformation process’ and ‘transformation has the ability to inspire confidence amongst the employees’; ‘motivation increases employee productivity in businesses undergoing transformation’ between ‘intrinsic rewards improve employee morale’ and ‘extrinsic rewards motivate employees to improve productivity’. The above statistical results are in line with the descriptive statistics of 83.3, 87.5, 91.3 and 87.5 percent shown in table 4.14. The results are also in line with the study objective which is to determine if retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals.

The next section present the Chi Square P Value the results will be firstly presented in the table and further interpreted according its importance and its significance.

4.7 Relationship between Participant Profiles and Dependant Variables

The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with "p < 0.05. These values are highlighted with an *. The Chi square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns). The Chi square test is a statistical test commonly used for testing independence and goodness of fit. Testing independence determines whether two or more observations across two populations are dependent on each other (Salkind, 2010). The importance of using the Chi square test is to determine the significant and insignificant relationship between the variables. Table 4.16 presents the Chi square test statistics for variables. A single independent variable will be tested against the group of dependent variables per sub section. All the figures with a star on top indicate significant relationships whereas the ones without a star show insignificant relationships between two tested variables. The results have also been theoretically analysed to provide a broader analysis of the variables.

Table 4.16: Chi Square Test for variables – participant profiles

		Gender	Age Group	Ethnic group /Nationality	Number of years in the company	Span of control
Organisation is ready to change if it acknowledges that the current status is not where it wants to be.	Chi-square	6.948	8.233	24.914	11.293	27.286
	df	4	12	12	12	12
	Sig.	0.139	0.767	.015*	0.504	.007*
Transformed business attracts new customers into the store.	Chi-square	.544	17.502	12.223	13.131	27.404
	df	4	12	12	12	12
	Sig.	0.969	0.132	0.428	0.36	.007*
Business transformation involves the change of product offerings.	Chi-square	6.577	5.045	11.521	4.679	17.306
	df	2	6	6	6	6
	Sig.	.037*	0.538	0.074	0.586	.008*
Information technology as a factor in attaining customer satisfaction	Chi-square	5.407	22.543	3.871	9.769	.672
	df	2	6	6	6	6
	Sig.	0.067	.001*	0.694	0.135	0.995
Transformed business on the	Chi-	3.018	7.851	8.763	9.047	20.073

improvement of financial performance of the organisation.	square					
	df	3	9	9	9	9
	Sig.	0.389	0.549	0.459	0.433	.017*
The provision of products communicated as an important part of the company's vision for employees to pursue it with passion	Chi-square	1.733	19.762	9.164	12.729	1.075
	df	2	6	6	6	6
	Sig.	0.421	.003*	0.165	.048*	0.983
Intrinsic rewards improve the employee morale and result in productivity.	Chi-square	6.459	22.069	4.833	11.626	2.590
	df	4	12	12	12	12
	Sig.	0.167	.037*	0.963	0.476	0.998

4.7.1 'The Organisation is ready to Change when it acknowledges that the Current Status is not where it wants to be'

There is a significant relationship between the two variables which are 'the organisation is ready to change if it acknowledges that the current status is not where it wants to be' and 'the ethnic group /nationality'. The p value is equal to 0.015 which is less than the conventional significance value of 0.05. This means that race does play a role in terms of how managers perceive the readiness of an organisation to change. The above statistical interpretation implies that there is a need for the organisation to change if the planned organisational goals were not met and the external environment forces the organisation to make internal changes. The above analysis is in line with the study objective which is to determine the components on operational transformation that supports change.

There is significant relationship between two variables which are the 'organisation is ready to change when it acknowledges that the current status is not where it wants to be' and the 'span of control'. The P value is equal to 0.007 which is less than the conventional significant value of 0.05. This implies that span of control played a role in how respondents perceive the need for change in the organisation. This implies that the organisation does need to change to move from a static environment to a better position. Docrat (2007) asserts that internal and external pressures have forced some retailing institutions to undergo major changes over time.

A P value of 0.139 indicates there is no significant relationship between the variables 'the organisation is ready to change when it acknowledges that the

current status is not where it wants to be' and the variable gender. This implies that gender does not play a role in the need for the organisation to change. Also, here is no significant relationship between the two variables which are the organisation is ready to change if it acknowledges that the current status is not where it wants to be and the age group. The p value is equal to 0.767. This is greater than the conventional significant value of 0.05. This implies that age group does not play a role in the need for the organisation to change.

There is no significant relationship between the two variables 'the organisation is ready to change if it acknowledges that the current status is not where it wants to be' and the number of years in the company. The p value is equal to 0.504 which is greater than the conventional significant value of 0.05. This implies that the number of years in the company does not play a role in the need for the company to change.

4.7.2 'Transformed Business attracts new Customers into the store'

There is a significant relationship between the two variables which are 'transformed business attracts new customers into the store' and 'span of control'. The P value is equal to 0.007 which is less than the conventional significant value of 0.05. This implies that span of control does play a role in transformed business that attracts new customers. The above analysis is in line with the study objective to determine the components of operational transformation that support change. However, the p value of 0.132 between the two variables 'transformed business attracts new customers into the store' and 'age group' indicates an insignificant relationship. This p value is greater than the conventional significant value of 0.05. This implies that age group does not play a role in transformed business that attracts new customers into the store.

There is no relationship between two variables 'transformed business attracts new customers into the store' and 'gender'. The P value is equal to 0.969. This is greater than the conventional significant value of 0.05. This implies

that the gender of the respondents does not play a role in a transformed business that attracts new customers into the store.

There is no relationship between the two variables 'transformed business attracts new customers into the store' and 'ethnic group'. The P value is equal to 0.428. This is greater than the conventional significant value of 0.05. This means that the ethnic group does not play a role in a transformed business that attracts new customers into the store.

There is no relationship between the two variables 'transformed business attracts new customers into the store' and the 'number of years'. The p value is equal to 0.36. This is greater than the conventional significant value of 0.05. This implies that that numbers of years that the respondents spent working for the company does not play a role in transformed business that attracts new customers into the store.

4.7.3 'Business Transformation Involves the Change of Product Offerings'

There is a significant relationship between the two variables 'business transformation involves the change of product offerings' and the 'profiles of the participants'. The P value between the variables is equal to 0.037. This is less than the conventional significant value of 0.05. This implies that the transformation process should involve the innovation of the existing product and the creation of new products to entice customers that will result in an improved bottom line for the organisation. According to Hammond (2012), transformation is the process of profound and radical changes that orients an organisation in a new direction and takes it to the next level.

There is a significant relationship between the two variables 'business transformation involves the change of product offering' and 'span of control'. The p value is equal to 0.008. This is less than the conventional significant value of 0.05. This means that span of control does plays a role in business transformation that involves the product offering. The above interpretation is in line with the study objective which is to determine the components of operational transformation that supports change.

There is no relationship between the two variables 'business transformation involves the change of product offering' and the 'number of years in the company'. The value is equal to 0.586. This is greater than the conventional significant value of 0.05. This means that the number of years the respondents spent working for the company does not play a role in business transformation that involves the change of product offering.

There is no relationship between the two variables 'business transformation involves the change of product offering' and the 'ethnic group'. The p value is equal to 0.074. This is greater than the conventional significant value of 0.05. This implies that race of the respondents does not play a role in business transformation that involves the change of product offerings.

There is no relationship between the two variables 'business transformation involves the change of product offering' and the variable 'age group'. The p value is equal to 0.538. This is greater than the conventional significant value of 0.05. This implies that the age of the respondents does not play a role in business transformation that involves the change of product offerings.

4.7.4 'Information Technology as a Factor in Attaining Customer Satisfaction'

There is a significant relationship between the two variables 'Information technology as a factor in attaining customer satisfaction' and 'age group'. The p value between the variables is equal to 0.003. This is less than the conventional significant value of 0.05. This means that the age group of the respondents does play a role in IT as a factor in attaining customer satisfaction. The above statistical interpretation affirms that the upgrading of the IT systems that are used in operations provide customers satisfaction for their speed and effectiveness. This is in line with study objective which is to determine the components of operational transformation that support change.

There is no relationship between the two variables 'Information Technology as a factor in attaining customer satisfaction' and 'gender'. The p value is equal to 0.067. This is greater than the conventional significant value of 0.05.

This implies that the gender of the respondents does not play a role in IT as a factor in attaining customer satisfaction.

There is no relationship between the two variables 'Information Technology as the factor in attaining customer satisfaction' and 'ethnic group'. The P value is equal to 0.694. This is greater than the conventional significant value of 0.05. This implies that race of the respondents does not play a role in IT as a factor in attaining customer satisfaction.

There is no relationship between the two variables which are 'Information Technology as a factor in attaining customer satisfaction' and the 'number of years in the company'. The p value equals to 0.135. This is greater than the conventional significant value of 0.05. This implies that the number of years the respondents spent working for the same company does not play a role in IT as a factor in attaining customer satisfaction.

There is no relationship between the two variables which are 'Information Technology as a factor in attaining customer satisfaction' and the 'span of control'. The P value is equal to 0.995. This is greater than the conventional significant value of 0.05. This implies that the span of control does not play a role in Information Technology as a factor in attaining customer satisfaction. The above group of respondents don't see Information Technology as a factor that can provide customer satisfaction.

4.7.5 'Transformed Business on the improvement of Financial Performance of the Organisation'

There is a significant relationship between the two variables 'transformed business on the improvement of the financial performance of the organisation' and 'span of control'. The P value between the variables is equal to 0.017. This is less than the conventional significant value of 0.05. This means that span of control plays a role in terms of transformed business on the improvement of the financial performance. The above interpretation affirms that the respondents perceived transformed business as a business that has the ability to improve the financial performance of the organisation. According to Bansal (2013), financial success of companies selling goods

and services depends on the pricing strategy. The above interpretation is in line with the study objective which is to examine if the changes brought about by transformation improves the financial performance of retail businesses.

There is no relationship between the two variables 'transformed business on the improvement of financial performance of the organisation' and 'ethnic group'. The p value is equal to 0.459. This is greater than the conventional significant value of 0.05. This means that the race of the respondents does not play a role in transformed businesses aiming at improving their financial performance.

There is no relationship between the two variables which are 'transformed business on the improvement of financial performance of the organisation' and 'gender'. The p value is equal to 0.389. This is greater than the conventional significant value of 0.05. This means that the gender of the respondents does not play a role in transformed businesses aiming at improving financial performance.

There is no relationship between the two variables 'transformed business on the improvement of financial performance of the organisation' and 'age group'. The p value is equal to 0.549. This is greater than the conventional significant value of 0.05. This means that the age group of the respondents does not play a role in transformed businesses aiming at improving their financial performance.

There is no relationship between the two variables 'transformed business on the improvement of financial performance of the organisation' and 'number of years in the company'. The P value is equal to 0.433. This is greater than the conventional significant value of 0.05. This means that the number of years the respondents has spent working for the organisation does not play a role in transformed businesses aiming at improving their financial performance.

4.7.6 The provision of products communicated as an important part of the company's vision for employees to pursue it with passion

There is a significant relationship between the two variables 'provision of products communicated as an important part of the company's vision for

employees to pursue it with passion' and 'age group'. The p value is equal to 0.003. This is less than the conventional significant value of 0.05. This means that age group plays an important role in the provision of the products. The above statistical interpretation means that the respondents in different age groups affirm that if the provision of products is communicated as an important part of the company's vision, employees will pursue it with passion. This interpretation is in line with the study objective which is to establish if the changes brought about by transformation improves the provision of products and services in retail businesses and, thereby, improve the financial performance.

There is a significant relationship between the two variables 'provision of products communicated as an important part of the company's vision for employees to pursue it with passion' and 'number of years in the company'. The p value is equal to 0.048. This is less than the conventional significant value of 0.05. This means that the number of years in the company plays an important role in the provision of the products. The above statistical interpretation means that the respondents that have worked in the company for a number of years affirm that, if the provision of products is communicated as an important part of the company's vision, employees will pursue it with passion. This interpretation is in line with the study objective which is to establish if the changes brought about by transformation improves the provision of products and services in retail businesses and, thereby, improve the financial performance.

There is no relationship between the two variables 'provision of products communicated as an important part of the company's vision for employees to pursue it with passion' and 'gender'. The p value is equal to 0.421. This is greater than the conventional significant value of 0.05. This means that the gender of the respondent does not play a role in the provision of the products communicated as an important part of the company's vision the employees will pursue it with passion.

There is no relationship between the two variables 'provision of products communicated as an important part of the company's vision for employees to

pursue it with passion' and 'ethnic group'. The p value is equal to 0.165. This is greater than the conventional significant value of 0.05. This means that the race of the respondent does not play a role in the provision of the products communicated as an important part of the company's vision and the employees will pursue it with passion.

There is no relationship between the two variables 'provision of products communicated as an important part of the company's vision for employees to pursue it with passion' and 'span of control'. The p value is equal to 0.983. This is greater than the conventional significant value of 0.05. This means that the span of control of the respondent does not play a role in the provision of the products communicated as an important part of the company's vision and the employees will pursue it with passion.

4.7.7 Intrinsic Rewards Improves Employee Morale and Result in Employee Productivity

There is significant relationship between the two variables 'intrinsic rewards improve employee morale and results in employee productivity' and 'age group'. The P value is equal to 0.037 which is less than the conventional significant value of 0.05. This means that age group does play a role in intrinsic rewards that improve employee morale and result in productivity. The above interpretation affirms that different age groups perceive the intrinsic rewards system that can improve the employee morale and result in productivity. In support of the above statistical interpretation, Ozutku (2012) states that most firms in the manufacturing and retail sector are implementing total quality management (TQM) and these companies are relying heavily on intrinsic awards to motivate and improve the productivity of the employees, thereby resulting in good financial performance of the company. The statistical interpretation stated above is in line with the study objective to determine if retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals.

There is no significant relationship between the two variables 'intrinsic rewards improve employee morale and results in employee productivity' and 'gender'. The p value is equal to 0.167. This is greater than the conventional

significant value of 0.05. This means that gender does not play a role in the intrinsic rewards system that improves employee morale and results in employee productivity. The above statistical interpretation affirms that males and females do not see the intrinsic rewards system boosting employee morale and resulting in employee productivity.

There is no significant relationship between the two variables 'intrinsic rewards improve employee morale and results in employee productivity' and 'ethnic group'. The P value is equal to 0.963. This is greater than the conventional significant value of 0.05. This means that the race of the respondents does not play a role in the intrinsic rewards system that improves employee morale and results in employee productivity. The above statistical interpretation affirms that different races do not see the intrinsic rewards system boosting employee morale and resulting in employee productivity.

There is no significant relationship between the two variables 'intrinsic rewards improve employee morale and results in employee productivity' and 'number of years in the company'. The p value is equal to 0.476. This is greater than the conventional significant value of 0.05. This means that the number of years respondents spent working for the one organisation does not play a role in the intrinsic rewards system that improves employee morale and results in employee productivity.

There is no significant relationship between the two variables 'intrinsic rewards improve employee morale and result in employee productivity' and 'span of control'. The p value is equal to 0.998. This is greater than the conventional significant value of 0.05. This means that the span of control for the respondents does not play a role in the intrinsic rewards system that improves employee morale and results in employee productivity.

The previous sections covered the Chi square test statistics where the significant and insignificant relationships between the variables were determined. The sections covered were business transformation business financial performance, provision of products and services and employee motivation after transformation.

The following section relates to the correlations between the variables.

4.8 Interpretation of Correlations

Coakes (2005) describes the correlation coefficient as a statistical measure of the degree to which changes to the value of one variable predicts change to the value of another. In positively correlated variables, the value increases or decreases in tandem. In negatively correlated variables, the value of one increases as the value of the other decreases. For the purpose of the study, the bivariate correlation was performed on the ordinal data to determine the correlation between variables. Table 4.17 presents the correlations. The results are interpreted according to how the variables correlate. The strength, average and weak correlations are shown. The results with the stars on top means that there is a correlation between the variables and the results with the negative sign means that there is a negative correlation between the variables. The results are statistically interpreted and theoretically analysed.

Table 4.17: Correlations

		The organisation is ready to change if it acknowledges that the current status is not where it wants to be	Transformed businesses attracts new customers into the store	The ability of transformation to improve service rendering	Information Technology transformation as factor in attaining high financial performance	Transformed businesses and its ability to improve financial performance of the organisation	Structural transformation and its impact on financial performance of the organisation	Structural transformation and its ability to grow the bottom line of the organisation	The ability of transformation to improve the provision of the products	The ability of the upgraded facility to improve the rendering of the satisfactory services	Transformation process influences the provision of products	The impact of motivation on employee productivity in businesses undergoing transformation.
Transformed business attracts new customers into the store	Correlation	.320**										
	Sig.(2-tailed)	.006										
	N											
Transformed business and its ability to improve financial performance of the organisation	Correlation	.371**	.195	.064	.147	1.000						
	Sig.(2-tailed)	.001	.101	.591	.217							
	N	72	72	72	72	72						

Structural transformation and its impact on the financial performance of the organisation	Correlation	330**	232*	-.078	.168	502**	1.000					
	Sig.(-2-taile)	.005	.505	.512	.160	.000						
	N	72	72	72	72	72						
The ability of transformation to improve rendering of services	Correlation	.011	.063	251*	.200	0.15	.062	.062	.410**			
	Sig.(-2-Taile)	.924	.601	.034	..093	.902	.607	606	.000			
	N	72	72	72	72	72	72	72	72			
The ability of upgraded facility to improve the provision of satisfactory product	Correlation	.023	-.067	.256	.201	.137	.075	.132	.110	.541**		
	Sig.(-2-Taile)	.849	.577	.191	.091	.250	.531	.268	357	.000		
	N	72	72	72	72	72	72	72	72	72		
The ability of transformation to inspire confidence among	Correlation	.210	.122	.182	.159	.526**	.465**	.511**	.099	.158	.182	
	Sig.(-2-taile)	.077	.307	.126	.181	.000	.000	.000	.000	.000	.000	
	N	72	72	72	72	72	72	72	72	72	72	

employees												
The impact of motivation on employee productivity in business undergoing transformation.	Correlation	.187	.218	-.183	.177	.389**	.531**	.438**	-.066	.165	.027	1.000
	Sig.(-2-taile)	.116	.065	.124	.138	.001	.000	.000	.584	.165	.819	
	N	72	72	72	72	72	72	72	72	72	72	
The ability of intrinsic reward to improve employee morale and improve productivity	Correlation	.090	.066	-.140	.251*	.292*	.248*	.305**	-.062	.110	.237*	.593**
	Sig.(-2-taile)	.450	.582	.241	.033	.013	.035	.009	.604	.357	.045	.000
	N	72	72	72	72	72	72	72	72	72	72	72
The ability of extrinsic reward to motivate the employee to improve productivity	Correlation	.194	.163	.078	.179	.382**	.218	.176	.048	-.011	.325**	.290*
	Sig.(-2-taile)	.102	.173	.513	.132	.001	.066	.138	.689	.925	.005	.014
	N	72	72	72	72	72	72	72	72	72	72	72

The value with** indicates significant correlation

4.8.1 Transformed Business Attracts New Customers into the Store

There is a correlation between the two variables 'organisation is ready to change if it acknowledges that the current status it not where it wants to be' and 'transformed businesses attracts new customers into the store'. The correlation value is equal to 0.320. This is a statistically weak correlation between the variables. That implies that if the business acknowledges the need to change and transforms its business to respond to the external environment by changing the internal environment, it will be in a better position to attract more clients into the store.

4.8.2 Transformed Business and its ability to improve Financial Performance of the Organisation

There is a correlation between the two variables 'transformed business and its ability to improve financial performance of the organisation' and 'organisation is ready to change when it acknowledges that the current status is not where it wants to be'. The correlation value is 0.371. This is a statistically weak correlation between two variables. This implies that acknowledging the need for change and transforming business to adapt to external environment will improve the relevance and financial performance of the business.

4.8.3 Structural Transformation and Its Impact on Financial Performance of the Organisation

There is a correlation between the two variables 'structural transformation and its impact on the financial performance of the organisation' and 'transformed business attracts new customers into the store'. The correlation value is 0.232. This is a statistically weak correlation between two variables. This implies that the transformed business has a better opportunity to attract new customers that will spend money and that will result in an improved financial performance of the business as a result of structural transformation.

There is a correlation between the two variables 'structural transformation and its impacts on financial performance of the organisation' and 'transformed business has an ability to improve financial performance of the

organisation. The correlation value is equal to 0.502. This is an average correlation between these two variables. This implies that transforming the structural layout of the business and fully remodelling the business will result in an improved financial performance of the business.

The correlation value of 0.078 between 'structural transformation has an impact on financial performance of the organisation' and 'business transformation as the change of service rendering' indicates an inverse correlation. This means that transforming the business with the intention to improve financial performance and not transforming service rendering will impact negatively on the business.

4.8.4 The ability of Transformation to Improve the Rendering of the Services

There is a correlation between the two variables 'ability to improve the rendering of the service' and 'upgraded facility has the impact on rendering of the services'. The correlation value is equal to 0.251. This is a statistically weak correlation between the two variables. This implies that transformation of the business gives the organisation a better chance to render an improved service to customers. The variable also correlated at the value of 0.410 with the variable transformation process has an influence in the provision of products. This is also a weak correlation between the two variables. It implies that transformation does not only improve a rendering of services but it also improves the provision of products to customers.

4.8.5 The ability of Upgraded Facility to Improve the Provision of Satisfactory Products

There is a correlation between the two variables 'ability of upgraded facilities to improve the provision of satisfactory products' and upgraded facilities has an impact on rendering of the services'. The correlation value is 0.541. This is an average correlation between the two variables. This implies that upgrading the facility and other equipment that are used in business operations impacts positively on the provision of products and services.

A correlation value of -0.067 indicates an inverse correlation between the two variables 'ability of the upgraded facility to improve the provision of satisfactory products' and 'transformed business attracts new customers'. This means that improving the product offering to the customers and leaving behind the upgrading of the physical structure will have a negative impact on the business. Customers won't be attracted to a dilapidated physical structure.

4.8.6 The Ability of Transformation to Inspire Confidence among Employees

There is a correlation between the two variables 'ability of transformation to inspire confidence among the employees' and 'transformed business has the ability to improve financial performance of the organisation'. The correlation value is equal to 0.526 . This is an average correlation between the two variables. This implies that the transformed business increases the level of confidence among the employees. The variable also correlates with 'structural transformation process may result in growth of the organisation bottom line' at a value of 0.511 . This is an average correlation between the two variables. This implies that employees will be more motivated to work in a transformed working environment that will result in employee productivity and as a result the bottom line of the business will improve.

4.8.7 Impact of Motivation on Employee Productivity in Business Undergoing Transformation

There is correlation between the variables 'impact of motivation employee productivity in the business undergoing transformation' and 'transformed business has the ability to improve financial performance of the organisation'. The correlation value is equal to 0.389 . There is a weak correlation between the two variables. This means that motivated employees are productive employees, thus resulting in improved financial performance of the business. The variable 'motivation increases employee productivity in a business undergoing transformation' also correlates with the variable 'structural transformation has an impact on financial performance of the organisation'. The correlation value is 0.531 . This is a weak correlation between two

variables. It implies that transforming the business and upgrading the working conditions will result in a motivated and healthier workforce.

A correlation value of -0.183 indicates a negative correlation between the two variables 'motivation increases productivity in a business undergoing transformation' and 'the ability of transformation to improve service rendering'. This means that neglecting employee motivation and focusing on IT upgrades will impact negatively on the business since the employees will be demoralised and the bottom line will also be affected.

4.8.8 The ability of intrinsic rewards to improve Employee Morale and improve Productivity

There is a correlation between the two variables 'ability of intrinsic rewards in to improve employee morale and improve productivity' and 'impact of motivation on employee productivity in a business undergoing transformation'. The correlation value is equal to 0.593 . This is a weak correlation between these two variables. This correlation implies that well communicated overall transformation to the employees will motivate them because the benefit of transformation is well explained and understood. Intrinsically motivating the workforce during the transformation process motivates them and as a result productivity increases.

The variable 'ability of intrinsic rewards in to improve employee morale and improve productivity' also correlates with the variable IT as a factor in attaining high performance at correlation value of 0.251 . This correlation indicates a weak correlation between two variables. This implies that the continuous upgrades on IT systems and intrinsically rewarding the employees that operate these systems will result in improved financial performance of the business.

There is a negative correlation between the two variables 'ability of intrinsic rewards to improve employee morale and improve productivity' and 'business transformation involves the change of service rendering'. The correlation value is -0.140 between the two variables. This negative correlation implies that transforming the business and upgrading services rendering processes

will not provide the positive result for the business if the employees are not intrinsically awarded. Their morale will be adversely affected, resulting in low productivity.

4.8.9 The ability of extrinsic rewards to motivate Employees to improve Productivity

There is a correlation between two variables 'ability of extrinsic rewards to motivate employees to improve productivity' and the 'ability of transformed business to improve financial performance of the organisation'. The correlation value is equal to 0.382. This is a weak correlation between the two variables. This implies that if the employees are well remunerated, the morale will be uplifted and that will result in higher productivity. The higher productivity of the employees results in the good financial performance of the organisation.

The variable ability of 'extrinsic rewards in motivating the employee to improve productivity' also correlates with the variable 'provision of products and services communicated as an important element of the organisation's vision that the employees will pursue with passion'. The correlation value equals to 0.325. This is a weak correlation between the two variables. This implies that if the provision of products is aligned with the company's vision and the employees are extrinsically rewarded for pursuing the vision of the organisation, it will impact positively on the company's bottom line. The financial incentives for the employees must be aligned with the organisation's operational strategies so that the organisation will be able to compensate the productive employees. For example, the commission that sales employees receive when they sell a product or render a service is an extrinsic reward, which encourages productivity among them. As a result, it is a way for the organisation to generate more revenue and improve its financial performance.

There is negative correlation between the two variables 'ability of extrinsic rewards in motivating employees to improve productivity' and the 'impact of upgraded facility on rendering a satisfactory service'. The correlation value equals to -.011. This implies that upgrading the facility with an intention to

provide good service and not remunerating employee correctly will result in lower productivity and low financial performance of the organisation.

In the above discussion, the following nine variables have been considered:

- The transformed business attracts new customers into the store;
- The transformed business and its ability to improve financial performance of the organisation;
- The structural transformation and its impact on the financial performance of the organisation;
- The ability of transformation to improve the rendering of services;
- The ability of upgraded facility in improving the rendering of satisfactory services;
- The ability of transformation in inspiring confidence among the employees;
- The impact of motivation on the employee productivity in the business undergoing transformation; and
- The ability of intrinsic rewards in improving employee morale and the ability of extrinsic rewards in motivating the employee to improve productivity.

The next section discusses and interprets factor analysis, the Kaiser-Meyer-Olkin KMO measure, Bartlett's test of Sphericity tests and the Component Matrix.

4.9 Factor Analysis

Factor analysis is a statistical technique used to analyse the correlations between a number of variables in order to reduce them to a smaller number of underlying dimensions, which are referred as factors, and also to establish the correlation of each of the original variables with each factor (Kent, 2007).

Principle component analysis is used as the extraction method, and the rotation method Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimises the number of variables that have high loadings on each factor. It simplifies the interpretation of the factors.

Factor analysis shows the inter-correlations between variables. Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.

Each matrix table is preceded by a table that reflects the results of Kaiser-Meyer-Olkin (KMO) and Bartlett's test. The requirement is that the KMO Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's test of Sphericity less than 0.05. In all instances, the conditions are satisfied which allow for the factor analysis procedure. Table 4.15 presents the Kaiser-Meyer-Olkin measure of sampling and Bartlett's test of Sphericity.

The Kaiser-Meyer-Olkin KMO Measure of Sampling adequacy is a statistic that indicates the proportion of variance in the variables that might be caused by underlying factors. High values close to 1.0 generally indicate that a factor analysis may be useful with the data. If the value is less than 0.50, the results of the factor analysis probably won't be very useful (Xiahong, 2012).

Bartlett's test of Sphericity tests the statements, the correlation matrix, and identity matrix, which would indicate that the variables are unrelated and, therefore, unsuitable for structure detection. The small values (less than 0.05 of the significance level) indicate that a factor analysis may be useful with the data. Table 4.18 shows two tests that indicate the suitability of the data for structure detection (Xiahong, 2012). The results will be statistically analysed and theoretically interpreted.

Table 4.18: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.570
Bartlett's Test of Sphericity	Approx. Chi-Square	14.044
	df	6
	Sig.	.029

The result of Bartlett's test of Sphericity is 14.044 and the significant value is .000. This indicates that data was appropriate for the purpose of factor

analysis. The results of the Kaiser-Meyer-Olkin measure of sampling adequacy amounted to 0.570. The result shows that there were enough items for each factor. The above stated test supports the appropriateness of the principal component analysis technique.

Table 4.19: Rotated Component Matrix of business transformation

	Component	
	1	2
Structural layout	.655	-.266
IT infrastructure	.769	-.048
Product offerings	.696	.357
Services rendering	-.052	.925

Table 4.19 shows that three of the four factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the dimension business transformation are structural layout at the value of 0.655, Information Technology infrastructure at the value of 0.769 and product offering at the value of 0.696. This implies that these factors perfectly measured what they set out to measure, which is business transformation. The factor that did not load perfectly and overlap showed the mixing of factors. For business transformation, this factor is service rendering at the value of 0.925. This implies that the variable in an overlapping component did not specifically measure what it is set out to measure. This could be the result of interpretation from the respondents or the inability to distinguish what the variable is measuring.

The next section discusses IT as a factor in achieving shorter customer queuing times, customer satisfaction and high financial performance. Table 4.20 presents the Kaiser-Meyer-Olkin measure of sampling and Bartlett's test of Sphericity. Approx. Chi Square. The results will be statistically analysed and theoretically interpreted.

Table 4.20: KMO and Bartlett's Test for Information Technology as Factor in Achieving Transformation

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.500
Bartlett's Test of Sphericity	Approx. Chi-Square
	35.237
	df
	3
	Sig.
	.000

The result of Bartlett's test of Sphericity is 35.237 and the significant value is .000. This indicates that data was appropriate for the purpose of factor analysis. The results of Kaiser-Meyer-Olkin measure of sampling adequacy amounted to 0.500. The result shows that there were enough items for each factor. The above stated test supports the appropriateness of the principal component analysis technique.

Table 4.21: Rotated Component Matrix of IT transformation

	Component
	1
Shorter queuing time	.689
Customer satisfaction	.885
High financial performance	.684

As shown in Table 4.21, the three factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the dimension IIT as a factor in achieving transformation are shorter queuing times at the value of 0.689, customer satisfaction at the value of 0.885 and high financial performance at the value of 0.684. This implies that these factors perfectly measured what they set out to measure, which is IT is a key factor in achieving transformation.

The next section discusses the financial performance of the business. Table 4.22 presents the Kaiser-Meyer-Olkin measure of sampling and Bartlett's test of Sphericity Approx. Chi square. The results will be statistically analysed and theoretically interpreted.

Table 4.22: KMO and Bartlett's Test for The Financial Performance of The Organisation

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.621
Bartlett's Test of Sphericity	Approx. Chi-Square
	83.159
	df
	6
	Sig.
	.000

The result of Bartlett's test of Sphericity is 83.159 and the significant value is .000. This indicates that the data was appropriate for the purpose of factor analysis. The results of Kaiser-Meyer-Olkin measure of sampling adequacy amounted to 0.621.

The result shows that there were enough items for each factor. The above stated test supports the appropriateness of the principal component analysis technique.

Table 4.23: Component Matrix of business financial performance

	Component 1
Transformed business has the ability to improve financial performance of the organisation.	.698
Financial performance is the gauge to evaluate management's financial ability of the firms	.639
Structural transformation has an impact on financial performance of the organisation	.798
Structural transformation process may result in growth of the organisation's bottom line.	.850

In Table 4.23, the four factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the dimension 'business financial performance' are 'transformed business has the ability to improve financial performance of the organisation' at the value of 0.698, 'financial performance is the gauge to evaluate management's financial ability of the firms' at the value of 0.639, 'structural transformation has an impact on financial performance of the organisation' at the value of 0.798 and 'the structural transformation process may result in the growth of the organisation's bottom' line at the value of 0.850. This implies that these factors perfectly measured what they set out to measure, which is business financial performance. The next section discusses the provision of products and services. Table 4.24 presents the Kaiser-Meyer-Olkin measure of sampling and Bartlett's test of Sphericity. Approx. Chi square. The results will be statistically analysed and theoretically interpreted.

Table 4.24: KMO and Bartlett's Test for Provision of Products and Services

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.594	
Bartlett's Test of Sphericity	Approx. Chi-Square	254.882
	df	28
	Sig.	.000

The result of Bartlett's test of Sphericity is 254.882 and the significant value is .000. This indicates that data was appropriate for the purpose of factor analysis. The results of Kaiser-Meyer-Olkin measure of sampling adequacy amounted to 0.594. The result shows that there were enough items for each factor. The above stated test supports the appropriateness of the principal component analysis technique.

Table 4.25: Rotated Components Matrix

	Component		
	1	2	3
Products	-.067	-.027	.850
Services	.244	.271	.707
Satisfactory services	.696	.200	-.135
Satisfactory products	.847	-.018	-.006
Products	.774	.083	.348
Services	.684	.181	.478
Products	.155	.953	-.005
Services	.074	.922	.227

From Table 4.25, it is observed that two factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the dimension transformation are 'transformation has the ability to improve provision of products' at the value of 0.850 and 'transformation has the ability to improve service rendering' at the value of 0.707. The result also shows that the two factors have loaded perfectly along the single dimension.

The factors that loaded perfectly for the dimension are 'the upgraded facility has an impact on provision of products' at the value of 0.696 and 'upgraded facility has an impact on service rendering' at the value of .0.684. It is also observed that two factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the dimension are 'transformation process influences the provision of products' at the value of 0.953 and 'transformation process influences rendering of services' at the value of 0.922. This implies that these factors perfectly measured what they set out to measure, which is the transformation process and upgraded facility.

The next section discusses employee motivation after transformation. Table 4.26 presents the Kaiser-Meyer-Olkin measure of sampling and Bartlett's test of Sphericity. Approx. Chi Square. The results will be statistically analysed and theoretically interpreted.

Table 4.26: KMO and Bartlett's test for employee motivation after Transformation

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.512
Bartlett's Test of Sphericity	Approx. Chi-Square	99.263
	df	6
	Sig.	.000

The result of Bartlett's test of Sphericity is 99.263 and the significant value is .000. This indicates that data was appropriate for the purpose of factor analysis. The results of Kaiser-Meyer-Olkin measure of sampling adequacy amounted to 0.512. The result shows that there were enough items for each factor. The above stated test supports the appropriateness of the principal component analysis technique.

Table 4.27: Components' Matrix of employee motivation after transformation process

	Component
	1
Transformation has the ability to inspire confidence amongst employees	.543
Motivation increases employee productivity in business undergoing transformation	.840
An intrinsic reward improves the employee morale and results in productivity.	.849
Extrinsic rewards motivate the employees to improve productivity.	.767

From Table 4.27, it is observed that four factors have loaded perfectly along the single dimension. The factors that loaded perfectly for the employee transformation are 'transformation has the ability to inspire confidence amongst employees' at the value of 0.543, 'motivation increases employee productivity in business undergoing transformation' at the value of 0.840, 'an intrinsic reward improves employee morale and results in productivity' at the value of 0.849 and 'extrinsic rewards motivate the employees to improve productivity' at the value of 0.767. This implies that these factors perfectly measured what they set out to measure, which is employee motivation.

The previous section discussed the factor analysis which covered the four main objectives of the study. This includes business transformation, business financial performance, and provision of product and services and employee motivation after transformation process. The Kaiser-Meyer-Olkin and Bartlett's tests were used to provide the detailed explanation of the factor analysis.

The next section discusses the reliability statistics. The results are presented in Table 4.28.

4.10 Reliability Statistics

The two most important aspects of precision are reliability and validity. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.70 or higher is considered as acceptable (Phelan and Wren, 2006). Table 4.28 presents the Cronbach's alpha score for all the items that constituted the questionnaire. The results will be statistically analysed and theoretically interpreted.

Table 4.28: Reliability Statistics for Components of Transformation

Components of transformation	Cronbach's Alpha
Business Transformation	0.474
Components that support change	0.633
Business Financial Performance	0.735
Provision of Product and Services	0.771
Employee Motivation after the Transformation Process	0.739
Overall	0.801

The overall reliability score of 0.801 exceeds the recommended value of 0.700. This indicates a high overall degree of acceptable, consistent scoring for this research project

All of the transformation components meet the minimum requirement value, with only the business transformation component that supports change being slightly below. The primary reason for this is that the construct has been redeveloped with each subsection having the minimum number of variables.

4.11 Conclusion

The intention of this chapter was to present and interpret the empirical findings related to the influence of transformation on the financial performance of the operational level of the retail businesses. To obtain a wide range of ideas and opinions, the quantitative study was conducted in the retail sector in KwaZulu-Natal. SAPO was used as the case study.

The result of the study revealed that there is a significant difference with the overall transformation and the financial performance of the business. The structural transformation of the business proved to have an impact on the financial performance of the business positively by its ability to attract more customers. The study further revealed that the adoption of the latest IT systems by the retail sector will result in the smooth operation of the business, customer satisfaction and shorter turnaround time to process clients' transactions.

The next chapter presents the conclusions and the recommendations drawn from the findings. The conclusions are linked to the research objectives and the research problems. The next chapter also presents the recommendations for future research.

CHAPTER 5 : CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter discussed the interpretation of the statistical information that was consolidated from the study conducted. It is crucial to discuss the statistical results in more detail, to provide precise findings, draw conclusions and offer recommendations based on findings of the study. This chapter focuses on the conclusions and recommendations of the study.

The retail sector is faced with the ever changing economic conditions that force its operations to change as the market forces changes. To adapt to the changes presented by the market, retail businesses have to undergo transformation to stay afloat in an unstable market conditions. The aim of the study was to investigate the influence of transformation on the financial performance of the operational level of the retail businesses. It was noted that overall transformation impacted positively on the financial performance of the business. The conclusions are based on the objectives of the study which are listed as follows:

- To determine the components of operational transformation that support change;
- To examine whether changes brought about by transformation improve the financial performance of retail businesses;
- To establish the link between changes brought about by transformation and the improvement in the provision of products and services in retail businesses, and improvement in financial performance; and
- To determine if retail businesses undergoing transformation inspire confidence amongst employees.

5.2 The Achievement of Research Objectives

The overall objective of the study was to investigate the influence of transformation on the financial performance of the operational level of the retail businesses. Chapter 2 presented a detailed literature review concerning the overall objective of the study. The information was collected from the different sources of information to provide a better understanding of the influence of transformation on financial performance of the operational level of the retail businesses. The main research objective was achieved. The next section discusses the achievement of the sub-objectives.

5.2.1 To Determine the Components of Operational Transformation that Support Change

The study was able to establish three different components of overall transformation that support change in the business. The structural transformation of the business dealt with change of the physical layout and remodelling of the business. The business has to respond and adapt to the ever changing economic conditions and the continuous change of the consumer consumption patterns by making internal changes to respond to external forces.

Transformation of IT deals with the upgrades and change of the IT system by the business to be in line with latest technology system that is fast and effective to provide customers with good service.

Employee transformation in a business undergoing change includes preparing the employees about the change and aligning them with new business strategies due to the business transformation that has taken place. Therefore, this objective was achieved. The above interpretation is affirmed by the descriptive statistics results in Table 4.7 for structural layout (77.8 percent), followed by IT (88.9 percent), product offering (90.3 percent) and service rendering (97.2 percent). Respondents have affirmed that these items are the components of transformation that support change. In line with business transformation, there is correlation between variables under the stated objective.

The results also show that there is a correlation between the variable 'transformed business attracts more customers into the store' and the variable 'the organisation is ready to change when it acknowledges that the current status is not where it wants to be' at a p value of .320 (Table 4.17). This correlation means that if the business sees the need to change and transforms its business, it will attract more customers, and the bottom line of the business will improve. The above interpretation affirms the achievement of the stated objective.

5.2.2 To examine if changes brought about by Transformation improves the Financial Performance of Retail Business

The study was able to establish if the change brought about by transformation improves the financial performance of the retail businesses. The result of the study has revealed that transforming a business impacts positively on the financial performance of the business. The improved financial performance of the business provides the competitive advantage of the business among the competitors. Therefore, this objective was achieved. The above interpretation is affirmed by descriptive statistics result of 91.7 percent. As can be seen in Table 4.11, respondents affirmed that transformed business has the ability to improve the financial performance of the organisation. The correlation results in Table 4.17 affirm the achievement of the objective by showing correlations between the two variables 'transformed business and its ability to improve financial performance of the organisation' and 'the organisation is ready to change when it acknowledges that the current status is not where it wants to be'. The correlation value is .371. This value means that acknowledging the need for change and transforming business to adapt to the external environment will improve the relevance and financial performance of the business. In line with the above interpretations, the overall business transformation does improve the financial performance of the business.

5.2.3 To establish if the Changes brought About by Transformation Improves the Provision of Products and Services in Retail Businesses and Thereby Improve Financial Performance

The study was able to establish that changes brought about by transformation improve the provision of product and services in retail businesses and thereby improve financial performance. The result of the study has revealed that transformed or remodelled businesses are able to provide better products and services to customers due to the improved facilities, latest IT systems, and well trained and friendly employees. This provides satisfaction to customers and they become loyal and spread good word-of-mouth to other potential customers which impacts positively and improves the financial performance of the business. Therefore, this objective was achieved.

The above interpretation is affirmed by the descriptive statistics results of 90.3 for products and 91.7 percent for services (Table 4.13). The respondents have affirmed that transformation has the ability to improve the provision of products and a service, thereby improving the financial performance of the business. The correlation result in Table 4.17 affirm the achievement of the above stated objective by showing correlation between two variables which are 'the ability of upgraded facility to improve the provision of satisfactory products' and 'upgraded facilities has an impact on rendering of the services'. The correlation value is 541. This value means that upgrading the facility and other equipment that are used in business operations impacts positively in the provision of products and services. Business transformation inspires product and service innovations to entice customers and results in an improved business bottom line.

5.2.4 To Determine if Retail Businesses Undergoing Transformation Inspire Confidence amongst Employees, Thereby Achieving Their Financial Goals

The study was able to establish that retail businesses undergoing transformation inspire confidence amongst employees, thereby achieving their financial goals. The result of the study revealed that a well communicated overall transformation to the employees does inspire confidence to the employees if the benefits of transformation are shared with the employees at an early stage. Motivated employees are productive employees that help the organisation to achieve its main goal which is profit maximisation. Therefore, this objective was achieved.

The above interpretation is affirmed by the descriptive statistics results of 87.5 percent (Table 4.14) whereby the respondents affirm that motivation increases employees' productivity in the business undergoing transformation, thereby achieving its financial goal. The correlation results in Table 4.17 affirm the achievement of the above stated objective by showing the correlations between two variables which are 'the impact of motivation employee productivity in business undergoing transformation' and 'transformed business has the ability to improve financial performance of the organisation'. The correlation value is equal to .389. This value means that motivated employees are productive employees who are responsible for the improved financial performance of the business. Well communicated business transformation inspires confidence amongst the employees and results in an improved productivity.

5.3 Overview of Empirical Study

Creswell (2009) describes empirical research as a research study using empirical evidence. It is the way of gaining knowledge by means of direct and indirect observations or experience. Data can be analysed qualitatively and quantitatively through quantifying the evidence or making sense of it in a qualitative form. This study is classified as a fundamental research study. Its aim was to test the respondents' perceptions and views on the transformation

and the influence on the financial performance of the retail businesses. The inspiration to conduct this research study emanated from the research problem which was identified earlier in the study. The retail sector operates under extensive competition and in a technology-dominant environment. To stay ahead of competitors, the business, from time to time, must go through operational transformation. During this phase, financial performance drops, quality of the service rendered declines; customer volumes decrease, and employee morale also get affected (Fisher, 2005).

According to Dhawan (2010), it is important to plan a research project. The aim is to help a researcher to develop a clear sense of direction early on in the project, and to support the researcher in organising, planning, and monitoring the project.

The planning process to address the research problem involved the consultation with the senior management of the SAPO where the study was conducted. The approval from the management to conduct the study within SAPO, and the consent from branch managers to participate in the study were obtained. The manner in which the research was conducted is summarised below.

5.3.1 Data Gathering

The data was gathered using different sources ranging from the books, internet, journal articles, magazines, online journals, newspapers, e books, etc. The questionnaire was designed and used as a tool to collect data from the respondents. The e mail and personal method were used to distribute questionnaires to the respondents. The response rate from respondents was 71 percent which was acceptable for the purpose of this study. Pretesting was also done to fine-tune the questionnaire.

5.3.2 Analysis and Interpretation

The services of a qualified statistician were engaged to Analyse and interpret the data collected from the respondents. The tool that was used to Analyse the data was the Statistical Package for the Social Sciences (SSPS) version

22.0 for Windows. The results were statistically tested and theoretically analysed and backed by the relevant literature from different sources.

5.3.3 Report Writing

The sequence and the flow of the research project were presented as follows:

- Chapter 1 which is the introduction of the research project;
- Chapter 2 which deals with the literature review;
- Chapter 3 which identifies the research methodology employed;
- Chapter 4 which constitutes the analysis and interpretation of results;
and
- Chapter 5 which relates to the conclusions and recommendations.

The presentation of this research project was guided by the aim and the objectives of the study.

5.4 Overview of the Theoretical Perspective of the Study

The aim of the study was to investigate the influence of transformation on the financial performance of the operational level of the retail businesses. The target population were the middle level management branch managers from SAPO in KwaZulu-Natal. The study investigates the respondents' perceptions and their views about the transformation and the impact it has on the financial performance of the business. The objectives and research questions were developed to guide and build the framework of the study. The review of the relevant and precise literature was conducted in Chapter 2. The review of the literature was guided by the objectives of the study which are listed above under 5.1 the areas that were covered when consolidating the literature review of the study were business transformation, business financial performance, provision of products and services and employee motivation after transformation.

Hammond (2012) defines transformation as the process of profound and radical change that orients an organisation to a new direction and takes it to a next level. This section outlined the components of business transformation

that supports change, i.e., structural transformation, IT systems transformation and employee transformation and motivation. These transformation components were reviewed intensively to establish how they are related to each other and also how they impact on operations and financial performance of the business. The study has shown that it is important for the business to consider all four components of transformation when undergoing transformation.

In support of the above theoretical analysis, Katz (2010) states that the retail landscape is being transformed as economic volatility compels stores to alter traditional formats. Docrat (2007) also adds that internal and external pressures have forced some retailing institutions to undergo major changes over time. A total of 77.8 percent of respondents affirm that structural layout is one of the important components of transformation, followed by 88.9 percent of respondents who affirm that IT transformation form part of the transformation component and 97.2 percent of respondents affirm that products and services are also an important component of transformation. The overall business transformation must include all the components of transformation to be successful.

This theoretical section dealt with the financial performance of the business and its importance for the survival of the business. The reviewed literature also outlines the importance of financial management for the business and also identifies the ways and means that can assist the businesses to manage financial resources. The study indicated that financial resources are the competitive advantage for the business because their availability assists the organisation to explore other business ventures and allows the business to expand.

Zelgalve and Zaharcenko (2012) insist that financial analysis is an important factor in the changing economic environment. It helps in understanding the correctness and efficiency of the use of financial resources in generating company earnings. By doing financial analysis, an enterprise has the opportunity to evaluate its financial operations and market position, to identify possible risks, to notice mistakes and make plans for the future.

A total of 91.7 percent of respondents affirm that transformed business has an ability to improve the financial performance of the organisation, while 86.1 percent of respondents affirm that structural transformation has an impact on financial performance of the organisation. The above results of the study show that overall business transformation has a positive effect on the financial performance of a business. This theoretical section dealt with the provision of products and services in the business. The differentiation and the quality of products and services provide the business a competitive advantage among competitors. The reviewed literature shows that it is important for the business to innovate its products and services to entice customers.

Dagger and Danaher (2014) also affirm that, in a buying decision, the place where the product or service is purchased or consumed is often more influential than the product itself. They further state that most retailers have created not just a retail store but a place that customers will love, and a place where people want to be. A total of 90.3 percent of respondents affirm that transformation has the ability to improve the provision of product and 84.7 percent of respondents affirm that upgraded facility has the impact on rendering products and services. Overall business transformation must include the innovation of products and services to attract more customers into the business to improve the bottom line of the business. The theoretical section also dealt with employee motivation during and after business transformation.

Mishra and Gupta (2009) define motivation as the psychological process that gives behavior a purpose and direction, a predisposition to behave in a positive manner to achieve specific unmet needs. Work motivation is a key mechanism for maximizing the use of human capital for organisational success (Kanfer, Chen & Pritchard, 2008). The reviewed literature identified communication as the important element during business transformation to keep the employees updated and for the smooth transition of the transformation process. A total of 83.3 percent of respondents affirm that transformation has the ability to inspire confidence amongst employees, followed by 87.5 percent of respondents who affirm that motivation increases

employee productivity in businesses undergoing transformation. Properly communicated transformation boosts employee morale and results in higher productivity. The benefits of transformation must be shared with employees which will increase the level of commitment from them and result in an improved financial performance of the business.

The literature also revealed a strong relationship between these transformation components. It has indicated that the overall transformation of business involves structural transformation and design of the business, upgrading of the IT systems, motivating and training the workforce for the change. The literature also demonstrated that the transformed business has the ability to attract and maintain customers to the business due to the latest structural design, new effective and fast IT systems and a friendly, efficient workforce that creates a friendly environment for customers. This all impacts positively on businesses' bottom-line.

5.5 Implications of Results to the Retail Sector

A research study of this kind is crucial for the retail businesses to continuously scan the business environment to determine the opportunities that the market is presenting and also the threats that might face the business. The external environment that always poses threats to retail business includes economic conditions, changing consumer consumption patterns, competition, IT, climate change, etc. These market forces compel retail businesses to change their internal environment to respond to the external environment and to adapt to the change by transforming their businesses. The study has revealed that there is a gap between when the business scans the environment and determines the need to change and when the actual change takes place whereby the business transforms to gear itself for the change. Most businesses acknowledge the need to change when the external environment has already impacted business negatively. The research study further revealed that business transformation has a positive influence on the financial performance of the business. The aim of this research project is to contribute to the academic body of knowledge, in general, and to the retail sector, more specifically, to the SAPO.

The following are the recommendations for the retail sector to consider to enhance its performance:

- ✓ Retail businesses should continuously scan the market environment to determine the threats and the opportunities;
- ✓ Retail businesses should consider overall business transformation from structural transformation, IT transformation and employee motivation;
- ✓ The business transformation process must be well communicated to the employees so that they know its benefits and its needs which impact directly on their productivity;
- ✓ Transformation of business should be undertaken to give it a new look and improve service rendering and product offering by adopting an innovative approach and using the latest IT systems;
- ✓ Retail businesses should upgrade its facilities to provide standardisation across the region and provide similar services to all their outlets to ensure customer satisfaction;
- ✓ Retail businesses should attract young skills and talent into the business while simultaneously retaining its old, well experienced workforce to ensure the smooth transition of skills between the two generations;
- ✓ Retail management should remunerate employees intrinsically to acknowledge a good work performance by giving certificates of appreciation, awards, etc. This motivating method improves employee morale and productivity; and
- ✓ Retail management should align the extrinsic reward motivation method with the organisational goal to ensure that organisational goal is achieved and the employees are compensated accordingly.

It is crucial for the retail sector, in general, to consider the points listed above to ensure the effective flow of the transformation process and the creation of

retail business that will remain relevant and be profitable in the future. The consequences for ignoring the finding of the study will result in business transformation failure that will threaten the existence of retail businesses and also impact negatively on the financial performance of the business.

5.6 Limitations of the Study

The study was concentrated in KwaZulu-Natal. As much as the findings of the study can be generalised to all the retail sectors outside KwaZulu-Natal, the need for future research arises so that other provinces could be included. The broader coverage of all nine provinces in South Africa will require a lot of funding and time. Consequently, the study was restricted to KwaZulu-Natal.

5.7 Recommendations for Further Research Study

The research findings show that business transformation has a positive influence on the financial performance of the business. It is, therefore, recommended that retail businesses must continuously scan the business environment to determine the opportunities and the threats that the market might present in order to align and transform the business to adapt to the change. Transformation of business increases the level of business relevance, lengthens the business life span and also increases the business profitability. The following are the recommendations for future research studies:

- ✓ It is recommended that future research should focus on business transformation and the influence it has on the bottom-line of the businesses, including the grouping together of corporate retail businesses, chain stores and independently owned retail businesses to provide a wide scope of research and a good representation of retail businesses in the study;
- ✓ Similar studies should be conducted across all South African Post Office retail outlets across the provinces to have 100 percent representation of retail post offices in the study since the current study was only conducted in KwaZulu-Natal; and

- ✓ It will also be interesting to conduct a study on transformation and its influence on financial performance of the food industry, specifically restaurants, because this sector timeously transforms its business and operations to meet changing customer needs.

5.8 Concluding Remarks

The study elaborated on the influence of transformation on the financial performance of the retail business and the importance of the businesses to transform the structural design and their operations to adapt to changing market environments. The relevance and existence depends on retail businesses to change with the times to maintain and increase their market share, thereby impacting positively on the financial performance of the business and increasing the life-span of the business.

The recommendations, implications and conclusions discussed in this chapter are based on the findings and the outcomes of the study. The adoption and the implementation of the implications of the study in the retail sector could possibly ensure smooth running of retail operations and profit maximisation. The study shows the positive influence of transformation and the financial performance of the retail business. The implementation of these recommendations will assist retail businesses in South Africa to improve their structural design, service rendering, and product offering, upgrading of IT systems and motivate their employees.

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APPENDIXES

Appendix A: Letter of Information and Consent

104 Locust Rich Road
Newlands West
Durban
4037

Dear Participants

Research topic:

THE INFLUENCE OF TRANSFORMATION ON FINANCIAL PERFORMANCE OF OPERATIONAL LEVEL OF RETAIL BUSINESSES: A CASE STUDY

I am currently undertaking a project as part of my studies towards Masters of Technology: Business Administration at Durban University of Technology. The study aims to investigate the influence of transformation on financial performance on operation level for retail business: A case study.

Transformation (definition)

Is the process of profound and radical change that orients an organisation in a new direction and takes it to a next level (Hammond, 2012).

I shall be grateful if you could kindly complete the questionnaire? It will take approximately 15 minutes. Participation is voluntary and you are free to withdraw from the study anytime without giving reasons, and without prejudice or any diverse consequences.

The information you give will only be used for research purposes and will be aggregated with other responses and only the overall average information will be used.

Your identity and individual answers will be kept confidential. Should you want to discuss this further, please feel free to contact me or my supervisor Dr RWD Zondo on 031-373 6831 or on his email DumisaniZ@dut.ac.za or the IREC Administrator, Lavisha Deonarian on 031-373-2900 or on her email LavishaD@dut.ac.za

Your assistance will be much appreciated.

Yours faithfully

Xolani Simamane

Phone number 033-3456169

Email xolani.simamane@postoffice.co.za

Please complete the following as the confirmation of your willingness to participate in this research project:

I..... have adequately discussed the study with the researcher, understand that I may withdraw from it without giving reason, and also voluntarily agree to participate by completing the relevant questionnaire or being interviewed.

Signature..... Date

Appendix B: Questionnaire

INSTRUCTIONS

- The questionnaire mainly consists of a number of statements. You are simply asked to indicate the extent to which you agree or disagree with each. Place a cross (X) in the appropriate block
- Some questions are Yes Or No / Unsure type Questions. Simply place a cross (X) in the appropriate block.
- If you don't understand any of the questions, ask for assistance. I will call personally to clarify any problems you may encounter.

RESEARCH QUESTIONNAIRE

Section A of the questionnaire deals with the background and biographical information, respectively. Although I am aware of the sensitivity of these questions, this information will help to compare results from the various groups of respondents. Once again, I assure you that your response will remain anonymous. Your co-operation is appreciated.

SECTION A – BACKGROUND AND BIOGRAPHICAL INFORMATION

OFFICE GRADE	DEMOGRAPHIC QUESTIONS	LEVEL E	LEVEL D	LEVEL C	LEVEL B	LEVEL A
1	Branch level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Gender	M <input type="checkbox"/>	<input type="checkbox"/>		F <input type="checkbox"/>	<input type="checkbox"/>
3	Age Group	>17-27 years	28-38 years	39-49 years	50-60 years	61 and above
4	Ethnic group / Nationality	African	Asian	White	Colored	Foreign National
5	Number of years in the company	0-10 years	11-21 years	22-32 years	33-43 years	44 and above
6	Number of years as branch manger	0-10 years	11-21 years	22-32 years	33-43 years	44 and above
7	Span of control	0-10 people	11-21 people	22-32 people	33-43 people	44 and above

SECTION B – BUSINESS TRANSFORMATION

8.0 Please indicate from the scale of 1 to 5 your perceptions about business transformation

		Business transformation	1	2	3	4	5
			Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
8.1	Organisation is ready to change if it acknowledges that the current status is not where it wants to be.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2	Transformed business attracts more new customers into the store.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate by ticking appropriate rows from the table below.

9.0 Business transformation involves change of the following

	YES	UNSURE	NO
9.1.1. Structural design			
9.1.2. Information technology (IT)			
9.1.3. Product offerings			
9.1.4. Services rendering			

9.2.0. IT transformation is the key factor in achieving the following.

9.2.1 Shorter queuing time

9.2.2. Customer satisfaction

9.2.3 High financial performance

YES	UNSURE	NO

SECTION C - BUSINESS FINANCIAL PERFORMANCE

10.0 Please indicate from the scale of 1 to 5 your perceptions about business financial performance.

	Business financial performance.	1	2	3	4	5
		Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
10.1.	Upgraded business has the ability to improve financial performance of the organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.2.	Financial performance is the gauge to evaluate management's financial ability of the firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.3	*Structural transformation has an impact on financial performance of the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10.4	*Structural transformation process may result in growth of the organisation bottom line.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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***Definition of structural transformation**

*structural transformation: is the process of improving a broken, damaged or outdated building structure to give it a stylish new look (Mohd Ali, 2013).

SECTION D – PROVISION OF PRODUCT AND SERVICES.

Please indicate by ticking the appropriate rows from the table below.

11.0. Transformation has the ability to improve the provision of the following:

	YES	UNSURE	NO
11.1. Products			
11.2. Services			

11.3. Upgraded facility has an impact on rendering the following:

	YES	UNSURE	NO
11.4 Satisfactory services			
11.5 Satisfactory products			

11.6. Transformation process has the influence on provision of the following:

	YES	UNSURE	NO
11.7 Products			
11.8. Services			

11.10 If the provision of the following is communicated as an important element of the company's vision, the employees will pursue it with passion:

	YES	UNSURE	NO
11.11 Products			
11.12 Services			

SECTION E – EMPLOYEE MOTIVATION AFTER TRANSFORMATION PROCESS.

12.0. Please indicate from scale of 1 to 5 your perceptions about employee motivation after transformation process.

NO.	Employee motivation after transformation process	1	2	3	4	5
		Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
12.1.	Transformation has the ability to inspire confidence amongst employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2.	Motivation increases employee productivity in business undergoing transformation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.3.	*Intrinsic rewards improve employee morale and results in productivity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12.4.	*Extrinsic rewards motivate the employees to improve productivity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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***Definitions of intrinsic and extrinsic rewards**

*Intrinsic rewards: It is an outcome that gives an individual personal satisfaction such as that derived from job well done, for example, certificate of appreciation (Ozutku, 2012).

*Extrinsic rewards: Any tangible benefits of a particular job or activity, which is external to the job itself. An extrinsic reward includes incentives bonuses, promotions, compensations networking opportunities, etc. (Ozutku, 2012).