

**THE IMPACT OF THE IMPLEMENTATION OF CHANGE MANAGEMENT
PROCESSES ON STAFF TURNOVER AT TELKOM SA**

By

Gonaseelan Naidu

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Business Studies Unit, Durban University of Technology
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Supervisor: Dr Roger Mason

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Approved for final submission

A handwritten signature in blue ink, appearing to be 'R.B. Mason', with a long horizontal flourish extending to the right.

Supervisor Dr. R.B. Mason

PhD, MBL, BA, Dip Mkt Res & Adv, Dip Mkt Mngmnt

Date: 30 November 2008

DECLARATION

This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

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This dissertation is being submitted in partial fulfilment of the requirements for the degree of Masters in Business Administration.

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I hereby wish to express my gratitude to the following individuals who enabled this document to be successfully and timeously completed.

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DEDICATION

This dissertation is dedicated to Elaine, Ryan, and Samuel Naidu & Ma

ABSTRACT

Telkom SA, over the last decade and a half, has undergone major change in terms of the manner in which it does business. From being a state-owned company to becoming a para-statal, to being run by foreigners and, finally, being run by local leaders within the company, Telkom SA has transformed as a company. The objective of this study was to investigate the impact of change implementation on staff turnover in Telkom SA by reviewing the following key issues: The implementation of change within Telkom SA, benchmarked against international best practices; the communication of change/re-structuring initiatives by management in Telkom SA; the effect of change implementation on staff turnover; and the effect of change implementation on employee morale and retention.

The rationale of this study is to allow Telkom SA management to review their current implementation strategy of change management initiatives in Telkom SA.

Thereafter, it will provide guidelines for improvements in change implementation for the management of Telkom SA. Staff turnover and employee morale can negatively impact service delivery and financial performance of a company, so these recommendations are aimed at improving service delivery and financial performance.

The study was descriptive, cross sectional and quantitative, involving the application of a questionnaire, via e-mail and personal interviews, with a sample of staff from the core planning section in the Network Infrastructure Provisioning division, where a high staff turnover rate existed. The questionnaire focused on assessing the impact of the implementation of change management processes on staff turnover at Telkom SA and was developed from the literature review. Data was analysed using the Statistical Package for the Social Sciences (SPSS), Version 15 for both descriptive and inferential statistics. The findings show that a significant percentage of respondents were

dissatisfied with the way management had handled issues related to change implementation, communication, turnover, morale and retention.

With this in mind, recommendations on ways to reduce the impact of the key issues on the organisation were made. These included the recommendation of lean methodology in order to deal with the first three key issues, namely, implementation, communication, and turnover. Thereafter the 'four cores of credibility' model was recommended to improve employee morale. Finally recommendations were made on ways to improve employee retention.

The overarching issue that has come to light is that although management is, to a degree, communicating change implementation, there is a noticeable lack of engagement with employees. The onus, therefore, lies with leadership to lift the levels of engagement with employees, thereby reducing the impact of change implementation on the organisation by increasing the level of transparency in the organisation. Improving communication would lead to improved trust, which would then result in improved employee morale, ultimately leading to a reduction in the staff turnover rate.

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CHAPTER ONE - INTRODUCTION AND OVERVIEW OF THE RESEARCH PROJECT

1.1 INTRODUCTION

Handy, (cited in Burnes, 2004:104), states that the world of work is changing because the organisations of work are changing their ways. At the same time, however, the organisations have to adapt to a changing world of work. It's a chicken and egg situation. One thing, at least, is clear: organizations in both the private and public sectors face a tougher world. The company, in this particular situation, is Telkom South Africa. Telkom is responsible for the provision of infrastructure in the Information Communications & Telecommunications environment in South Africa to various corporate and residential customers. These customers include major corporate companies, mobile cell operators, government and residential customers. Although Telkom SA is currently in a monopolistic position in the country, management has noticed a steady increase in staff turnover in the Network Infrastructure Provision Division over last financial year.

This chapter will consist of a brief background of Telkom SA and thereafter a discussion of the problem statement, objectives, rationale and scope of this study. An overview of the research methodology as well as an overview of the chapters of this study will also be provided

Telkom SA was formed in October 1991 and has undergone many changes to its structure and mode of operation. Over the last decade and a half, Telkom has moved from being a state owned company to becoming a para-statal, to being run by foreigners and, finally, being run by local leaders from within the company itself. Telkom SA has indeed transformed as a company. The para-statal nature

of the company saw high-level management not instituting comprehensive change management information sessions. Telkom, prior to this increase in staff turnover, has embarked on numerous staff reduction programmes and change management initiatives, which have resulted in employees feeling betrayed by the company. These change management initiatives have also contributed to service delivery declining within the organization. Employees are highly skilled in information communications and telecommunications technologies. It would, therefore, be beneficial to Telkom SA to look at measuring the degree to which employee morale and staff turnover are affecting the overall performance of the company. Telkom SA's Chief Executive Officer, Chief Technical Officer, Chief Sales and Marketing Officer have all resigned from its employ, adding further pressure to the situation, (Bridgraj, 2007).

1.2 PROBLEM STATEMENT

Staff turnover has become a major issue in Telkom. The problem statement for this study, from a research point of view, is to investigate the degree to which change implementation has negatively impacted staff turnover as well as employee morale in Telkom SA.

1.3 OBJECTIVES

Telkom SA, over the last decade and a half, has undergone phenomenal change in terms of the manner in which it does business. From being a state-owned company to becoming a para-statal, to being run by foreigners and, finally, being run by local leaders within the company, Telkom SA has transformed as a company. The objective of this study is to investigate the impact of change implementation on staff turnover in Telkom SA by reviewing the following key issues:

- 1.3.1 Implementation of change within Telkom SA benchmarked against international best practices;

1.3.2 Communication of change/re-structuring initiatives by management in Telkom SA;

1.3.3 The effect of change implementation on staff turnover;

1.3.4 The effect of change implementation on employee morale and retention.

1.3.1 Telkom SA change benchmarked against international best practices

Implementing change within a large organisation requires careful planning, consultation and, finally, implementation. Telkom SA has undergone rapid change over the last few years and it would be beneficial to the company to ascertain whether the correct guidelines were followed for implementing change. This issue will be discussed in greater detail in the literature review of this study.

1.3.2 Effect of Communication of change on employee commitment

In the not-too-distant past, the attitude of management, in general, was that “no one is indispensable”. Employees were allowed to leave at random and the above turnover costs were not taken into consideration. No explanation was given in terms of the direction in which Telkom was heading. It is, therefore, of importance to this study to review the manner in which the communication of change/re-structuring initiatives by management in Telkom SA is impacting on employee commitment. This issue will be discussed in greater detail in the literature review of this study.

1.3.3 Effect of change implementation on staff turnover

Looking at staff turnover, from the literature that is available, it is evident that this phenomenon is crippling many companies in South Africa, and Telkom SA is no exception. Robbins, Odendaal and Roodt, (2003:66) state that there is a pressing need for, specifically, South African research to identify and explore the value, attitudes and job satisfaction of South African managers and employees. Those companies, which commit themselves to improving the quality of the working life of employees, through communication, will find that the understanding,

commitment and involvement will grow in the soil made fertile by leadership. Their harvest will be one of quality (King, 1992:58). The financial implications of staff turnover on an organization must also be taken into account. This issue will be discussed in greater detail in the literature review of this study.

1.3.4 Effect of change implementation on employee morale and retention

After the effect of staff turnover on an organization has been examined, the effect of change on employee morale must be investigated in order to recommend corrective actions. A major factor contributing to low employee morale is trust. Due to the increasing demand, which the market is placing on organizations, employees are also being placed under extreme amounts of stress, creating resistance, which is leading to a lack of commitment from the employees and also resulting in the employees suffering from burn-out. Constantly changing management objectives and the lack of constant communication with employees is also leading to distrust. In order to overcome the negative impact of stress and distrust on employees, management needs to look at ways to keep employees committed to their jobs. Render (2004), states that mutual commitment means that both management and employees strive to meet common objectives. The literature review of this study will provide a more in-depth comment on the above mentioned issue.

1.4 RATIONALE FOR THE STUDY

The rationale of this study is to allow Telkom SA management to review their current implementation strategy of change management initiatives. Thereafter, it will provide recommendations for the management of Telkom SA to view. Telkom SA has been in existence for a long period during which value systems would have dictated the behaviour of management. Staff turnover and employee morale can negatively impact service delivery and financial performance of a company. Castanon (2006) proposed that the negative impact of job insecurity on

employee morale can threaten the successful implementation of an organizational change initiative.

1.5 SCOPE OF THE STUDY/DELIMITATIONS

The scope and limitations of a study highlight the areas of focus and those factors that the researcher has no control over. The limitation of this study is that Telkom SA is an extremely large organization and, after discussion with management, it was decided to focus on sections where management believe that the problem is most prevalent. It was, therefore, agreed that the researcher would focus on the Network Infrastructure Provisioning Section, as staff turnover is the highest in this section. Thus, the outcomes of the analysis would focus on the situation within this section specifically. The other limitation is that data collection would be through a self-completed questionnaire and, thus, there was no control over the timeous response of respondents to the survey. However, every effort was made to encourage respondents to participate in the survey. The study was reliant on secondary data that was taken from Telkom SA archives, which have not been tested for validity.

1.6 STRUCTURE OF CHAPTERS

1.6.1 Chapter One

This chapter will cover the introduction and overview of the research project. It will also include the objectives, purpose and research questions.

1.6.2 Chapter Two

This chapter will contain the literature review and will provide an overview of change implementation and theories that have impacted the industry.

1.6.3 Chapter Three

Chapter Three will provide an analysis of Telkom SA and the change processes instituted by the company. Here, the background of the company and the rationale for adopting certain methods will be examined. The performance of the company will also be examined to substantiate the findings of this report.

1.6.4 Chapter Four

The methodology used in the compilation of this report will be examined in this chapter. The data collection methods as well as the sample selection and sample size will be discussed.

1.6.5 Chapter Five

The presentation and interpretation of the results of the questionnaire and interviews and other supporting documents will be covered in this chapters. This chapter will also constitute the interpretation of results which would have been extracted from the literature review, analysis of the company performance and questionnaire.

1.6.6 Chapter Six

Chapter Seven will consist of the conclusions and recommendations that will be made to Telkom SA based on the outcomes of the research conducted.

1.7 CONCLUSION

This chapter has provided an overview of the overall approach to this study by looking at the following areas of the study, namely, the problem statement; objectives, which highlighted the key issues; the rationale; the scope/limitations; the research design and methodology; and structure of chapters.

Chapter two will basically provide an overview of the literature that is available on the above-mentioned study by looking at various facets of change management with specific reference to the key issues listed above.

CHAPTER 2 – LITERATURE ON CHANGE IMPLEMENTATION

2.1 INTRODUCTION

Since the invention of the first telephone instrument, a whole new mode of communication has come into existence. A cliché, however, that has become somewhat of a harsh reality to many organisations that have come into existence as a result of this invention globally, is that “Change is the only constant” (Bloisi, Cook, and Hunsake, 2003). Change management has become the cornerstone for companies seeking to streamline their organisations. The information communications & telecommunications industry is no exception. It is an industry that is constantly evolving. Thus, it would be appropriate to look at ways in which this sector has handled change implementation. What follows is an overview of the different factors impacting the industry and the impact of the implementation of change management on organisations.

2.2 DYNAMICS OF THE INFORMATION COMMUNICATIONS AND TELECOMMUNICATIONS ENVIRONMENT

Prior to delving into the mechanics of the implementation of change, it would be beneficial to contextualise the different business dynamics that are impacting the information communications & telecommunications sector from a global, African and local (South African) perspective. These dynamics are currently pressurising organisations to implement change at a rapid rate.

2.2.1 The Global Context

In this section the business dynamics impacting the global information communications & telecommunications sector will be highlighted with specific

reference to margin pressure, regulatory landscape, globalisation and convergence. (Dlamini, 2008) highlights the following dynamics:

a) Margin Pressure

Increased competition and the changing regulatory landscapes are eroding traditional telecoms margins. New business models and global mergers and acquisitions are changing and increasing competition in the communications and related markets.

b) Regulatory Landscape

Regulators around the globe are seeking means to increase competition in their local markets through the lowering of barriers of entry to competitors to the incumbent through various remedies. These remedies are changing the traditional vertical structure of the traditional telecoms market into a more horizontal structure. This change necessitates telecommunications companies to adapt and change their business models.

c) Globalisation

Enhancements in technology and the revolution in the telecoms market brought about by the internet have removed the traditional “national boundary” barriers (Dlamini, 2008). This exclusion has resulted in the telecommunications companies need to adapt to this new market dynamic through moving and acquiring business and revenue streams beyond their traditional borders.

d) Convergence

The traditional telecommunications company is expanding rapidly into the information communications & telecommunications environment, while information and technology companies are expanding into the telecommunications space. The complexity of the digital value chain has forced the various role players in the communications market to forge partnerships to deliver the “triple play services”, (Dlamini, 2008), that is, voice, video and internet

services, demanded by customers. Customers are becoming more sophisticated in their communications related requirements which are placing increased demands on the traditional telecommunications company. These drivers have also resulted in telecommunications companies changing their traditional business models.

2.2.2 The African Context

In this section, the business dynamics impacting the information communications & telecommunications sector from an African perspective will be highlighted. The African continent has also embraced the regulatory landscape changes, which have been developed, in the developed world. In many instances the African continent can leapfrog the developing world in that it does not need to follow the same evolutionary steps that were followed by the developing world. Africa is in a unique position, in that, should it leapfrog the developed world having learned from the evolutionary process that has been followed: this phenomenon leads to the creation of large revenue streams if the correct business models are implemented, (Telkom media centre, 2008).

2.2.3 The South African Context

In this section the business dynamics impacting the information communications & telecommunications sector from a, South African perspective, will be highlighted with specific reference to the regulatory environment, competition and diminishing revenue. (Hess, 2008) highlights the following dynamics:

a) Regulatory environment

The Electronic Communications Act Number 36 of 2005 provides the legal framework within which telecommunications companies should conduct business

activities (Hess, 2008). These structures are conducted through a Licencing Framework. Depending on the type of licence that is granted to telecommunication companies' will have to change the way they do business.

b) Competition

Flowing from the licencing domain, a multitude of different categories of players in the information communications & telecommunications sector have emerged and have been subjected to a different set of rules by the regulator, as compared to the rules of Telkom.

c) Diminishing Revenue

There is a clear trend indicating that revenue streams are diminishing, whilst the cost of doing business is on the upward trajectory. Therefore, there is a need for telecommunications companies to improve efficiencies with organisational e-configuration forming part of the broader strategy to address this challenge.

2.3 IMPACT OF CHANGE IMPLEMENTATION ON ORGANISATIONS

After looking at the business dynamics impacting the Information Communications and Telecommunications environment, the actual implementation of change within organisations must be examined. (Burnes, 2004:307), lists Rosabeth Moss Kanter's, 'ten commandments for executing change', as follows:

1. Analyze the organization and its need for change;
2. Create a shared vision and a common direction;
3. Separate from the past;
4. Create a sense of urgency;
5. Support a strong leader role;
6. Line up political sponsorship;
7. Craft an implementation plan;

8. Develop enabling structures;
9. Communicate, involve people, and be honest; and
10. Reinforce and institutionalize change.

From the information presented above, it becomes clear that Telkom's management is lacking in meeting the pre-requisites for the successful implementation of change. This inadequacy has resulted in employees feeling betrayed, thus, increasing the rate of staff turnover. This study will endeavour to look at ways in which Telkom SA can improve on its change implementation processes since it is not adhering to the required international best practices.

What follows is a synopsis of theories that have been used over some time in change management. The rationale is basically to provide an overview of the theory and its suitability for this study. This would then provide clarity as to why Moss Kanter's Ten Commandments, (Burnes, 2004:307), was most appropriate for this particular study. This must also be viewed in the context of the company that is at the centre of this study.

Firstly, Kurt Lewin's 3 step model deals with, 'unfreezing', which involves the disconfirmation of the validity of the status quo (Burnes, 2004:274). The second step, 'moving', deals with the actual implementation of change and, finally, 'refreezing', deals with stabilizing the organisation and ensuring that the new behaviours are relatively safe from regression. However, (Dawson, 1994), states that that Lewin's three step model has become unfashionable in the last two decades. This model, although viewed as the forerunner of change and in terms of the preceding comment, was not adequate for the issues highlighted in this study.

The next model is Bullock and Batten's, four-phase model of planned change, which dealt with the exploration phase, planning phase, action phase and integration phase (Bullock and Batten, 1985). Although more comprehensive

than Lewin's model, this model also dealt with change at the organisational and individual level. However, Organisational development practitioners have contested that focusing on the individual and organisation is not sufficient to be robust in terms of change as external factors must be taken into account as well, (French and Bell, 1995:4). Thus, this model was not used in this study as well.

The next model is Pettigrew and Whipp's five factors of change model (Pettigrew and Whip 1993:6). This model consisted of the environmental assessment, leading change, linking strategic and operational change, human resources as assets and liabilities and finally coherence of purpose. This model, however, although encompassing environment, organisational and individual levels, according to theorists in general, was very prescriptive in nature rather than analysing the organisations need for change, (Wilson, 1992:122). Consequently this model was not used for this study.

The last model that was considered was Kotter's eight steps to successful change (Kotter, 1996:23), which dealt with the following steps, namely, establishing a sense of urgency, creating a guiding coalition, developing a vision and strategy, communicating the change vision, empowering broad-based action, generating short-term wins, consolidating gains and producing more change and , finally, anchoring new approaches in the culture. This model was more holistic than the previous models. However, according to (Caldwell, 2001), the model reflected a rather prescriptive approach and did not deal with the role of the change agent. Thus this model was not selected for this study.

In view of the models provided above, Rosabeth Moss Kanter's Ten Commandments for executing change, (Burnes, 2004:307), remained the most consultative model for this study. Moreover, this model seemed to deal directly with the issues that were highlighted in the problem statement of this study, as well as Telkom's change implementation as a whole. Thus, the above model was selected as the most appropriate model for this study.

What has become more apparent in the current business environment is that companies are pressurised to optimise profitability by purely looking at their balance sheets. As can be seen from the above information, the implementation of change is rather complex and requires management to embark on a more holistic approach to the implementation of change within their organisations.

Nelson and Quick (2005, 391) state that “change in organisations is inevitable, but change is a process that can be managed”, and further adds that organisational adaptiveness, responsiveness and flexibility are key characteristics that determine competitiveness and survival. According to Krantz (1998), former approaches to organising and getting work completed are becoming obsolete. He further states that this is an inescapable reality of all businesses around the world and leaves room for only two options: “change or be change”!

Change and transformation are often seen as inter-changeable terms in business. Therefore, it would be prudent to provide an overview of these concepts and their impact on organisations. “Change is the coping process of moving from the present state to a desired state that individuals, groups and organisations undertake in response to dynamic internal and external factors that alter current realities” (Bloisi, et.al., 2003: 707). Nelson and Quick (2005:3) further define change as the “transformation or modification of an organisation and/or its stakeholders”, thus implying that transformation is a sub-set of change and that change is the ‘global’ phenomenon. Within change, they suggest that the following categories exist:

- Incremental change refers to small but continuous changes to make improvements within the organisation;
- Strategic change refers to larger scale change to move from an old state to a defined new state in a series of stages; and

- Transformational change: organisation move to a radically different and even an unknown state. These types of changes involve changes to mission, vision and leadership.

This type of context is critical to providing the clarification for the strategies that companies apply when implementing change. Robbins, Odendaal and Roodt, (2003) provide guidance for distinguishing between change and transformation in their review of first- and second-order change. First-order change is incremental and continuous, bringing about change over time. Second-order change is re-framing of assumptions within the business and results in a complete transformation of the business and its deliverables. This starts to provide some insights into the difference between change and transformation. Change is aligned to the first-order and transformation is aligned to the second order.

According to Longman Dictionaries (1995), change is defined as rendering something different; while transformation is defined as completely changing the appearance, form and character of something. These definitions indicate that both change and transformation result in an altered state and holds that transformation is a more extreme altered state. For the purposes of this discussion, however, change will be used to denote both change and transformation.

2.4 NATURE OF CHANGE WITHIN ORGANISATIONS

Change is unpredictable as much as it is constant; markets are unstable, technological innovation is explosive; hierarchies change into networks, bosses to coaches, and jobs to ever changing task assignments (Krantz, 2005). In the face of this change, organisations are under pressure to dismantle deeply held patterns and cherished cultural arrangements, and for many, this can be profoundly disorienting [Shapiro and Carr (1991) as cited in Krantz (1998)].

Modern day organisations are undergoing an unprecedented level of change, new technology, changing economic pressures, and altered social dynamics, all leading to downsizing, strategic alliances and/or acquisitions and mergers. These responses generally result in altering structures, policies, procedures and role design (Krantz, 1998). These serve only to amplify complexity within organisations and for its members, and are highly disruptive within the system. From a systems point of view, organisations are now operating in environments which are characterised by increased complexity and disruption (Krantz and Gilmore, 1989).

The adaptations which organisations are making have evolved into a consistent and common set of overarching themes which include:

- A sharply declined focus on customer satisfaction;
- Replacing command and control methods with ones that elicit greater employee commitment;
- Greater emphasis on learning and adaptability as new challenges and opportunities emerge; and
- Addressing competitive issues through cross-functional collaboration, rather than via the functional silos of old (Krantz, 1998).

Krantz (1998) suggests that the most pervasive theme is the recognition that to thrive in an intensely, technologically unstable, and rapidly shifting market, organisations need to create a highly participative environment in which all people, at all levels of the organisation, can feel and take personal responsibility for the collective achievements and in which they are emotionally invested. He further states that the paradox presented herein: the very conditions that put a premium on collaboration, are the very conditions that pose a challenge to achieving this collaboration. For example, the loss of a familiar structure may require the development of new and more fluid approaches to collaboration, but

the loss of the familiar structure simultaneously creates anxiety, which mobilises employees' defensive reactions which restrict the required collaboration.

Change happens both inside and outside the organisational boundary. While the external environment changes at a constant, and often, alarming rate, so too internal dimensions are adapting and changing. Organisational members thus have to contend simultaneously with this challenge, and maintain focus on primary task as it shifts continuously.

2.5 EFFECTS OF CHANGE IMPLEMENTATION WITHIN ORGANISATIONS

The impact of the implementation of change efforts can be disabling and even devastating to the organisation and its employees (Krantz, 2005). The loss of safety and familiarity can become extremely disorienting for many within the organisation (Krantz, 1998). Unlearning habitual patterns can also provoke anxiety even when these patterns are dysfunctional (Kets de Vries, 2001).

Employees tend to initially resist change. "Any healthy system will resist change, because as a living system, its life depends on its ability to establish a steady state" (Rice, 1963: 262). While resistance is almost a natural and automatic response to change, Rice (1963) suggests that this resistance becomes problematic when it leads to a conscious or unconscious re-definition of the primary task, for its own sake. Resistance stems from fear; fear of loss (of status, or authority), or fear due to insecurity (Kets de Vries, 2001). He further states that leaders who are resistant to change have a devastating effect on the organisation.

Change implementation also results in heightened levels of employee anxiety. The effects of change manifest in the ways in which members attempt to deal with this heightened anxiety. In an organisational context, rituals are evoked to

induced thoughtlessness and by not thinking, employees avoid feeling anxious. According to (Hirschhorn, 1993), these rituals are called social defences. “Social defences work through such processes as splitting, projection and introjections”. Bureaucratic processes, according to (Hirschhorn, 1993), are frequently disguised forms of social defences. In bureaucratic systems, leaders are protected from anxiety by the layering of controls that separate them from their subordinates (Hirschhorn, 1993). He adds that superior-subordinate and role-person boundaries are automatically maintained by a system of bureaucratic procedures.

The social defence systems created in an effort to reduce anxieties have the effect of narrowing their range of experience and understanding precisely when it should be expanding (Hirschhorn, 1993). When anxiety is no longer kept in check with social defences, it leads to more primitive projections and scapegoating (Hirschhorn, 1993). Hirschhorn further states that an impersonal environment results in a situation in which everyone is alienated and leads to punishment and hurt for the employees. Krantz (2005) adds that reverting to splitting, denial, and projective identification, to cope with anxiety inevitably leads to disturbing and threatening organisational environments. Functional interactions become rigid, blame-ridden, and spirals into fragmentation and persecutory functioning that dominate and paralyse the organisation.

Another effect of change is the production and distribution of emotional toxicity (Krantz, 2005). Toxicity refers to the primitive mental thoughts that lead to destructive consequences within organisations when these thoughts or feelings are projected. Change also creates fear and a weakened capacity to contain disruptive emotional states (Krantz, 2005). It further creates feelings within employees that they have no control, and Hirschhorn, (1993) highlights that this leads to employees feeling persecuted, resulting in the employees feeling worthless and helpless. When these feelings become unbearable, the employee will project these feelings onto the perceived persecutor in a ‘fight’ reaction to ‘attack’.

The above factors ultimately lead to employees feeling completely detached from the company or management that they serve. These factors result in employees' morale decreasing and, finally, lead to employees leaving the organisation, thereby increasing the staff turnover rate. The above factors clearly highlight the need for organisations to adhere to the last three of Moss Kanter's Commandments, namely:

8. Develop enabling structures;
9. Communicate, involve people, and be honest; and
10. Reinforce and institutionalize change (Burnes, 2004:307).

Obholzer (1994, 206) states that "Human beings are notoriously resistant to change". Managing change, inevitably, involve managing both anxieties and the resistance arising from the change. Organisational life involves constant change; namely, change in jobs, roles, titles and structures (Czander, 1993). As stated previously, according to Rice (1963:262), "Any living system will resist change, because, as a living system, its life depends on its ability to establish a steady state". Groups under stress also tend to resist change and to collude into flight from the task (Bolton & Roberts, 1994). This type of behaviour ultimately leads to employees leaving the organisation, thus increasing staff turnover.

2.6 EFFECT OF CHANGE IMPLEMENTATION ON EMPLOYEE MORALE AND STAFF TURNOVER

2.6.1 Employee Morale

Thus far the impact of change on the organisation has been examined. It has been noted that employees experience anxiety and become resistant to change. This behaviour occurs in an environment where there is a lack of transparency in communicating change implementation to employees. The employees then experience unprecedented levels of stress, due to insecurities they start to experience. The effects of change implementation with specific reference to employee morale and staff turnover, therefore, need to be reviewed. What follows is a brief overview of the theoretical background of employee morale, with reference to job satisfaction, and staff turnover.

Employee morale is synonymous with job satisfaction. With job satisfaction; according to Bateman and Snell (1999:458), employees will be satisfied if they are justifiably treated by the outcomes they receive or the processes that are implemented. In organisations where change is a constant and communication of this change lacking, this level of satisfaction declines. Systems that micro-manage employees and management that set unrealistic goals for employees, result in employee stress levels increasing. As stated previously, a major factor contributing to low employee morale is stress. An example of this is an initiative in TelkomSA called Web force, where productivity calculations were done from a theoretical perspective without consulting the workforce. Firstly, there was an organisational change, followed by a measurement system change. These changes led to technicians being overloaded with work, thus experiencing stress and, in some cases, burn-out and employees leaving the company. Costley et al. (1987: 242) list the sources of stress in the work environment as follows:

- Quantitative overload;
- Qualitative overload;
- Underutilization of abilities; – the job is dull and boring;

- Role ambiguity; – the scope of responsibility is not fully understood;
- Role conflict; – Conflicting job demands;
- Undesirable working conditions;
- Extreme responsibility;
- Organizational changes; and
- Destructive competition.

In view of the above sources of stress, it becomes clear how employee morale and job satisfaction start to sharply decline. From a management perspective, a lot more can be done by adopting or adapting to management theories focusing on job satisfaction, so that the organisation can make more informed decisions when implementing change in an organisation. Baron and Greenberg (2003:153-156) state that the aim of theories produced on job satisfaction was to provide a framework for understanding, not just the factors influencing such attitudes, but also why job satisfaction results in such effects.

The first theory is Herzberg's Motivator-Hygiene Theory, which sought to determine the factors responsible for job satisfaction and dissatisfaction (Herzberg, 1968). The research conducted by Herzberg determined what people actually wanted from their jobs. The characteristics related to job satisfaction included advancement, recognition, the work itself, achievement, growth and responsibilities. Herzberg referred to these characteristics as motivators. The characteristics that related to dissatisfaction, included supervision, interpersonal relationships, company policy and administration and were referred to as hygiene factors. Herzberg's theory forms the basis of job enrichment. According to (Kreitner, Kinicki and Buelens, 2002:189), job enrichment entails modifying a job such that an employee has the opportunity to experience achievement, recognition, stimulating work, responsibility and advancement. Herzberg's theory can provide management with a more holistic view when attempting to improve job satisfaction, thereby improving employee morale as the employee would feel more secure and purpose driven.

The next theory is Maslow's theory, which was based on Maslow's clinical observations and has subsequently been used to explain the entire spectrum of human behaviour. Maslow proposed that motivation is a function of five basic needs, namely, physiological, safety, love, esteem and self-actualisation (Kreitner et al, 2002:180). These needs can be explained as follows:

- a. Physiological: Most basic need. Entails having enough food, air and water to survive;
- b. Safety: Consists of the need to be safe from physical and psychological harm;
- c. Love: The desire to be loved and to love. Contains the needs for affection and belonging;
- d. Esteem: The need for reputation, prestige and recognition from others. Also contains the need for self confidence and strength; and
- e. Self-Actualisation: The desire for self-fulfilment. This refers to becoming the best one is capable of becoming.

A caution with regards to Maslow's theory is that a satisfied need may lose its motivational potential. Managers must, therefore, motivate employees by devising programmes or practices aimed at satisfying emerging or unmet needs. Not only does Maslow's theory assist in improving job satisfaction but it can also be directly applied to change implementation strategies in order to include the employee engagement component at the conceptual stages of change initiatives (Kreitner et al, 2002).

The expectancy theory, according to (Vroom, 1964), holds that people are motivated to behave in ways that produce desired combinations of expected outcomes. Perception plays a central role in expectancy theory because it emphasizes cognitive ability to anticipate likely consequences of behaviour. Robbins et al, (2003:140) further state that the expectancy theory focuses on three relationships, namely:

- a. Effort-performance relationship: This refers to the probability perceived by the individual that exerting a given amount of effort will lead to performance.

- b. Performance-reward relationship: This refers to the degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.
- c. Rewards-personal goal relationship: Refers to the degree to which organisational rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.

In summary, the key to expectancy theory is the understanding of an individual's goals and the linkage between effort-performance, performance-reward and rewards and individual goal. The theory also explains that a significant segment of the workforce exerts low levels of effort in carrying out job responsibilities.

The next theory that will be presented is the equity theory. According to Adams (cited in Kreitner et al, 2002), the equity theory demonstrates that, for most employees, motivation is influenced significantly by relative rewards as well as absolute rewards. From the 1980's, researchers began to expand the role of equity theory to explain employee attitudes and behaviour. This led to a domain of research called organisational justice, which, referred to the extent to which people perceive that they are treated fairly at work. This led to the identification of three different components of organisation justice, highlighted by (Skarlicki and Folger, 1997) namely:

- a. Distributive justice, which refers to the perceived fairness of how resources and rewards are distributed;
- b. Procedural justice, which refers to the perceived fairness of the process and procedures used to make allocation decisions; and
- c. Interactional justice, which refers to the perceived fairness of the decision-makers behaviour in the process of making decisions.

Kreitner et al, (2002:210), further highlight eight practical lessons that can be learned from equity theory. They are as follows:

1. Equity theory provides managers with yet another explanation of how beliefs and attitudes affect job performance;

2. It emphasises the need for managers to pay attention to employees' perceptions of what is fair and equitable;
3. Managers benefit by allowing employees to participate in making decision about important work outcomes;
4. Employees should be given the opportunity to appeal against decisions that affect their welfare;
5. Employees are more likely to accept and support organisational change when they believe that it is implemented fairly and when it produces equitable outcomes;
6. Managers can promote co-operation and teamwork among group members by treating them equitably;
7. Treating employees inequitably can lead to litigation and costly court settlements. Employees who are denied justice at work ,are more likely to turn to arbitration and the courts; and
8. Managers need to pay attention to the organisations' climate for justice as it was found to significantly improve employees' job satisfaction.

Equity theory is one the theories that is applicable to the current study as well as business globally. What makes it even more practical for organisations to apply this theory is that equity and justice perceptions can be monitored through informal conversations, interviews or surveys.

The above theories are critical in assisting leadership in improving employee morale by improving job satisfaction. What often occurs, especially during the implementation of change is that leadership only realise the impact of not consulting employees once productivity starts to decline. It's rather difficult to engage employees once intentions and initiative have been declared and implemented. It is always beneficial for leadership to engage employees upfront in order to ascertain the relevant "Motivators or Hygiene factors", as well as needs of employees when implementing change so that resistance which often delays change and results in a de-motivated workforce can be minimised. An

engaged workforce is a workforce whose job satisfaction levels are higher thus leading to higher employee morale as the employees' sense of belonging and purpose is increased due to engagement.

2.6.2 Staff Turnover

Organisations need to remedy the job satisfaction and employee morale dilemma speedily, as these factors lead to a cancerous phenomenon called staff-turnover. This phenomenon increases the need for leadership to be more vigilant and open to employees and play a more transformational role in the implementation of change, as a change, rather than the traditional autocratic type of leader. According to Mcshane and Glinow (2003:37-38), one of the key contributors of turnover is job dissatisfaction. They further advocate that if levels of job satisfaction are consistently low, the employee is more likely to leave their current job. Newstrom and David (1997:260-261) state that institutions with negligible satisfaction levels yield higher turnover rates. Turnover is of major concern to management because it can have a tremendous impact on normal operations. McShane and Glinow (2003:37-38) highlight an important analogy that job dissatisfaction that “pushes” workers out of their present jobs has a much greater effect on turnover than the incentives that “lure” them into new jobs.

The cost of staff turnover to organisations is not realised upfront, but a more in-depth view is needed to view the magnitude of the impact of turnover on organisations, which has become a harsh reality to organisations.

According to Izwe Consulting (2007), turnover includes the following costs:

- a. Administration of the resignation: This can include the costs of paying out employees their resignation/ termination costs. There is also the cost of human resource departments that must ensure that all paper work is timeously completed;

- b. Recruitment costs including advertising and assessment centre costs: These costs normally involve the services of an employment agency which charge the employer a fee for administering the recruitment;
- c. Selection costs including management time: This can be quantified as the time that management spends interviewing new candidates. This must be viewed in terms of the multiple candidates that apply for a particular post and not only the successful interview;
- d. Cost of cover during the period in which there is a vacancy: Should a suitable replacement not be found speedily, a company may use an internal resource to “act” in the capacity of the vacant post which could see the internal resource receive an allowance for their efforts;
- e. Administration of the recruitment and selection process: These costs involve the use of the relevant human resource department to handle the selection and recruitment.
- f. Induction training for the new employee: Training a new employee can be much more expensive than paying more to keep an established one. Companies tend to be pennywise and pound-foolish when it comes to area of business. Over the long-run, you'll have a better and more loyal staff if people feel they're not losing ground by staying with you; and
- g. Cost of reduced productivity during vacancy, induction and training: Once a candidate has been recruited, there still remains a lag in performance of the individual until the individual is able to optimally perform his/her duties.

Turnover, in the case of the Telkom SA, was not a major concern to management as they needed to reduce the headcount of the company to remain profitable. However, this rationale started a trend that saw management look at operational headcount every time there was a need to reduce operational cost. Ironically, the higher leadership structures remained fairly unchanged. Unknown to the company's management, those employees, who possessed critical skills became distrustful of management and started to leave. This turnover was not noticed

until recently when management realised that the planning division within the company was severely depleted due to staff turnover and they were not able to meet customer demands. Recommendations on how organisations can counter the turnover tide will be discussed at a later stage in this document in the conclusions and recommendations

2.7 THE ROLE OF LEADERSHIP IN THE IMPLEMENTATION AND COMMUNICATION OF CHANGE MANAGEMENT

In order to look at leadership's role in the implementation of change, one needs to understand the unique situation in which leadership finds itself. Robbins et al. (2003:426) provide an interesting view of change as an episodic activity, i.e., it starts at some point, proceeds through a series of steps and culminates in some outcome that those involved hope is an improvement from the starting point. It has a beginning, middle and an end. Another way to conceptualise the episodic view of looking at change, is to equate the managing of change to captaining a ship. The organisation, according to (Robbins et al, 2003:426), is viewed as a large ship travelling across the sea to a specific destination. Although the ship has made this trip before, with the same crew, storms will arise. These storms reflect the change phases organisations go through, requiring the captain to take corrective measures and eventually the "storm" passes and the ship completes its journey. Although the episodic approach was the dominant paradigm, it has now become obsolete. They further state that the episodic approach applied to a world of certainty and predictability but, today's environment is one of constant and chaotic change. Robbins et al, (2003:426), equate managing change in today's organisation to permanent white-water rafting. The organisation can no more be regarded as a ship but rather a 10-metre raft with a crew that has never worked together or river rafted before and will have to contend with a continuous stream of rapids. He concludes that managers today face constant change, bordering on chaos. They're being forced to play a game that they've never played before, governed by rules that are created as the game progresses.

Groenewald and Groenewald (2004:9) further state that there, however, seems to be, what could be termed, a local conundrum, when it comes to leadership, that the bulk of modern leadership training is based on first-world standards and practices. They further add that this type of rationale is not good enough for the South African environment. The example of a shrub emanating from the mild European climate not surviving in the Kalahari is used. This is equated to the leadership training systems not optimised for South African needs. The same would, therefore, be relevant for leaders coming into South Africa. This is applicable to the implementation of change in Telkom SA, where external equity partners had come in and tried to impose their culture on employees. This change was not received too well and resulted in employee morale declining.

Hill (2005:471) states that value systems reflect deeply held beliefs, and, as such, they can be very hard to change. Hiring, promotion, and incentive systems have all reinforced these values and suddenly announcing that those values are no longer appropriate and need to be changed can produce resistance and dissonance among employees.

The need for Telkom SA's management to communicate to their employees is highlighted by D 'Angelo (2008), as he suggests the following:

- a. Communicate directly to supervisors. Top management must treat them as privileged receivers, conduits and translators of information;
- b. Use face-to-face communication;
- c. Communicate relative performance of the local work area; and
- d. Sharing localized performance metrics motivates individual work groups to explore their own ways to change behaviours and boost performance.

Management behaviour can improve commitment from employees. This improvement would ultimately lead to greater job satisfaction and employee

morale as the employee is now being treated as a valuable member of the organization.

Another factor that needs to be looked at is feedback from employees to management in order for management to evaluate employee morale levels. Upward feedback, according to Kreitner, Kinicki and Buelens (2002:241), deals with the subordinates evaluating their superior. This type of non-traditional feedback is growing in popularity.

The ultimate aim for any organization is to get total employee commitment. Taormina (1999:1060) points out that “employee commitment is a matter of concern to all organizations”.

The role of leadership in the implementation of change initiatives is of utmost importance, as employees look to their leaders for direction when organisations undergo change. Rice (1963), states that managing change is crucial because, finally, leaders, who cannot bring about the necessary adaptations with the organisation, will not survive, or, the organisations that they lead will not survive. Great organisations, according to Collins, (2001), had leaders who built an enduring organisational culture of discipline, powered by self-disciplined people who acted in the organisation’s best interest without strict dictates from leadership. These disciplined organisations could and did thrive even after their leaders had departed, whereas organisations that practiced discipline only by tyrannical rule could not sustain themselves once their leaders departed, (Collins, 2001). Alexander the Great, King Shaka Zulu, Mahatma Gandhi, Abraham Lincoln and Nelson Mandela are all considered great leaders. What is common amongst them was that they led change initiatives that, although, initially were painful, empowered people to seek a better life, ultimately leading to change that gave them international acclaim. Leadership’s role in change can never be under-estimated and as change in an organisation, although influenced by external and internal factors, can only come to fruition when leadership takes

decisive steps to implement change, which ultimately leads to the survival of the organisation.

It would, therefore, be prudent to look at the different leadership styles impacting organisations in order to highlight the situation that organisations find themselves in the midst of change initiatives. Robbins et al, (2003) state that one of the most respected approaches to leadership is the “Path-goal theory. This theory, developed by Robert House, is basically a contingency model of leadership. The essence of the path-goal theory is that it is the leader’s/leadership’s function to assist employees in attaining their goals and to provide the necessary direction and/or support to ensure that their goals are compatible with the overall objectives of the group or organisation. The term path-goal is derived from the view that effective leaders clarify the path to help their employees to get from where they are to the achievement of their work goals and make the journey along the path easier by reducing or removing obstacles. The theory further proposes that leader behaviour will be ineffective without sources of environmental structure or is incongruent with employee characteristics. The following, according to Robbins et al, (2003:249), are illustrations of predictions based on the path-goal theory:

- a. Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful compared to when they are highly structured and well laid out;
- b. Supportive leadership results in high employee performance and satisfaction when employees are performing structured tasks;
- c. Directive leadership is likely to be perceived as redundant among employees with high perceived ability or considerable experience;
- d. Employees with an internal locus of control will be more satisfied with a participative leadership style; and
- e. Achievement-oriented leadership will increase the employees’ expectations that effort will lead to high performance when tasks are ambiguously structured.

The above information supports the underlying logic of the path-goal model that employee performance and satisfaction are likely to be positively influenced when leadership compensates for whatever is lacking in either the employee or the work environment.

Added to the path-goal theory, different leadership styles add to the complexity of change implementation within organisations. For the purposes of this discussion, the following types of leadership styles will be considered, Transactional, Transformational and Visionary leadership (Robbins et al, 2003:253). Change is basically birthed into the organisation by the leader/leadership that is in place at the time these change initiatives are being implemented. Robbins et al, (2003) provide the following overview of the different leadership styles:

2.7.1 Transactional Leadership

Transactional leadership is broken up into the following four broad categories:

- a. Management by exception is regarded as active management:: This type of leadership watches and searches for deviations from the rules and standards and takes corrective measures;
- b. Management by exception is regarded as passive management: This type of leadership intervenes only if standards are not met;
- c. The contingent reward type of leadership promises reward for good performance and recognises accomplishments (Bass, 1990); and
- d. Laissez-faire type of leadership abdicates responsibilities and avoids making decisions.

2.7.2 Visionary Leadership

Visionary leadership refers to leadership that is able to explain the vision, express the vision and finally to extend the vision to different leadership contexts.

2.7.3 Transformational Leadership

Transformational leadership is listed as follows:

- a. Charisma: Provides vision and a sense of mission. Instils pride, gains respect and trust.
- b. Idealised influence: Bass and Avolio (1994) define idealised influence as employees' reactions to the leader as well as to the leader's behaviour. Employees identify with and emulate these leaders, who are trusted and seen to have an attainable mission and vision. Idealised leaders consider the needs of others before their own personal needs, avoid the use of power for their personal gain, and demonstrate high moral standards, and set challenging goals for their employees. The leaders often have high self-confidence, self-esteem and self-determination and engender the trust and respect of their employees (Champoux, 2000).
- c. Inspirational Motivation: Leaders communicate high expectations and articulate an appealing future, challenge employees with high standards, talk optimistically with enthusiasm, and provide encouragement and meaning for what needs to be done (Bass, 1998). They encourage their employees to achieve levels of performance beyond their own expectations. They do so by using stories and symbols to communicate their vision and message (Kelloway and Barling, 2000).
- d. Intellectual Stimulation: Promotes intelligence, rationality and careful problem solving. Leaders question old assumptions, traditions and beliefs, stimulate, in others, new perspectives and ways of doing things, and encourage the expression of ideas and reasons (Bass, 1998). Intellectual stimulation is also helpful when the leader is attempting to maintain excitement and a high level of motivation among the workforce who prefer to have their opinions at least considered by the leader. Through intellectual stimulation, transformational leaders help employees to think about problems in new and unique ways. Employees consequently

develop their own capabilities to recognise, understand and ultimately solve future problems (Avolio et al., 1991). These leaders cause employees to change their beliefs and values, thus allowing employees to imagine new and different future states for the group/organisation (Champoux, 2000).

- e. Individualised consideration: Champoux (2000) highlighted that individualised consideration is the extent to which leaders show genuine interest in their employees. They treat employees as individuals, by being compassionate, appreciative, responding to employee needs, and recognising and celebrating their achievements (Kelloway and Barling, 2000). Individualised consideration is practised when new learning opportunities are created, with a supportive climate (Bass, 1998). Individual consideration highlights that each employee has different needs and that, for a specific employee, those needs will change over time, based partially on the influence of the leader.

Although visionary leadership is forward looking and maintains a high focus on strategy, transformational leadership has proved to be the more hands-on approach to change implementation. Transformational leaders must be able to diagnose and evaluate the needs of all their followers and develop them to their optimal potential. In a leadership study, transformational leadership was described as more effective than transactional leadership. Although based on transactional leadership, transformational leadership has been positively and significantly related to ratings of trust in management. Robbins et al, (2003) conclude that overall evidence indicates that transformational leadership is more strongly correlated than transactional leadership with lower turnover rates, higher productivity, and higher employee satisfaction.

2.8 IMPACT OF CHANGE ON TRUST BETWEEN LEADERSHIP AND EMPLOYEE

2.8.1 Definition of trust

Kreitner, Kinicki and Buelens (2002:338) define trust as reciprocal faith in others' intentions and behaviour stating that experts on the subject explain the reciprocal (give and take) aspect of trust as follows: "When we see others acting in ways that imply that they trust us, we become more disposed to reciprocate by trusting in them more. Conversely, we come to distrust those whose actions appear to violate our trust or distrust us" (Lewis and Weigert 1985:971). Kreitner, Kinicki and Buelens (2002) further add that we tend to give what we get: trust begets trust; distrust begets distrust. A new model of organisational trust includes a personality trait called "propensity to trust" which involves one's willingness to trust others.

2.8.2 Change and Trust

With recent developments in the global business sector, the phenomenon of organisational trust has come under increasing threat, also placing leadership-employee relationships under extreme pressure. It would, therefore be necessary for organisations to gauge the levels of trust inherent in their organisations in order to deal with the reality of a constantly changing business landscape. According to Bews and Martins (1996:42-44), global trends in the nineties have seen a sharp upsurge in drastic change efforts including re-engineering, merging of companies, so-called 'outsourcing' and 'downsizing', which have suddenly started to affect companies which, for years, had been havens for people with a need for job security. Guarantees of life-long employment, regular promotions and salary increases to those pledging steadfast allegiance to the firm have long gone. In South Africa, organisations previously immune to this type of change, under the previous order, have recently had their foundations shaken by drastic

re-engineering programmes. Many government and semi-government departments, like Telkom SA, city councils and business organisations have undergone drastic restructuring. Thousands of employees on all organisational levels, have been offered early retirement or retrenchment packages, resulting in a loss of enthusiasm, commitment, loyalty and trust with stressful manifestations and even feelings of guilt amongst the so called 'survivors'. Under these conditions, employers can hardly promise employees job security, advancement, recognition and a stable environment. Martins (1998) states that trust is the core of all business activity, involving groups of people who are dependent on each other, implying some relationship of trust. The one key business activity that affects groups of people is change implementation and spawning off change implementation is the trust relationship between employees and leadership.

2.8.3 Characteristics of Trust

In order to provide a better understanding of how organisational trust affects the relationship between employees and leadership, a better understanding of trust must be sought. Robbins et al, (2003:257) highlight the five key dimensions of trust as follows:

- a. Integrity: Refers to the honesty and truthfulness. Integrity seems to be most critical when someone assesses another's trustworthiness. Butler and Cantrell (1984:19-28) state that "Without a perception of the other's moral character and basic honesty, other dimensions of trust are meaningless";
- b. Competence: Encompasses an individual's technical and interpersonal knowledge and skills. Does the person know what he or she is talking about? Employees are unlikely to listen or depend upon someone whose abilities they don't respect. Employees need to believe that the person has the skills and the abilities to carry out what he or she says he or she will do;
- c. Consistency: relates to an individual's reliability. Predictability and good judgment in handling situations. Inconsistencies between words and action decrease trust. This dimension is particularly relevant to leadership as nothing

is noticed more quickly than a discrepancy between what leadership preach and what they expect employees to practice;

- d. Loyalty: is the willingness to protect and save face for another person. Trust requires that you can depend on someone not to act opportunistically; and
- e. Openness: Basically highlighting that one can rely on a person to give you the full truth.

2.8.4 Mistrust

The above information provides a brief but holistic view of trust. What it does highlight are key elements of trust, which, if kept in check will allow employees to cope better with the changes that occur within the organisation as the employee has the re-assurance that leadership will, in most instances, act in their best interest. However, current literature, illustrates that, more often than not, the above dimensions are not taken cognisance of and what starts to germinate is a culture of distrust that begins to feed resistance, low employee morale, low job satisfaction and turnover, due to employees feeling insecure as a result of distrust.

Organisations, therefore, need to attend to the decline in trust as this phenomenon can easily hamper the implementation of change within the organisation as employees become disengaged, due to mistrust. Some root causes of mistrust have been identified as follows:

- a. Misalignment of measurements of rewards: These misalignments create intolerable waste and complexity. People are set in opposition against one another and against the organisation, detracting from the organisation's real purpose of getting and sustaining profitable customers (Whitney and Demming, 1994);
- b. Incompetence or the presumption of incompetence, whether it is bosses, peers or subordinates: The cost implications to the organisation are enormous, considering the layers of supervision and the subsequent sub-

optimisation because of a de-motivated workforce that just follows orders under the watchful eyes of leadership, Whitney and Demming (1994) and Rossouw and Bews (2001) agree that the cost of distrust is to an organisation mainly in the of control mechanisms that have to be introduced. They further state that the distrust could very well infiltrate external stakeholders, leading to disloyalty to the organisation. They firmly believe that an interest in trust makes business sense.

- c. Imperfect understanding of systems causes activities that divert effort from the organisational goals (Whitney and Demming, 1994);
- d. Lack of integrity: If integrity failure is overlooked anywhere, trust will be tarnished everywhere (Whitney and Demming, 1994); and
- e. Untrustworthy information: Information that is biased, late, useless or wrongly produce defence mechanisms, add to the cycle of mistrust and inevitably, cost to the business (Whitney and Demming, 1994).

2.8.5 Encouragement of trust

Other prudent reasons why organisations need to attend to the decline in trust include:

- a. Participative Management: Participative management, which hinges upon the interaction and co-operation of employees and leadership, is increasingly becoming the norm as it allows for a smoother implementation of change as all the relevant stakeholders are involved. It can hardly work without sufficient trust amongst those participating in managing the organisation (Rossouw and Bews 2001). Lawler (1992) concurs with increasing the importance of trust as he cites continuing change in the workplace in the direction of more participative management styles and the implementation of work teams;
- b. The flow of knowledge: Knowledge management is becoming the key determinant for an organisation's success. Business should thus succeed in gaining access to its employee's knowledge and ensure that information flows to where it can be optimally utilised. Once employees feel that they can trust

others with their knowledge and expertise, they become willing to share them with others in the organisation. In the case of change implementation, management needs to trust employees and share change strategies with employees. Trust thus facilitates the flow of information that is vital to the survival of the organisation (Rossouw and Bews, 2001); and

- c. Loyalty: Trust has the potential to promote co-operation and loyalty within organisations. In winning the trust of their subordinates, leadership can expect them to be loyal to managerial goals. Trust will thus inspire loyalty within the business, leading to self-sacrificing behaviour in order to advance the interests of the organisation (Rossouw and Bews, 2001).

2.8.6 Summary on Trust

Robbins et al, (2003:257) state that trust appears to be a primary attribute associated with leadership. What also has become increasingly evident is that it is impossible to lead people who don't trust in leadership. In an environment of change, trust becomes the cornerstone for both leader and employee to find common ground in order to discuss change matters openly, thereby improving trust and communication simultaneously. Mutual trust is reflected in reasonable, documented employment policies that are honestly and equitably implemented to the satisfaction of both management and employee. When management has genuine respect for its employees and their contributions to the company, mutual trust is not difficult to embed in the organisation.

Zand (1997:89) states that part of the leader's task has been, and continues to be, working with people to find and solve problems, but whether leaders gain access to knowledge and creative thinking, their need to solve problem depends on how much the people trust them. Trust and trust-worthiness modulate the leader's access to knowledge and co-operation. When followers trust a leader, they are willing to be vulnerable to the leader's actions and confident that their

rights and interests will not be abused. People are unlikely to look up or follow someone who they perceive as dishonest or are likely to take advantage of them.

Brockner et al. (1997:558) highlight the fact that, now more than ever, managerial and leadership effectiveness in implementing change depends on the ability to gain the trust of the followers. Downsizing, re-engineering and the increase in the use of temporary employees have undermined a lot of employees' trust in management. In times of change and instability, people turn to personal relationships for guidance; and the quality of these relationships is largely determined by the level of trust. Moreover, contemporary practices such as empowerment and change implementation, and the use of work teams require trust to be effective. Over and above the benefit that been discussed about trust, transparency also increases with an increase in trust as employees see management to be communicating more appropriately. Trust seems to be poised to tip the turnover scale in the positive direction should organisations respond to the needs of their employees. Further to this, in the words of the Minister of Labour, "No matter how much you invest in new equipment or new systems, the key to your success lies in the attitudes, outlook, skills and support of your people. It's your people who will help you to respond to the pressures of a changing world and deliver the benefits you seek," (Mdladlana, 2003).

2.9 CONCLUSION

The purpose of this chapter was to review the literature that is available on change management, with a more focussed view on change implementation.

The following areas were discussed:

The business dynamics impacting the Information communications and telecommunications environment;

The impact of change implementation on organisations;

The nature of change within organisations;

The effects of change implementation within organisations;
The effect of change implementation on employee morale and staff turnover;
The role of leadership in the implementation and communication of change; and
The impact of the change implementation on trust between leadership and employees.

What is evident from the literature that has been provided is that Telkom SA could improve its change implementation strategy by viewing the literature provided in this study. However, to measure the degree to which this needs to be done would require us to first look at change in Telkom SA and thereafter the research that was carried out in this study. Chapter three will provide an overview of Telkom SA with specific reference to the key issues highlighted in the objectives set out in chapter one. It will also consist of a background of the company and the different phases of change it has encountered.

CHAPTER 3 – THE TELKOM CASE – AN ANALYSIS OF TELKOM SA AND THE CHANGE PROCESSES INSTITUTED BY THE COMPANY

3.1 INTRODUCTION

The aim of this chapter is to highlight the various stages of change that Telkom has gone through in its history with reference to the manner in which this change was initiated. The following areas will be highlighted on change implementation within Telkom: Initiatives to curb staff-turnover, the heart beat survey (which looked at employee morale by measuring employee engagement), leadership volatility and finally Telkom's latest change implementation initiative i.e., capability management. The rationale for this approach is to highlight what employees have had to endure in order to remain in the company's employ. However, to maintain objectivity, initiatives to improve turnover and employee engagement will also be viewed in order to illustrate that there were initiatives that the company did look into to improve employee turnover and morale.

This chapter is of value to this study, in that it will gauge how Telkom has progressed in view of the international literature that has been provided in the chapter two. It will also serve as the backdrop to the responses that were received from the questionnaire, which will form the basis of the research for this study.

3.2 BACKGROUND

Telkom SA has for the last two decades been the only, fixed-line, operator in South Africa. This monopoly initially allowed the company to retain a rather large work force. Due to various factors ranging from being government owned, the introduction of the mobile cellular operators, value-added network service providers, internet service providers and becoming a para-statal, Telkom has undergone and is undergoing rapid change. In order to necessitate the need for

this study, the background of Telkom, as a company, and the transformation of the company, must be provided in order to portray the holistic landscape of the company that resulted in Telkom being in the situation it is currently.

Telkom is currently undergoing major re-structuring from a company point of view. It is, therefore, imperative that the employees within the company are equipped to deal with the constantly changing environment in which they find themselves. The manner in which management in Telkom SA are implementing change deviates from change models such as Rosabeth Moss Kanter's, 'Ten Commandments for Executing Change', as listed in Burnes (2004:302). This deviation has led to staff at Telkom SA resigning at a high rate. The media are also creating further tension by publishing negative employee comments, which are having a negative impact on employee morale, as stated in the following article, 'We have to wait and see if this is a beginning of a purge' (Vecchiatto, 2007).

Employees, who have left the company, have been appointed at opposition companies and corporate clients as well, and this has resulted in valuable strategies being leaked to the competition. Handy, (cited in Burnes, 2004:105), states that..."they have jobs and not careers and cannot be expected to rejoice in the organisation's triumphs any more than they can be expect to share in the proceeds, nor will they put themselves out for the love of it; more work in their culture, deserves and demands more money". Telkom's leadership will have to acknowledge that the incorrect implementation of change management poses a serious threat to Telkom maintaining its competitive advantage in the communications industry. Management had initially underestimated the impact of the implementation of change management processes on staff, but after seeing the impact of staff turnover on its service delivery targets, management had decided, by way of this study, to investigate the issue at hand.

What follows is an overview of the “Telkom Case” looking specifically at how the company has, thus far, encountered the key issues of this study, namely: change implementation; the communication of change; staff turnover and employee morale and what the company has implemented to try and cope in the current climate. This overview will be preceded by a financial and headcount overview.

3.3 FINANCIAL AND HEADCOUNT OVERVIEW

The rationale for highlighting the financial and headcount information is to illustrate the trend of staff reduction at the company over a sustained period, while profits increased. The latter part of this chapter will deal with the initiatives that management had instituted to counter the effects of the sustained headcount reduction.

3.3.1 Financial and Headcount Overview of Telkom 1991 to 1999

Table 3.1. below, depicts the financial and headcount overview for Telkom from the year 1991 to the year 1999. As can be seen below, there was a marginal decrease in the headcount but this was offset by a subsequent increase in headcount. The most notable issues for this period is the founding of Telkom in 1991. In 1993 revenue was R463m below budget, partially due to the aftermath of the of the premium-rate (087) service.

Table 3.1 Revenue and Headcount Overview 1991 to 1999

Year	Headcount	Revenue in Rands	Revenue Growth %
1991	67667	none	none
1992	67667	none	none
1993	61991	R463m	negative
1994	60172	none	none
1995	58793	none	6.20%
1996	55347	R13.32bn	23%
1997	55822	R16.3bn	22%
1998	56480	R20bn	23%
1999	61237	none	none

Source: Telkom Media Centre, (2008)

3.3.2 Financial and Headcount Overview of Telkom 2000 to 2007

Reviewing table 3.2 below (Telkom Media Centre, 2008), the year 2000 saw a drastic change in the number of employees at Telkom SA. The critical lines-per-employee ratio rose to 112:1 at year end from a base of 83:1. Telkom reduced the staff complement by about 12 000, with over 8 000 employees accepting voluntary packages. This was a 19, 8% decrease in headcount. Staff complement decreased from 61 237 to 49 128 employees. Telkom outsourced five non-core entities during the year. These included Telkom's fleet, physical security, electronic and light engineering workshops and the catering services. These outsourced divisions were either bought by black controlled companies or by organisations with meaningful black equity participation (Telkom SA Ltd, 2008).

The above period remained fairly constant from an employee perspective, except for the events which took place in the year 2000. The outsourcing initiatives, that were undertaken, saw management only consult with the so-called "affected" employees. This resulted in staff the were "not affected" starting to question what

would happen in their service organisations, since there had been no communication from leadership on how the other service organisations would be affected. The events of the year 2000 started, what would become known in, Telkom circles, the headcount drive.

In the year 2003, in an effort to avoid job losses and create new career opportunities, Telkom launched the Agency for Career Opportunities. Management had received feedback from employee surveys that the previous retrenchment programme had a negative impact on employees' morale due to decreased job security. Telkom also listed on the Johannesburg Stock Exchange and on the New York Exchange on 4 March 2003, thus bringing to a close the Initial Public Offering process. Telkom was the first Government enterprise to do so. The listing included a dedicated offer targeting historically disadvantaged individuals and groups (Telkom SA Ltd, 2008).

By March 2005, approximately 75% of the total fixed-line employees were union members. This clearly indicated that most employees were relying on organized to stem the headcount reduction at the company (Telkom SA Ltd, 2008).

In 2006, Telkom had come through a phase of significant workforce reduction, which had taken its toll on employee morale and productivity. Trade unions resisted workforce reductions and publicly opposed privatisation. Twenty three percent of Telkom's employees participated in a work stoppage in March 2006. Thirty six percent of employees participated in a strike in April 2006 with respect to compensation issues. Telkom lost 11 292 man-days due to industrial action.

An interesting point to note, from the information provided above is that, taking table 3. 2 (Telkom Media Centre, 2008), into account, the company's profits increased quite substantially but, barring 2007, the reduction of employees remained prevalent. As initially stated, the above information clearly highlights

the need for research into the key issues identified in the objectives of this study, namely:

implementation of change within Telkom SA, communication of change/re-structuring initiatives by management in Telkom SA; staff turnover; employee morale and retention

Table 3.2 Revenue and Headcount Overview 2000 to 2007

Year	Headcount	Revenue in Rands	Revenue Growth %
2000	49128	none provided	none provided
2001	44328	R32bn	15%
2002	39444	none provided	none provided
2003	35361	R37.6bn	10%
2004	32358	R40.5bn	7.50%
2005	26133	R43.1bn	6.50%
2006	25575	R47.6bn	10.30%
2007	25864	R51.6bn	8.40%

Source: (Telkom Media Centre, 2008)

3.3 COMMUNICATION AND CHANGE - CAPABILITY MANAGEMENT

Looking at the reduction of headcount up to the year 2007, where Telkom had reduced approximately 18 000 employees and the volatility of leadership, it was anticipated that with the appointment of a new CEO and a full complement of management, the situation at Telkom would more stable. The employee figures for the year 2007, Table 3.3 (Telkom Media Centre, 2008), also suggested that Telkom had finally stabilised and that the company would now look at retaining its employees as it had lost approximately 58% of its employees since its inception in 1991 and approximately 18 000 employees in the last seven years of its existence.

Table 3.3 Headcount movement 2006, 2007, 2008

	2006	2007	2008
Opening balance	28,972	25,575	25,864
Employee gains	706	1,512	918
Appointments	686	1,486	891
Re-instatement	20	26	27
Employee losses	(4,103)	(1,223)	(1,903)
Employee retrenchments	(2,990)	(20)	(4)
Voluntary early retirement	(674)	(7)	(2)
Voluntary severance	(2,295)	(13)	(2)
Involuntary reductions	(21)	-	-
Natural attrition	(1,113)	(1,203)	(1,899)
Closing balance	25,575	25,864	24,879
Other employees	4,227	5,807	3,801
<i>*Other employees refer to contract and temporary employees but Temporary employees but exclude Board members, learners and bursary students.</i>			

Source: (Telkom Media Centre, 2008)

At the end 2007, it was reported that Telkom was embarking on a major outsourcing initiative. According to Senne, (2007), Telkom refused to confirm or deny that it planned to separate and outsource its networking division – one of the biggest units within the company. The Communication Workers Union (CWU) alleged that Telkom failed to inform labour of the potential move, which would see the division become an independent entity, to which Telkom would outsource work. This move would impact more than 5 000 employees, who were responsible for the roll-out of network infrastructure. The company spokesperson, Lulu Letlape stated that “Telkom consistently engaged all relevant stakeholders with a view to improving and enhancing internal efficiencies and business strategies and will continue to do so” (Telkom Media Centre, 2008). At this point, there had been no formal communication to employees on the implementation of this change initiative except for the external media coverage of this initiative.

Midway through 2008, Telkom announced that it was implementing, what it called “Capability Management”. According to Telkom, it intended to place capability management into context as part of the enablers to the company’s strategy. In order to gain perspective, there was a need to reflect on some major changes that Telkom had undergone over the past decade or two. Some of these changes have not been easy, while others have resulted in enhancing Telkom’s presence in the ever-changing information communications and technology market space. The operations divisions, in particular, underwent significant changes over the past two decades. Telkom, and, in particular, management, continued to respond to the challenges that confronted the organisation. Some key developments included:

- Functional alignment of the Chief Technical Officer environment ;
- Initial Public Offering and dual listing;
- Senior Equity Partner integration; and
- Retail & Wholesale positioning.

Telkom further stated that in the context of the global economy, or what more recently is being referred to as the attention economy, it was clear that any organisation that wished to remain relevant needed to act ever faster and more decisively. The telecommunication companies business had and is transforming into a two-sided business model from the traditional one-sided business model, that is, partner – telecoms company – customer, is what is referred to as a two sided business; telecoms – customer , is what is referred to as a one-sided business, Hess (2008).

The value chain, in delivering services to the customer, had become more complex and disruptive technologies and business models are increasing the complexity both in terms of the delivery of services as well as the ability to respond appropriately to market demands while ensuring continued profitability. Globally, the convergence of technology (fixed, mobile, voice and data) and business boundaries (media, telecoms, IT and entertainment) had resulted in

organisations that were active in the information communications and technology markets to re-evaluate how they addressed the market and how their business models needed to change, particularly in the traditional telecoms company.

Telkom was no different and had been evolving and adapting to changes that, due to global developments, were increasingly increasing in intensity and magnitude. An organisation needed to respond to these changes that require it to evaluate how best to ensure that it had the right capabilities and capacities to satisfy the market demands.

Telkom had also established the Organised Labour Business Interface Summit to interface with organised labour at a strategic level. Telkom was, however, not pleased with the actions of organised labour, which it called “the stakeholder ecosystem” as organised labour had communicated information, which fell outside of the so called “detailed developed plan” (Dlamini, 2008).

Capability management, according to Telkom, was a deliberate management action to ensure that the organisation had the relevant capabilities to differentiate itself in the market space in which it operates. The establishment of the Capability Management Office in December 2007 clearly indicated that the leadership of Telkom had recognised the need to pro-actively and seriously evaluate the capabilities required to ensure long-term profitability and relevance. Telkom further stated that the Capability Management Office had developed a detailed plan to ensure that a robust and managed process, focused on sound business principles and in accordance with the prevailing delegation of authority followed. Telkom’s final view on the matter was that transformation to a new business model is never an easy task or process and required mature and astute management, and Telkom, in establishing the Capability Management Office, was acutely aware of this fact. Hence a planned and deliberate process was being followed, Hess (2008).

The above information on capability management in Telkom illustrates that Telkom does communicate its change strategies, albeit, extremely late after external sources have published their strategies in the public domain. What is missing, however, is the consultation aspect of Telkom's approach. It can be clearly seen that Telkom's approach is more of a "top/down" approach where management basically instructs employees of the former's intentions in terms of change implementation.

3.4 INITIATIVES TO CURB STAFF-TURNOVER

Before examining the actual initiatives that were implemented at Telkom to counter the turnover rate, as well as low employee morale, the actions of the initiators of these initiatives need to be considered. The implementation of change within a company like Telkom is usually spawned from a company strategy that was formulated by the leadership of the company. In 1998, Telkom was in trouble; profits were declining and customers were dissatisfied with the service they were receiving from South Africa's only provider of fixed-line telecommunications services. Government had assured Telkom of five competition-free years before the introduction of a second network operator. In exchange, Telkom had to comply with stringent licencing agreements. Despite the challenges, Telkom managed to achieve radical change in a relatively short time, due to the initiatives of the then CEO, who thrived on change. One of the first things he did was to tour Telkom operations throughout South Africa, communicating his vision for the future and building focused teams. He later stated that 'Communication was key and once people bought into his vision; they were prepared to survive the rough times with him' (Telkom media centre, 2008). The actions of this particular CEO seemed to align to the commandments that Moss Kanter had propagated (Burnes, 2004:307).

The transformation of Telkom took place in phases, the first of which was the centralisation of all Telkom's divisions. This process entailed many painful and unpopular decisions, including one to reduce the employee head count from 61 237 (31 March 1999) to 39 444 (31 March 2002 (Telkom SA Ltd, 2008).

Telkom then introduced two initiatives to reduce duplication/redundancies and to rebalance the skills mix required in an increasingly competitive information communications and technology sector. These initiatives were achieved through natural attrition, offering voluntary severance or early retirement packages to employees in areas of business decline, as well as outsourcing of non-core services to specialist industry players. In concluding those deals, Telkom was insistent on two points: that the new owners had to take over the entity's assets and staff as a going concern. The second was that both Telkom and the buyer should strictly meet the performance and procedural terms negotiated (Telkom media centre, 2008).

Telkom's leadership insisted that valuing people and their diversity remained one of the six core values that guided all business decisions and relationships at Telkom. This particular value reflected the conviction that people were Telkom's most valuable asset and that only through their wholehearted commitment could the company achieve its business objectives and become a world-class communications company. The intention of the plan was to put Telkom in a position where the company could guarantee minimal job losses as a result of future job changes (Telkom media centre, 2008).

Telkom also implemented the alternative strategies plan to minimise job losses. The plan was built on a firm commitment of being a responsible employer and corporate citizen. Telkom fully supported the job creation objectives of government, their majority shareholder. Their plans and endeavours needed to maintain the sensitivity to their people. Leadership further stated that Telkom's innovative approach to people development had four main thrusts:

- a. **Early warning-system monitoring job changes:** Telkom would be able to pinpoint and start preparing for future job changes at least 12 months before they would have happened.
- b. **Agency for Career Opportunities:** Telkom had created a formal, permanent, dedicated careers development unit whose sole purpose was to support the drive to avoid job losses, find new career opportunities and support employees affected by job changes. The Agency for Career Opportunities was launched to carry out the Telkom people development strategy. However, only 429 employees had initially registered and started their orientation from a group of about 3500 employees. After a few months in operation, the Agency showed its potential as a career placement institution with the successful redeployment of a group of managers who started a six-month development stint. Those who were not redeployed were not idle but were seconded to other service organisations. This particular initiative gave Telkom some credibility with the employees. It showed that the company was not abandoning its workforce. However, employees that were redeployed lost their sense of belonging as they had to basically “start life over again”, thus leading to an increase in staff turnover and lower employee morale.
- c. **Capitalising on the job creation of the broader technology sector.** With new players that had entered the communications market, the sector had significant job creation potential. In the past, various players in the sector had tended to work on job creation initiatives in isolation.
- d. **Targeted Development Initiative**

The Targeted Development Initiative intended to redress these imbalances in the medium-term by developing a pool of technically proficient leaders with strong business and interpersonal leadership skills. Telkom’s Targeted Development Initiative operated parallel to Telkom’s Agency for Career Opportunities. Its role was to ensure that all people development in Telkom safeguarded equity. Telkom’s management stated that ‘investing in human capital was a crucial part of their strategy to become a world-class communications company that delivers on the expectations of what had

become a diverse shareholding and customer base'. According to management, this initiative required a holistic, multi-pronged approach that met the needs of the people and the business. These needs included:

- Building cutting-edge skills that drove the business and inspired confidence in colleagues and customers alike;
- Ensuring job enrichment through work that was meaningful and challenging, personally and professionally;
- Access to opportunities for ongoing growth, continuous learning and career mobility; and
- The scope to develop skills that, despite rapidly changing business and market conditions, provide some degree of future career security, whether within the company or beyond;

The Agency for Career Opportunities and the Targeted Development Initiative were two of Telkom's people development projects.

The Targeted Development Initiative was also designed to address one of the biggest skills challenges facing the communications sector: the scarcity of women and black people in technical leadership positions. This meant that not only did Telkom have to look at the implementation of change management from a purely organisational point of view, but also change management from a demographic point of view in order to reduce the pressure from government for Telkom to have workforce that was more compliant with the requirements of the Affirmative Action policies of the South African Government with specific reference to race and gender. The Targeted Development Initiative was intended to redress these imbalances in the medium-term, meaning in two to four years, by developing a pool of technically proficient leaders with strong business and interpersonal leadership skills.. This initiative, although, beneficial, only targeted a very small percentage of the workforce and was so stringent in its pre-requisites that even the employees within the section that is focused on in this study were unable to be accepted into the programme. This stringency led to

further frustration as not all employees within the organisation were technically orientated and, thus, many employees refrained from enrolling into the programme.

3.5 VOLATILITY OF TELKOM'S LEADERSHIP

When reviewing the Telkom's change implementation strategies it would be prudent to also look at the leadership that was in place at the time. In Telkom's case this became increasingly difficult over the last few years as the turnover of executive leadership had also increased. This factor is critical as Moss Kanter's 5th commandment 5 clearly highlights the need to support a strong leader role (Burnes, 2004:307). The pre-requisite is critical to employees relying on the leader or leadership for support during change. Let's look at what had occurred in Telkom.

Telkom announced the appointment of Leapeetswe Rapula Radiala (Papi) Molotsane as Chief Executive Officer, on 1 September 2005. Mr Molotsane was the Group Executive of Transnet and had a broad-based professional background in engineering, systems, operations, sales, marketing and human resources (Letlape, 2005).

Mr Molotsane took over from Telkom's incumbent CEO, Sizwe Nxasana, who had been at the helm of Africa's largest communications provider since April 1998. Nxasana decided not to renew his contract after December 31, 2005 for personal reasons. The Chairman of the Telkom board of directors also announced that the Telkom Board had decided to streamline the top structure of the company to ensure optimal reporting lines and executive focus. This involved a reshuffle of certain positions held by current executives and has led to the appointment of Mr Reuben September as the Chief Operating Officer, Mr Mandla Ngcobo as the Chief Corporate Affairs and Mr Thami Msimango as the new Telkom Chief Technical Officer (CTO). The CTO position was previously held by

Mr Reuben September, who was appointed as Chief Operating Officer. Further appointments were Mr Wally Beelders as Chief Marketing and Sales Executive and Charlotte Mokoena as the Group Executive Human Resources. The last two appointments came in the wake of the previous two executives holding these positions resigning from Telkom after they disagreed with following Papi Molotsane's strategy. This started a chain of events that further impacted on the implementation of change in Telkom, with specific reference to the volatility of leadership at the time (Bridgraj, 2007).

Shortly after their appointments to strategic positions in Telkom, both Thami Msimango and Wally Beelders resigned from Telkom. Amidst the changes in top management, Telkom still continued to augment its position in the telecommunications sector with the formation of Telkom Media and its Nigerian wing called Multi links. Both these initiatives left Telkom with a high turnover rate at the management level of the company. Then, amidst all the turmoil, Telkom's Chief Executive Officer, Papi Molotsane resigned. Later the same year Telkom's Chief Operating Officer, became the company's new CEO. Shortly after this Telkom's Chief Financial officer then decided to resign from the company's employ (Bridgraj, 2007).

In view of the information provided above, Telkom employees were placed in a very awkward situation where higher level leadership was literally disintegrating. Moreover, there was no formal communication or process to keep employees abreast about the changes within the company except for weekly newsletters that either re-assured employees that all was well and what the company was going through was completely "normal" or were cautioned not to discuss company matters with external entities. Unfortunately, this caution was a violation of one of Moss Kanter's commandments, the 9th commandment in this case, which states that leadership must communicate, involve people, and be honest. This was clearly not the case in Telkom at the time. According to Czernowalow (2008), the Solidarity union has questions about how the sale will affect Telkom's capability

management project, which will see 90% of the utility's operations outsourced. This project is expected to affect 19 000 employees and save the company an estimated R1.3 billion a year. Telkom recently imposed an April 2009 deadline for the implementation of this initiative. "As far as we are concerned, we have done our part. But we need more transparency from Telkom and that is why we have requested a meeting with the CEO" [Kleynhans (2008) cited by Czernowalow (2008)]. As stated previously, change implementation emanates from strategic stable leadership which allows the change processes to be more easily cascaded and implemented in the organisation. This was clearly not the case in Telkom.

3.6 EMPLOYEE MORALE AND THE HEART BEAT SURVEY

"It is important for us to remain aware of the state of mind and levels of engagement of our employees, as this will eventually impact service delivery to our customers" (Rossouw, 2007:15). The above comments were made by Telkom's management after the announcement of the 2008 Heartbeat survey. What follows is an overview of the Heartbeat survey of Telkom, its function and how it came into existence. This section of the chapter will consist of an overview of the Heartbeat survey of Telkom and the results of the 2007 Heartbeat survey, with reference to the key issues mentioned in this study.

3.6.1 Overview of the Telkom Heartbeat Survey

Telkom's Leadership Council, initiated the employee engagement strategy in 2005 and defined employee engagement as the following:

- The employee's belief in and acceptance of the organisations goals;
- A willingness to exert considerable effort on behalf of the company;
- A strong desire to maintain membership of the organisation. (Rossouw, 2007:15)

The Telkom Heartbeat survey is a tool that was created to measure the effectiveness of Telkom's Employee Engagement Strategy. Due to the high staff turnover rate the company was experiencing, Telkom's management team decided to take steps to engage employees. The result of this effort was the formation of an employee engagement team who enlisted the services of external survey companies to create, execute and report on the Heartbeat survey. The survey is an online survey which is a vehicle through which the "voice of the employee" can be heard. Once the results are published, management then decide on what corrective measures the company needs to take. "Technology, Infrastructure, processes and systems, become meaningless without a body of engaged employees working towards a common goal" (Rossouw, 2007:14). Since its inception in 2005, averages of about thirteen thousand employees have participated in the survey. From the baseline set in 2005, Telkom has seen a 1% improvement in employee engagement, over the past two years using the Markinor model. In 2007, Telkom engaged a new research group called Synovate, which used a new model. The following is a list of some of the interventions, highlighted by Rossouw (2007:15), that were implemented and a brief description of how they are intended to improve employee engagement within Telkom with a view to improve employee morale:

- a. Implementation of the Programme in Management Excellence (PME):** To assist first line management in the creation of a positive work environment and enhance promoter-performer relationships;
- b. Team Business Dialogue sessions:** To unpack the challenges of Telkom's vision and other topics related to Telkom's strategic pillars;
- c. Telkom Touch:** Improvement aimed at improving the lives of employees and their families by offering various services, like, holiday planning, study guides.
- d. Career Management:** This involved providing employees with tools and resources to assist in mapping their careers, in order to meet the resource needs of the company;
- e. Community Outreach Programmes,** such as the 'Giving from the Heart' initiative;

- f. **Staffing:** The creation and updating of processes, in the areas of recruitment, staff movements, job and people profiling, as well as expatriate management. The latter was instituted to cater for Telkom's 'Into Africa' strategy;
- g. **Reward and Recognition:** changes were made to annual bonuses and remuneration package adjustments of operational employees.
- h. **Lifestyle resilience:** The aim of this programme was to introduce products and programmes designed to improve employees' ability to cope with change both personally and professionally; and
- i. **Green Shoe project:** Refers to 'walking in someone else's shoes'. As part of this project, top management was required to spend a day in the life of an operational employee, observing and physically performing tasks at hand. This project created greater awareness among management of work at all levels within the organisation. Sadly, this project led to conflicts at higher level management as different service organisational heads refused to accept the feedback from their peers.

With all that was stated above, the results of the annual employee engagement survey Heartbeat, conducted during February 2008 by research firm Synovate, indicated that 51.8% of Telkom's employees were fully engaged in their roles. This finding represented a slight increase from the previous year's 50.3%. Although this increase is not a statistically significant improvement, it was attained with a new leadership team in place for less than six months (Rossouw, 2007:15).

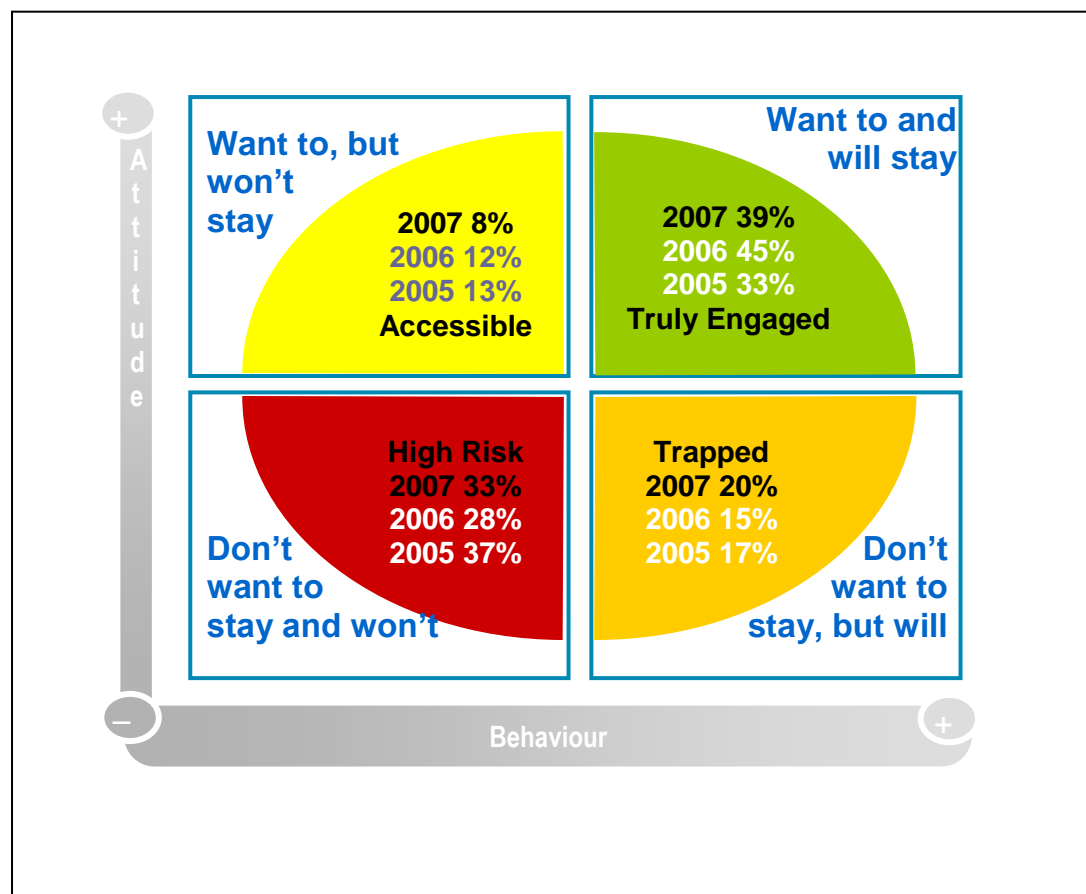
3.6.2 The 2007 Heartbeat Survey Results

The 2007 Heartbeat survey was conducted by a company called Markinor, who were appointed by Telkom leadership to measure employee engagement levels. What follows is an overview of the results of this survey, with reference to the key issues in this study, namely, changes implementation, communication of change, staff turnover and employee morale and retention.

3.6.2.1 Employee Morale - Markinor Engagement levels since 2005

Figure 3.1 below, provides a breakdown of the engagement levels of Telkom employees for the last three years i.e., 2005, 2006 and 2007.

Figure 3.1 Employee morale - Markinor Engagement levels since 2005,



Source: Msimango (2007:20)

From figure 3.1 above it can be seen that, currently:

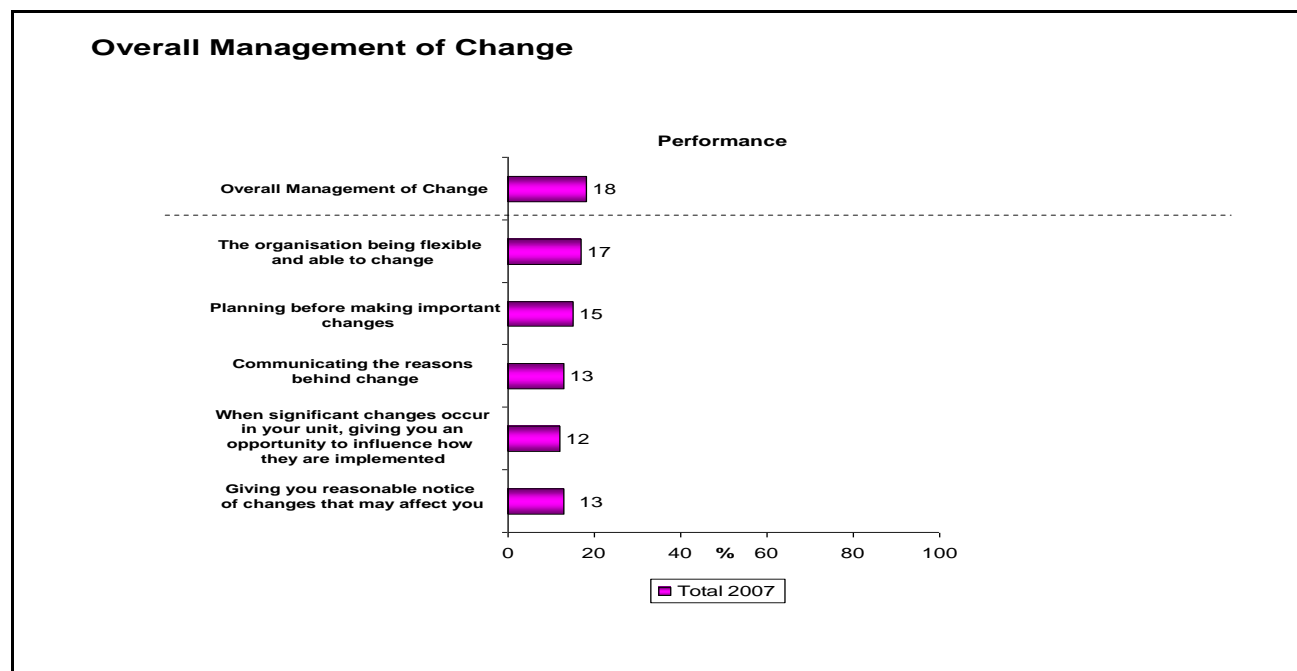
- 39% of employees want to and will stay while;
- 8% of employees want to but won't stay;
- 20% don't want to but will stay; and
- Finally, 33% of employees don't want to stay and won't.

The above engagement figures illustrate the overall morale level at Telkom. It would, therefore, be prudent to view the different issues that contribute to the morale levels at Telkom.

3.6.2.2 Implementation of Change

This section will provide an overview of the different aspects around the implementation of change in Telkom. Figure 3.2 provides an overview of the responses to the questions posed to employees in this regard.

Figure 3.2 Overall Management of Change



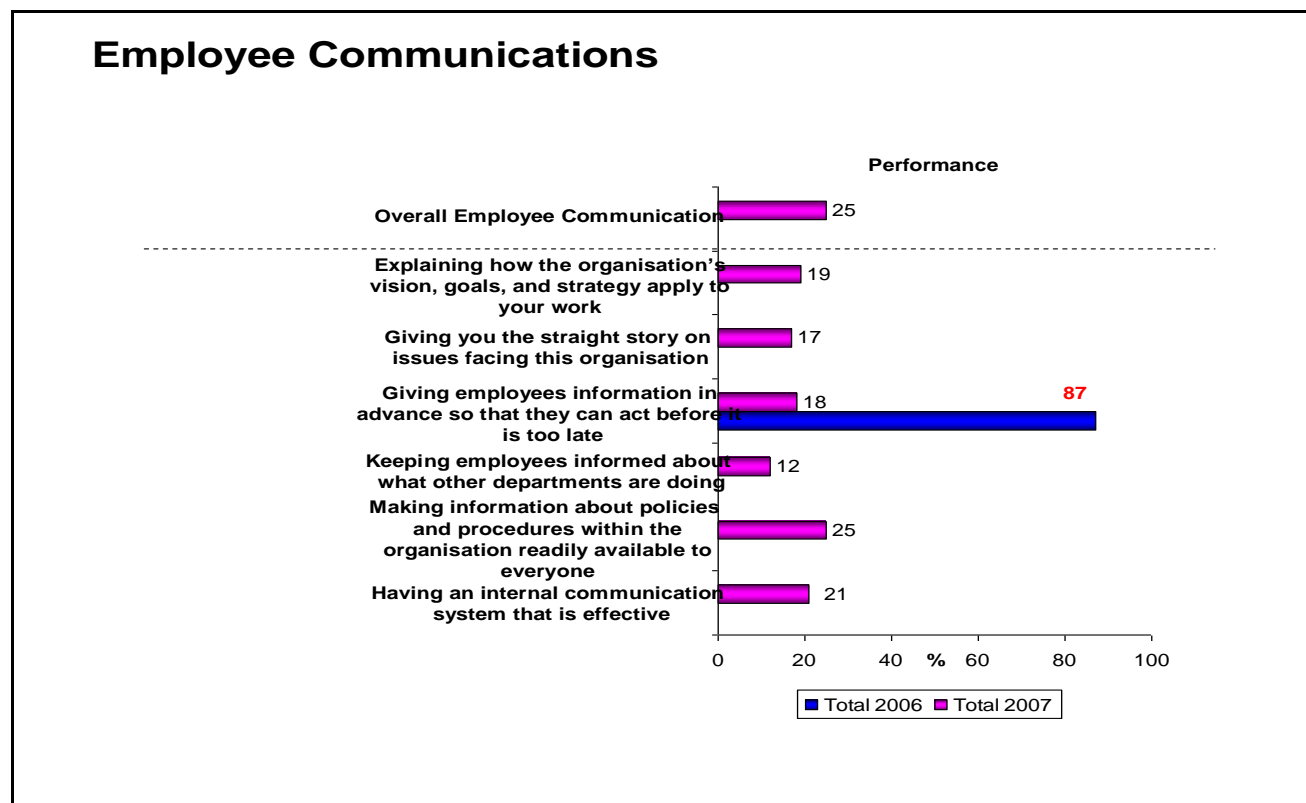
Source: Msimango (2007:58)

Figure 3.2 illustrates the low perception that employees have towards the management of change in the company. Further comments from employees include the following: “By consulting lower levels problems could be eradicated before implementation” (Msimango, 2007:58). The above information highlights the need for the implementation processes within the company to be reviewed.

3.6.2.3 Communication of Change

This section will provide an overview of the different aspects around the communication of change of change in Telkom. Figure 3.4.2.3 provides an overview of the responses to the questions posed to employees in this regard.

Figure 3.3 Communication



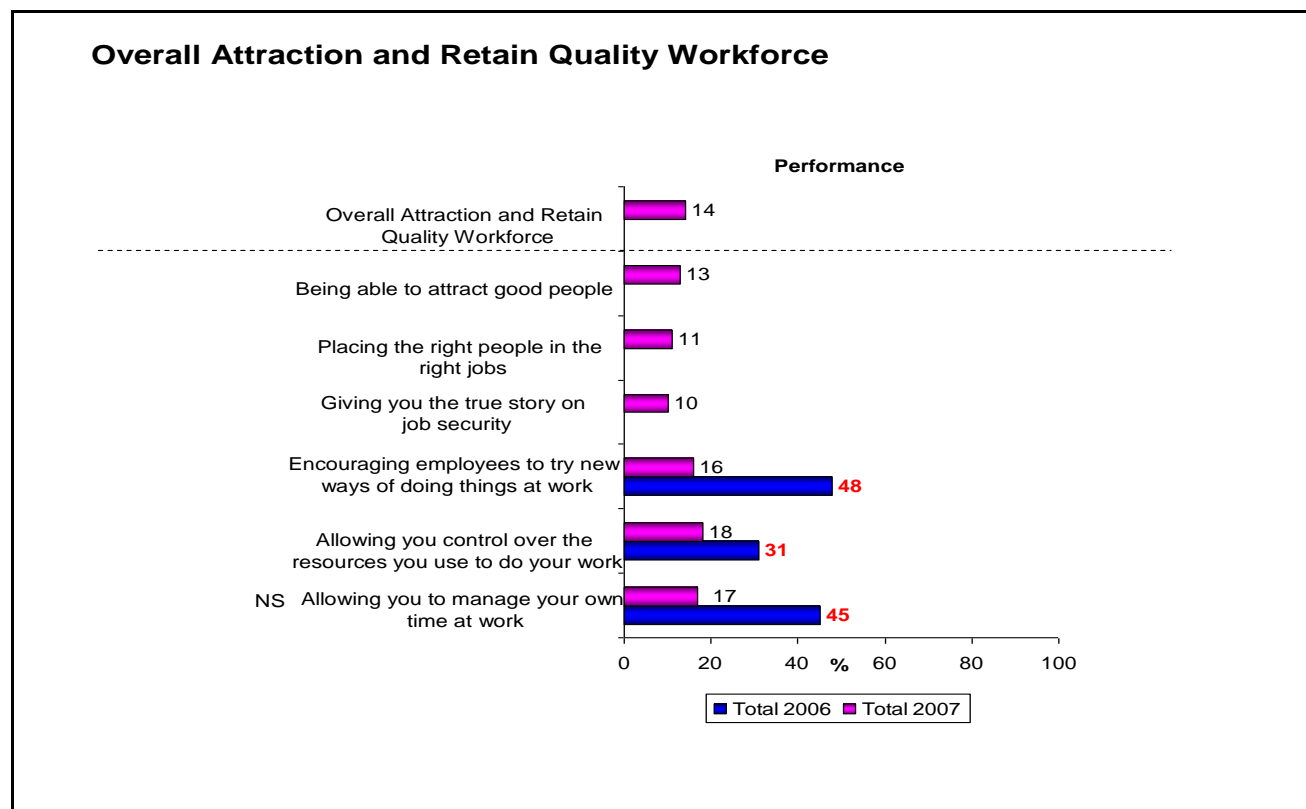
Source: Msimango (2007:62)

Figure 3.3 illustrates the low perception that employees have towards the communication of change in the company and the decline from 2006. One of the comments from employees include: “Management does not know what is going on, on ground level, there should be more communication between top management and employees at operational level” (Msimango, 2007:62). The above information highlights the need for communication processes within the company to be reviewed.

3.6.2.4 Preventative measures to Staff Turnover

This section will provide an overview of the different aspects preventing staff turnover in Telkom. Figure 3.4 provides an overview of the responses to the questions posed to employees in this regard.

Figure 3.4 Preventative measures to Staff Turnover



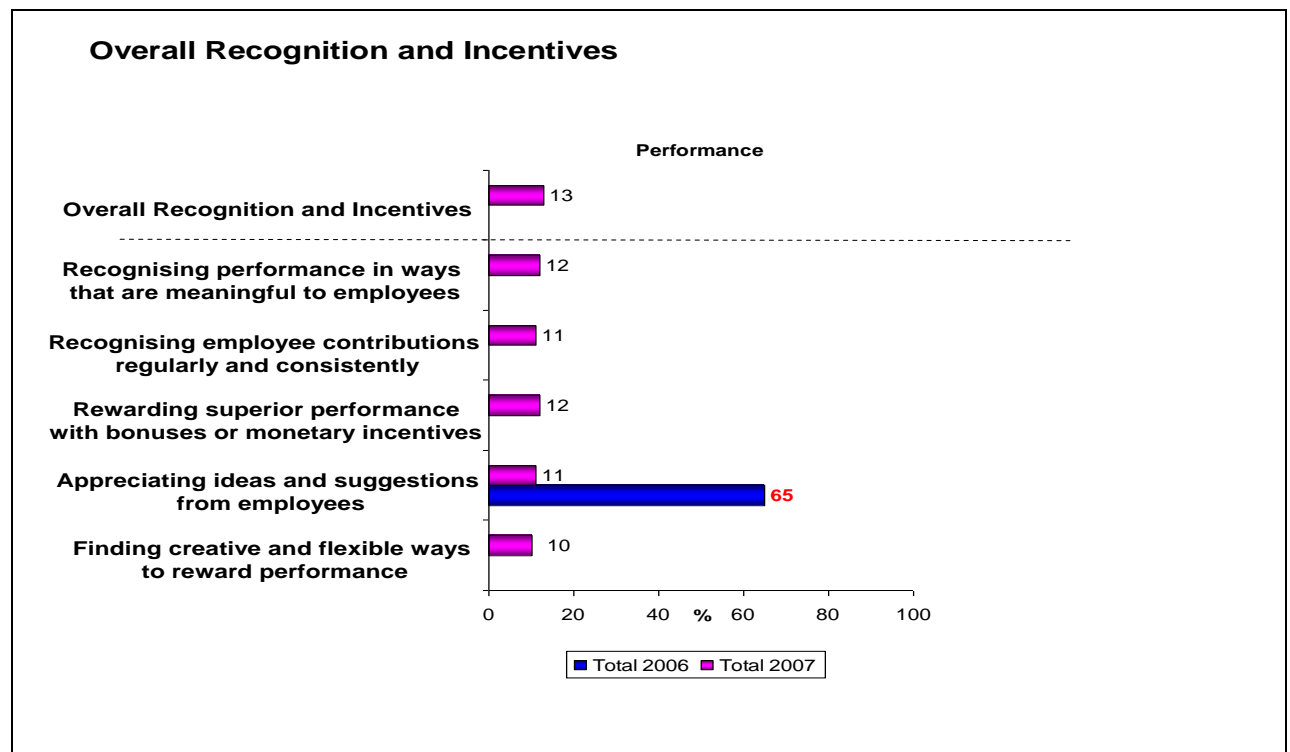
Source: Msimango (2007:56)

Figure 3.4 illustrates the low perception that employees have towards preventative measures to Staff turnover in the company and the decline from 2006. Some of the comments from employees include: Some employees felt overwhelmed with the high workloads that resulted from unrealistic targets (Msimango, 2007:56). The above information highlights the need for the above processes within the company to be reviewed.

3.6.2.5 Preventative measures towards Retention

This section will provide an overview of the different preventative measures towards retention in Telkom from the survey. Figure 3.5 provides an overview of the responses to the questions posed to employees in this regard.

Figure 3.5 Preventative measures towards Retention



Source: Msimango (2007:64)

Figure 3.5 illustrates the low perception that employees have towards preventative measures for retention in the company and the decline from 2006.

In an attempt to curb turnover, the company has instituted certain preventative measures to ensure retention. From the above responses, the main complaint was unequal gain sharing, with employees stating the following: ‘ “Sharing should be equal across all levels because each and every employee contributes towards the company’s goals” (Msimango, 2007:64).The above information highlights the need for the above processes within the company to be reviewed.

3.7 CONCLUSION

Robins et al. (2003:66) state that South Africa’s re-entry into the global economy means it is starting to catch up with international trends, while, at the same time, there is a strong push from management theorists to recognize and incorporate uniquely South African values into the workplace. According to Telkom Human Resources, adding fuel to the staff turnover fire is the fact that South Africa has now entered the global arena and local companies are unable to compete with offers made by multi-national companies looking for a particular resource (Telkom Media Centre, 2008). These factors further necessitate Telkom SA adopting measures that seek to reduce the impact of the key issues in this study. In this chapter, the Telkom case has been considered from a financial and headcount overview as well as, change implementation and Initiatives to curb staff-turnover, the Heart beat survey (which looked at employee morale by measuring employee engagement) and leadership volatility. The above factors impact directly on the key issues highlighted in the objectives in section 1.3 of Chapter 1 of this study. They further highlight the relevance of the problem statement of this study stated in section 1.2 of chapter 1 of this study.

Chapter 4 will deal with the research methodology and the rationale for adopting certain research methods to conduct the research for this study. The data collection methods as well as the sample selection and sample size will also be discussed.

CHAPTER FOUR – RESEARCH METHODOLOGY

4.1 INTRODUCTION

The previous chapter dealt with the overview of Telkom's change initiatives. This chapter will discuss the study type as well as the methodology used in the compilation of this report. The data collection methods as well as the sample selection and sample size will be discussed.

4.2 STUDY TYPE

This quantitative study will focus on assessing the impact of the implementation of change management processes on staff turnover at Telkom SA, as it allows the researcher to bring further clarity and definition to the problem at hand. De Vos (1998:71) further add that quantitative research is used to investigate turnover because the study is focused on specific questions that need to be answered. This type of research also determines whether this type of study is warranted or not. The problem also deals with "people issues" and this approach would yield the desired results. It is important to ascertain the actual impact of change implementation on the company from the feedback received.

4.3 TARGET POPULATION

Wegner (2002:168) states that a population consists of all the possible observations of the random variable under study. Leedy (1997:208-210) further highlights that the population can be viewed as a group or individuals or objects that would illustrate common features that would be advantageous to the researcher's interest.

Telkom SA is an extremely large organization and, after discussions with management, it was decided to focus on a specific section within Telkom SA as

the target population. This focus needs to be highlighted as the outcomes of the analysis are aimed at this specific section within the organization. The division that has been at the centre of most change/restructuring initiatives in Telkom SA is the Network Infrastructure Provisioning division and the focus will be on the core planning section which consists of 120 people, which became the population for the study. This section also has the highest staff turnover rate in the company.

4.4 RESEARCH DESIGN

De Vos, Strydom, Fouche and Delport (2001: 77) state that research design is a blue-print or a plan detailing how research will be implemented. Christensen (1994:293) further defines research design as the outline, plan or strategy specifying the procedure to be used in seeking an answer to the research question. This definition specifies such aspects as how to collect and analyse data and to control unwanted variation.

Welman and Kruger (2003:46), state that research design is the plan according to which research participants are obtained and information collected from them. From an industry point of view, it is evident that staff turnover is a major problem. This problem has been clearly highlighted in the literature review.

The research will be descriptive in nature as the impact of change implementation on staff turnover at Telkom's Network Infrastructure provisioning division would be examined. This study will, due to its quantitative nature, attempt to describe the characteristics of the sample group and determine their perceptions as well.

4.5 SAMPLE SELECTION AND SIZE

According to Polit and Hungler (1999:169), “Sampling refers to the process of selecting a portion of the population to represent the entire population”. The representative sample consists of subsets of the elements of a population; this allows for the study results to be generalized. The characteristics of the sample population are intended to be representative of the target population.

A combination of judgmental and convenience sampling was used in the sample selection. According to Wegner (2002:171), convenience sampling represents a sample drawn to suit the convenience of the researcher. Wegner further adds that judgment sampling refers to a sample where the judgement of the researcher is used to select the best sampling units. In both instances, the core planning division was selected using the above criteria.

The core planning sections were forwarded by management as problem areas. These sections constitute approximately 120 people nationally, who will serve as the baseline for the population. The sampling table from Sekaran (1992:253) was used to obtain the sample size of 92 from the core planning section in the Network Infrastructure Provisioning division, where a high staff turnover rate exists. This justifies the researcher rationale in agreeing with management to select the core planning sections within the Network Infrastructure Provisioning division as a sample. Welman et al. (2003:47) highlight the fact that representativeness implies that the sample has the exact properties of the population from which it was drawn, but in smaller numbers.

4.6 QUESTIONNAIRE DESIGN

Welman and Kruger (2003:142-148) highlight that the measuring instrument serves as reliable source for the design of questionnaires. The questionnaire is designed to be short and concise and focus on the key focus areas of the

research. The questionnaire method was used as it would be the simplest way to gather the necessary information. Cooper and Schindler (2001:6) outline four elements in terms of questionnaire design. They are as follows: management questions, research questions, investigative questions and measurement questions. The questionnaire in this study was designed around the key issues that were highlighted in the literature review. The 'research topic' issues in the questionnaire (questions in sections A to E) were developed as questions, answered as to the level of satisfaction that the respondent felt. A four item, even, balanced and forced scale (Hair, Babin, Money and Samouel, 2003: 167) was used as it was felt from personal experience in the company, that there would be few "neutral respondents."

Reliability of an instrument can be equated to clarifying stability, consistency and accuracy of a measuring tool. Polit and Hungler (1999:242) state that various methods exist for assessing the stability aspect which deals with the extent to which a questionnaire will provide the same results on repeated administration. Internal consistency refers to the extent to which all subparts of an instrument will measure attributes. To ensure reliability of the research, the results from the questionnaire were tested using statistical tools relevant to Cronbach's Alpha.

Once again the key issues, as stated previously, formed the basis of the structure of the questionnaire. The key issues which were considered in this study were the following:

Section A, dealt with the implementation of change within Telkom SA and was covered by the following questions:

- A1. Are you made aware of change initiatives?
- A2. Do you provide feedback on change initiatives?
- A3. Are change implementation procedures openly communicated to you?
- A4. Are Roles and Responsibilities clearly defined during change implementation?

A5. Is change implementation value-add to the Company's objectives?

Section B, dealt with the communication of change/re-structuring initiatives by leadership in Telkom SA and was covered by the following questions:

B6. Does management provide necessary Training and Development during change?

B7. Are official communiqués sent out regularly regarding change implementation?

B8. Does management communicate change implementation timeously with staff?

Section C, dealt with Staff Turnover, and was covered by the following questions:

C9. Do you intend staying at your company?

C10. Are change related enquiries encountered resolved timeously?

C11. Are you involved in decision making regarding change in your organization?

C12. Is your work environment conducive in terms of clear goals?

C13. Do your team members co-operate with you?

C14. Is there effective participation in change processes?

Section D, dealt with Employee Morale and was covered by the following questions:

D15. Do you feel undervalued due to lack of involvement in change implementation?

D16. Is trust between individuals in service organisations low due to change?

D17. Do you feel proud to be a part of your company?

D18. Does management treat you with respect?

D19. Will you defend your company's image at all costs?

D20. Does management follow through on its commitments?

D21. Do you trust your supervisor?

D22. Do employees trust management?

Finally section E, dealt with retention and was covered by the following questions:

E23. Are you satisfied with the remuneration you receive?

E24. Do your performance incentives encourage you?

E25. Is gain-sharing/bonuses distributed fairly in your company?

4.7 DATA COLLECTION

After looking at data collection methods and instruments in research, an electronic questionnaire, utilizing questions with multiple-choice responses and a 4 point “Likert-type scale” as illustrated by Hair et al. (2003: 159), with 0 being extremely dissatisfied and 3 being very satisfied, was selected as the survey instrument. The advantages of an electronic questionnaire, as highlighted by Nordick (2004), are as follows:

- There will be a major cost saving in terms of postage and stationery as the questionnaire will be emailed to respondents;
- Respondents can then basically email the completed questionnaire to the researcher;
- The employee will be able to fill in the questionnaire in the privacy of his or her office; and
- The time frame allows employees to carefully ponder their responses.

Electronic questionnaires allow data to be collected speedily and the software allows for the accurate calculation of results which can be used to highlight the areas of concern. To increase participation and interest, the respondents’ anonymity as well as their confidentiality, was guaranteed. This guarantee was highlighted on the consent form that was attached to the questionnaire. Although this assurance was given, due to the work-load and apprehensive nature of the population in question, the electronic method of getting respondents to complete the questionnaire, was a rather low (20%). Given the new time frame placed on this study, another alternative had to be sought.

It was then decided to conduct interviews with employees and this technique yielded a much better response from the population. As stated previously, for the purposes of this study, based on the 120 which were judged as the population size, the sampling table from Sekaran (1992:253) was used to obtain the sample size of 92. This target was exceeded after numerous interviews with employees, resulting in 95 respondents. The anonymity of respondents as well as their confidentiality was still maintained.

Secondary research has been used in chapter 3 to further support the findings of this study.

4.8 DATA ANALYSIS

De Vos et al., (2005:716) state that data analysis refers to “.... the systematic organization and synthesis of research data and testing of the research hypothesis”. Burns and Grove (2003:479) also add that data analysis gives meaning to data collected during research.

Measurement involves the assignment of numbers, in terms of fixed rules to individuals (or objects) to reflect differences between them. The “Likert-type scale” as illustrated by Hair et al. (2003: 159), was used to receive feedback from respondents in the survey. The nature of the research analysis is descriptive, as this survey is looking at the impact of the implementation of change management with a specific focus on Telkom SA. Descriptive statistical analysis enabled the researcher to reduce, summarise, organise, evaluate and interpret the numeric information (Polit and Hungler, 1999:439). The data collected was then statistically processed using SPSS 15.0 for Windows, to provide the analysis of the data obtained. The statistical methods used were descriptive statistics consisting of frequencies and percentages as well as means and standard deviations. The inferential statistical tests used were the one-sample chi-square

to determine differences in proportions between categories and the Kruskal-Wallis anova test to determine whether there were any differences in the means between categories. Correlation was conducted to reflect how the dimensions are related to each other. Graphs were also used to illustrate the responses to the various sections of the question.

4.9 VALIDITY AND RELIABILITY

4.9.1 Validity

Population validity, according to Welman et al. (2003:118), is the degree to which the findings obtained for a sample may be generalized to the total population to which the research hypothesis applies. Population validity will be further enhanced as the sample group is directly representative of the population. Validity was further ensured by keeping the empirical design simple and using the research key deliverables. The questionnaire was then pilot tested with the supervisor at the proposal stage of the study as well as with colleagues in the relevant section. The result of this was basically a few grammatical changes. This method was used to achieve face validity; however, no formal pilot was conducted as the supervisor at the proposal stage did not request a formal pilot.

4.9.2 Reliability

The Cronbach's alpha coefficient was calculated to determine the reliability and internal consistency of the items. The Cronbach's alpha coefficient obtained in this study will be discussed in section 5.9 of this study.

4.10 CONCLUSION

This chapter has focused on the research methodology used in this study. The different aspects of research that have been considered are the study type, target population, research design; sample selection and size; questionnaire design, data collection and data analysis.

The following chapter, chapter 5, will focus on the actual research that was carried out in this study. The presentation of the research as well as the interpretation of the research will be covered in this chapter.

CHAPTER 5 – PRESENTATION AND INTERPRETATION OF FINDINGS

5.1 INTRODUCTION

Telkom SA is an extremely large organization and, after discussions with management, it was decided to focus on a specific section within Telkom SA, as the target population. This focus needs to be highlighted as the outcomes of the analysis are aimed at this specific section within the organization. The division that has been at the centre of most change/restructuring initiatives in Telkom SA is the Network Infrastructure Provisioning division and the focus will be on the core planning section which is made up of 120 employees. This section also has the highest staff turnover rate in the company. The sample consisted of 95 respondents from the core planning division. What follows is the presentation and statistical analysis of the feedback received from the target population.

The key issues, as stated previously, formed the basis of the structure of the questionnaire. The key issues which were considered in this study, according to the questionnaire, were the following:

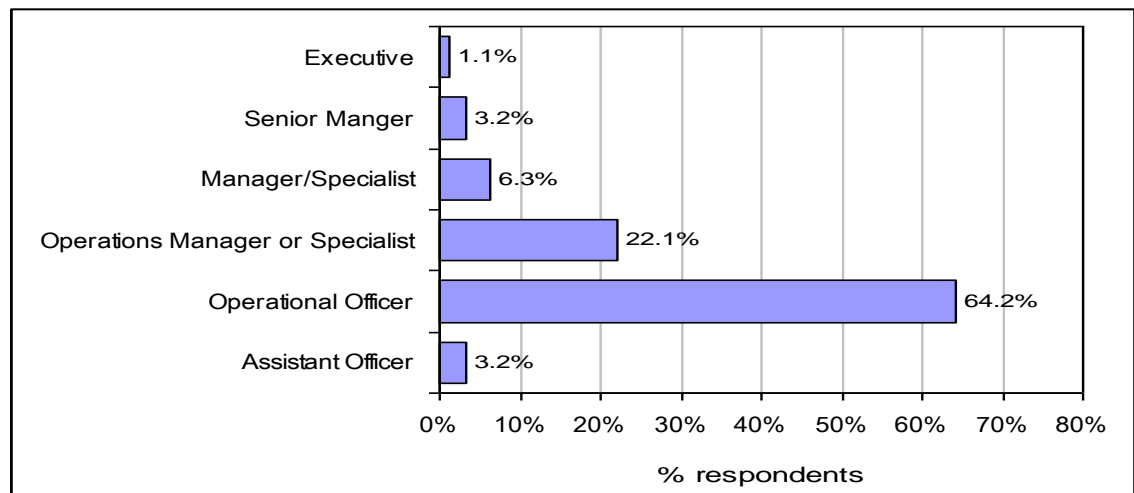
- Implementation of change within Telkom SA;
- Communication of change/re-structuring initiatives by Leadership in Telkom SA;
- Staff Turnover;
- Employee Morale; and
- Retention.

5.2 DEMOGRAPHIC PROFILE

5.2.1 Respondents per Organisational Level

Figure 5.1 below reflects that the largest proportion of respondents (64.2%) were at the level of Operational Officer while 22.1% were Operations Managers/Specialists. This is advantageous for the study as the operational and management levels are being considered. The graphical representation of the above breakdown is also shown in Figure 5.1 below.

Figure 5.1: Respondents per Organisational Level



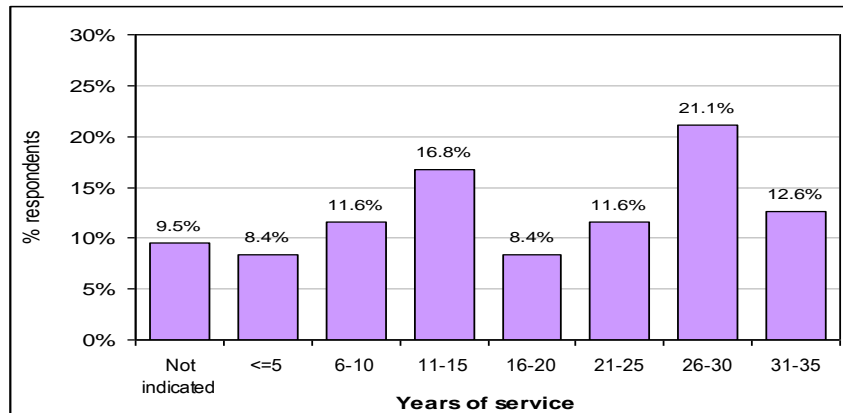
5.2.2 YEARS OF SERVICE

From figure 5.2 below, the following findings were made. Nine respondents did not indicate their years of service. A total of 21.1% of the respondents had between 26 and 30 years of service while 16.8% had between 11 and 15 years of service. The sample represented a wide section of employees in terms of the years of service. A large percentage of respondents, 70.5%, have been with the company for more than 10 years. Of these, 12.6% of respondents have been with the company for more than 30 years. 20% of respondents have been with the

company for less than ten years. Finally, 9.5% of respondents have not indicated their years of service, purely due to personal preferences.

The graphical representation of the above breakdown is also shown in Figure 5.2 below.

Figure 5.2: Years of service



5.3 DESCRIPTIVE STATISTICS

According to Wegner 2002, descriptive statistics condenses large volumes of data into a few summary measures.

5.3.1 Mean Values- Overall

Since Cronbach's alpha indicated significant results, the following dimensions were calculated by averaging the scores for each of the underlying items in table 5.11. The purpose of creating the dimension was to determine an overall perception towards the aspect.

For example, to create the dimension of change implementation, the answers to items A1 to A6 were totalled and divided by 4 to obtain an overall perception (reflected by the mean) towards change implementation.

Table 5.1: Descriptive Statistics-Overall

	N	Minimum	Maximum	Mean	Std. Deviation
Change Implementation	95	0	3	1.722	.693
Communication of Change	95	0	3	1.607	.753
Staff Turnover	95	0	3	1.606	.620
Morale	95	0	3	1.633	.665
Retention	95	0	3	.954	.760
N (list wise)	95				

Using the following scale, the value 1.5 has been interpreted as the cutoff. Mean scores below 1.5 indicate dissatisfaction while values above indicate satisfaction.

0 Extremely dissatisfied

1 Dissatisfied

2 Satisfied

3 Very satisfied

The mean score of 1.7 for change implementation indicates that respondents are generally satisfied with change implementation. The standard deviation indicates that respondent's scores are close to the mean and confirms that the general perception towards change implementation is positive.

Similarly, there is a positive perception towards communication of change, staff turnover and morale.

However, there is a negative perception towards retention. The mean score of 0.95 indicates that respondent's score generally indicated dissatisfaction.

5.3.2 Mean Values – Job Level

The mean values reflected below, in table 5.2, shows that respondents at the Operational Officer level are the least satisfied with regards to change implementation while respondents at the Assistant Officer and Senior Manager levels are very satisfied. Respondents at the Operational Officer and the Manager levels are the least satisfied with regards to staff turnover.

Table 5.2: Mean Values – Job Level

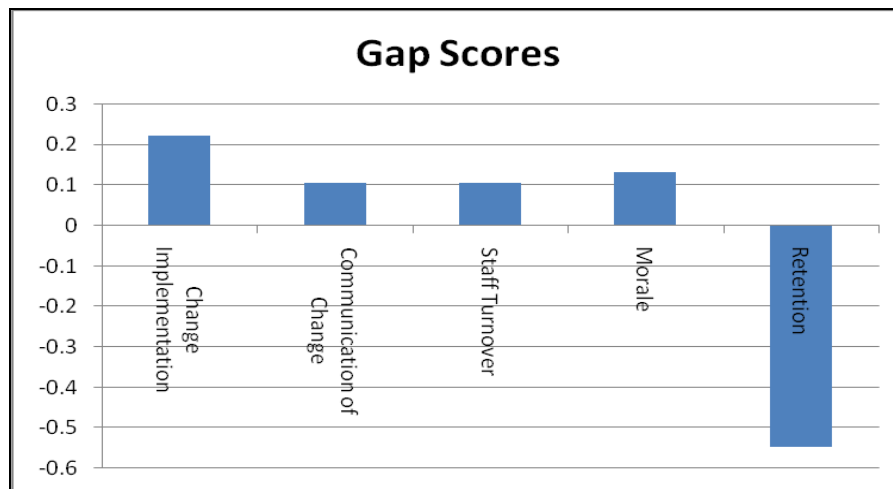
Descriptives				
		N	Mean	Std. Deviation
Change Implementation	Assistant Officer	3	2.333	.611
	Operational Officer	61	1.551	.676
	Operations Manager or Specialist	21	1.962	.650
	Manager/Specialist	6	1.867	.532
	Senior Manager	3	2.200	.529
	Total	94	1.709	.684
Staff Turnover	Assistant Officer	3	2.222	.674
	Operational Officer	61	1.484	.664
	Operations Manager or Specialist	21	1.794	.418
	Manager/Specialist	6	1.478	.334
	Senior Manager	3	2.111	.347
	Total	94	1.596	.616

5.3.3 Gap Analysis

Using 1.5 as a cutoff, figure 5.3 below indicates the positive and negative gaps. It is observed that the gaps are relatively small. This implies that there were

extreme instances of scoring – for example, an average of 2 could have been achieved by as many respondents scoring 3 as there were who scored a 1. The negative gap is the largest of the gaps and would require attention. Small positive gaps can also be analysed.

Figure 5.3 – Gap Scores



5.4 INFERENCE STATISTICS

Correlation was used to generate linear relationships between the dimensions.

One-sample chi-square was used to test whether the observed proportion of responses differed from expected – we needed to test whether the proportions of respondents who were extremely dissatisfied, satisfied or very satisfied differed.

The Kruskal-Wallis anova test was used to determine whether the mean scores for each of the dimensions were different between job levels or years of service. One of the null hypotheses for comparison between job levels could be : there is no difference in the dimension of staff turnover between job levels. In this sample, the result of the Kruskal-Wallis anova is significant ($p < 0.05$). So we

reject the null hypothesis and conclude that mean staff turnover is different between job levels. The mean values per job level show that the means are lowest for manager/specialist and operational officer levels.

5.4.1 Correlation Overview

The purpose of correlation was to reflect how the dimensions are related to each other. These are reflected in table 5.3. All dimensions are significantly related to each other at the 95% level ($p=0.000$).

The values highlighted in table 5.3 are the Pearson r values. The r value indicates the strength of the relationship. Values of r closer to 1 indicate stronger relationships. This is true for both signages: that is – positive and positive, and negative and negative.

The p -values (all of which equal to zero) implies that the correlation values are valid and do not correspond to the hypothesised population r value of zero.

Using the r values, it can be deduced that the attitude towards retention is related to the attitudes towards Morale ($r=.644$, $p=.000$), to a lesser extent to change implementation ($r=.585$, $p=.000$), then staff turnover ($.539$, $p=.000$) and least to communication of change ($r=.509$, $p=.000$). This means that a positive attitude towards Morale can be expected to accompany a positive attitude towards Retention or a negative attitude towards Morale may be expected to accompany a negative attitude towards Retention. The best predictor of Retention is Morale in view of the greater relationship highlighted above.

Table 5.3: Correlations

		Correlations				
		Change Implem entation	Communicati on of Change	Staff Turnover	Morale	Retention
Change Implementation	Pearson Correlation					
	p					
	N					
Communication of Change	Pearson Correlation	.699**				
	p	.000				
	N	95				
Staff Turnover	Pearson Correlation	.770**	.771**			
	p	.000	.000			
	N	95	95			
Morale	Pearson Correlation	.696**	.734**	.815**		
	p	.000	.000	.000		
	N	95	95	95		
Retention	Pearson Correlation	.585**	.509**	.539**	.644**	
	p	.000	.000	.000	.000	
	N	95	95	95	95	

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

5.4.2 KRUSKAL-WALLIS ANOVA – YEARS OF SERVICE

These tables reflect the results of the Kruskal-wallis anova (analysis of variance) test and not the chi-square test. This test compares means between levels of years of service and job level

The purpose of the Chi-square test was to determine whether there were any significant relationships between years of service and the variables, as reflected in Table 5.4. The results show that there are no significant relationships at the 95% level.

Table 5.4: Kruskal-Wallis Anova Test – Years of Service

Test Statistics ^{a,b}			
	Chi-Square	df	p
Change Implementation	.984	6	.986
Communication of Change	1.734	6	.943
Staff Turnover	2.516	6	.867
Morale	3.797	6	.704
Retention	2.911	6	.820

a. Kruskal Wallis Test

b. Grouping Variable: Years of service

5.4.3 KRUSKAL-WALLIS ANOVA – JOB LEVEL

The results of the Kruskal-Wallis anova test, reflected in table 5.4 show that there are significant differences at the 95% level with regards to the perception towards change implementation and staff turnover between job levels ($p \leq 0.05$).

Table 5.5: Kruskal-Wallis Anova Test – Job Level

Test Statistics ^{a,b}			
	Chi-Square	df	p
Change Implementation	9.501	4	.050
Communication of Change	3.221	4	.522
Staff Turnover	9.904	4	.042
Morale	5.013	4	.286
Retention	6.182	4	.186

a. Kruskal Wallis Test

b. Grouping Variable: Current Job Level

5.5 SPECIFIC THEMES

This section will provide an overview of the responses from each of the sections in the questionnaire with reference to its specific theme or key issue.

5.5.1 Theme 1 - Change Implementation

The analysis of this section of the research will consist of a statistical overview of each question as per the questionnaire. These refer to the responses that were received for section A of the questionnaire which dealt with Change Implementation. An explanation of table 5.6 below will be provided on a per question basis as per the questionnaire. This will be followed by Figure 5.4 below, which is the graphical representation of the representation of the means for responses to the questions in section A of the questionnaire and will serve to summarise the responses to the questionnaire.

Question A1. Are you made aware of change initiatives?

The results in table 5.6 reflect that 50.5% of the respondents are satisfied with the process of being made aware of change initiatives, while 18.9% are very satisfied, however, 30.6% are dissatisfied or extremely dissatisfied. As shown in Table 5.6, these differences are statistically significant at the 95% level (Chi-square=41.915, $p=0.000$).

Question A2. Do you provide feedback on change initiatives?

The results in table 5.6 reflect that 43.2% of the respondents are satisfied with the process of feedback being provided on change initiatives, while 16.8% are very satisfied, however, 40% are dissatisfied or extremely dissatisfied. As shown in table 5.6 below, these differences are statistically significant at the 95% level (Chi-square=30.085, $p=0.000$).

Question A3. Are change implementation procedures openly communicated to you?

The results in table 5.6 reflect that 45.3% of the respondents are satisfied with the process of change implementation procedures being openly communicated, while 13.7% are very satisfied, however, 41% are dissatisfied or extremely dissatisfied. As shown in table 5.6 below. these differences are statistically significant at the 95% level (Chi-square=34,426, $p=0.000$).

Question A4. Are Roles and Responsibilities clearly defined during change implementation?

The results in table 5.6 reflect that 50.5% of the respondents are satisfied with roles and responsibilities being clearly defined during change initiatives, while 9.5% are very satisfied, however, 40% are dissatisfied or extremely dissatisfied. As shown in table 5.6 below, these differences are statistically significant at the 95% level (Chi-square=44.383, $p=0.000$)

Question A5. Is change implementation value add to Telkom's objectives?

The results in table 5.6 reflect that 54.7% of the respondents are satisfied that change implementation is value add to Telkom's objectives, while 17.9% are very satisfied, however, 27.4% are dissatisfied or extremely dissatisfied. As shown in table 5.6 below, these differences are statistically significant at the 95% level (Chi-square=51.787, $p=0.000$).

Table 5.6: Change Implementation

	Extremely Dissatisfied		Dissatisfied		Satisfied		Very satisfied	
	Count	%	Count	%	Count	%	Count	%
A1	5	5.3%	24	25.3%	48	50.5%	18	18.9%
A2	7	7.4%	31	32.6%	41	43.2%	16	16.8%
A3	8	8.4%	31	32.6%	43	45.3%	13	13.7%
A4	10	10.5%	28	29.5%	48	50.5%	9	9.5%
A5	5	5.3%	21	22.1%	52	54.7%	17	17.9%

Chi square Test Statistics

	Chi- ^a	df	p
A1	41.91	3	.000
A2	30.08	3	.000
A3	34.42	3	.000
A4	44.38	3	.000
A5	51.78	3	.000

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

Figure 5.4 below is the graphical representation of the representation of the means for responses to the questions in section A of the questionnaire.

Figure 5.4: Change Implementation

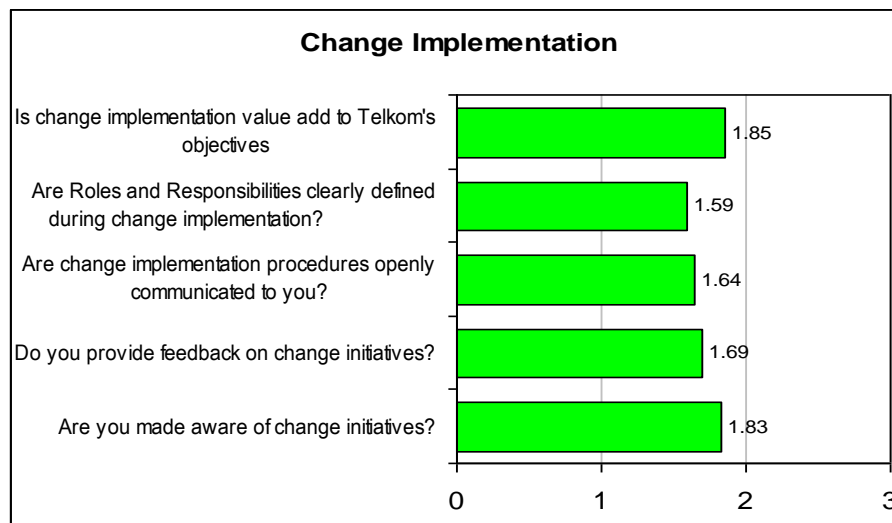


Figure 5.4 above illustrates the following. The scale on the graph is out of three and most responses are around the mid point of 1.5. There is therefore, overall, a positive view from employees with regards to change implementation. However, from the calculated means, it can be seen that roles and responsibilities and change procedures are not being openly discussed with employees. This finding necessitates the need for corrective measures to be instituted. These measures will be covered in Chapter Six, in the conclusions and recommendations, in more detail.

5.5.2 Theme 2 - Communication of Change

This section will provide a statistical overview of the responses that were received for section B of the questionnaire which dealt with the communication of change. An explanation of table 5.7 below will be provided on a per question basis as per the questionnaire and will serve to summarise the responses to the questionnaire.

Question B6. Does Telkom management provide necessary Training and Development during change?

The results in table 5.7 below reflect that 44.2% of the respondents are satisfied that Telkom management provide necessary Training and Development during change, while 13.7% are very satisfied, however, 42.1% are dissatisfied or extremely dissatisfied. As shown in table 5.7 below, these differences are statistically significant at the 95% level (Chi-square=26.681, $p=0.000$).

Question B7. Are official communiqués sent out regularly regarding change implementation?

The results in table 5.7 below reflect that 44.2% of the respondents are satisfied that official communiqués are sent out regularly regarding change implementation, while 18.9% are very satisfied; however, 33.7% are dissatisfied or extremely dissatisfied. As shown in table 5.7 below, these differences are statistically significant at the 95% level (Chi-square=36.553, p=0.000).

Question B8. Does Telkom SA's management communicate change implementation timeously with staff?

The results in table 5.7 below reflect that 38.9% of the respondents are satisfied that Telkom SA's management communicates change implementation timeously with staff, while 8.4% are very satisfied; however, 52.6% are dissatisfied or extremely dissatisfied. As shown in table 5.7 below, these differences are statistically significant at the 95% level (Chi-square=31.447, p=0.000).

Table 5.7: Communication of Change

	Extremely Dissatisfied		Dissatisfied		Satisfied		Very satisfied	
	Count	%	Count	%	Count	%	Count	%
B6	12	12.6%	28	29.5%	42	44.2%	13	13.7%
B7	5	5.3%	27	28.4%	45	47.4%	18	18.9%
B8	12	12.6%	38	40.0%	37	38.9%	8	8.4%

Test Statistics

	Chi-Square ^a	df	p
B6	26.681	3	.000
B7	36.553	3	.000
B8	31.447	3	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.5.

Figure 5.5 below is the graphical representation of the means for responses to the questions in section B of the questionnaire.

Figure 5.5: Communication of Change

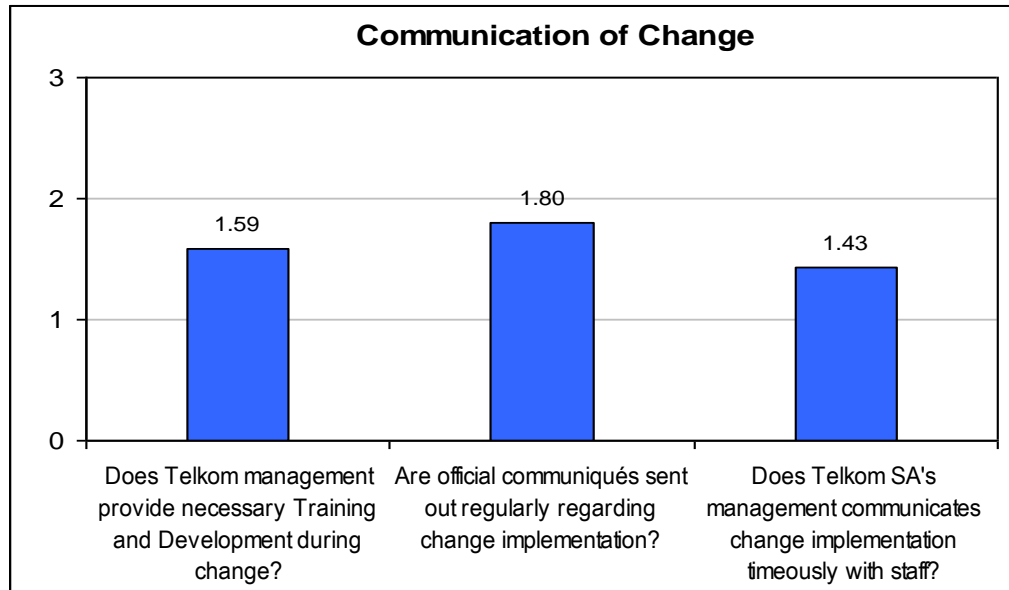


Figure 5.5 above illustrates the responses to the questions in section B of the questionnaire. The scale on the graph is out of three, and from the three responses; two are above the mid point of 1.5. There is therefore, overall, a positive view from employees with regards to the communication of change. However, from the information above, it can be seen that change implementation is not being timeously discussed with employees, from the lower mean reflected. This finding necessitates the need for corrective measures to be instituted. These measures will be covered in Chapter Six, in the conclusions and recommendations, in more detail.

5.5.3 Theme 3- Staff Turnover

This section provides a statistical overview of the responses that were received for section C of the questionnaire, which dealt with Staff Turnover. An explanation of table 5.8 below will be provided on a per question basis as per the questionnaire. This will be followed by figure 5.8 below, which is the graphical representation of the means for responses to the questions in section C of the questionnaire and will serve to summarise the responses to the questionnaire.

Question C9. Do you intend staying in Telkom SA?

The results in table 5.8 below reflect that 46.3% of the respondents are satisfied and intend staying in Telkom SA, while 20% are very satisfied, however, 33.7% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=24.723, $p=0.000$).

Question C10. Are change related enquiries encountered resolved timeously?

The results in table 5.8 below reflect that 45.7% of the respondents are satisfied with change related enquiries encountered being resolved timeously, while 6.4% are very satisfied, however, 47.9% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=49.237, $p=0.000$).

Question C11. Are you involved in decision making regarding change in your organization?

The results in table 5.8 below reflect that 25.3% of the respondents are satisfied with being involved in decision making regarding change in their organization,

while 7.4% are very satisfied; however, 67.4% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=21.915, $p=0.000$).

Question C12. Is your work environment conducive in terms of clear goals?

The results in table 5.8 below reflect that 47.4% of the respondents are satisfied with their work environment being conducive in terms of clear goals, while 15.8% are very satisfied; however, 36.9% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=30.170, $p=0.000$).

Question C13. Do your team members co-operate with you?

The results in table 5.8 below reflect that 55.8% of the respondents are satisfied with the co-operation of team members, while 29.5% are very satisfied, however, 14.8% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=59.957, $p=0.000$).

Question C14. Is there effective participation in change processes?

The results in table 5.8 below reflect that 43.2% of the respondents are satisfied that there is effective participation in change processes, while 8.4% are very satisfied, however, 48.4% are dissatisfied or extremely dissatisfied. As shown in table 5.8 below, these differences are statistically significant at the 95% level (Chi-square=34.085, $p=0.000$).

Table 5.8: Staff Turnover

	Extremely Dissatisfied		Dissatisfied		Satisfied		Very satisfied	
	Count	%	Count	%	Count	%	Count	%
C9	13	13.7%	19	20.0%	44	46.3%	19	20.0%
C10	8	8.5%	37	39.4%	43	45.7%	6	6.4%
C11	25	26.3%	39	41.1%	24	25.3%	7	7.4%
C12	11	11.6%	24	25.3%	45	47.4%	15	15.8%
C13	3	3.2%	11	11.6%	53	55.8%	28	29.5%
C14	11	11.6%	35	36.8%	41	43.2%	8	8.4%

Test Statistics

	Chi-Square ^{a,b}	df	p
C9	24.723	3	.000
C10	49.237	3	.000
C11	21.915	3	.000
C12	30.170	3	.000
C13	59.957	3	.000
C14	34.085	3	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.5.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.3.

Figure 5.6 below is the graphical representation of the means for responses to the questions in section C of the questionnaire.

Figure 5.6: Staff Turnover



Figure 5.6 above illustrates the means for responses to the questions in section C of the questionnaire. There is, overall, a positive view from employees with regards to staff turnover issues. However, from the information above, it can be seen that employees view their participation in change processes, as well as the manner in which their change related queries are handled negatively. Furthermore employees confirmed that they are not involved in decision making regarding change in the company. These are reflected by the low means in figure 5.6. This finding necessitates the need for corrective measures to be instituted. This also confirms the importance of this study in highlighting issues as those listed above as many of the scores fall below the maximum of 3 on the scale. The corrective measures will be covered in Chapter Six, in the conclusions and recommendations, in more detail.

5.5.4 THEME 4 - MORALE

This section provides a statistical overview of the responses that were received for section D of the questionnaire which dealt with morale. An explanation of table 5.9 below will be provided on a per question basis as per the questionnaire. This will be followed by Figure 5.7 below, which is the graphical representation of the means for responses to the questions in section D of the questionnaire and will serve to summarise the responses to the questionnaire.

Question D15. Do you feel undervalued due to lack of involvement in change implementation?

The results in table 5.9 below reflect that 45.3% of the respondents feel undervalued due to lack of involvement in change implementation while, 6.3% are very satisfied, however, 48.4% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=33.064, $p=0.000$).

Question D16. Is trust between individuals in service organisations low due to change?

The results in table 5.9 below reflect that 36.8% of the respondents are satisfied with trust between individuals in service organisations, while 6.3% are very satisfied, however, 56.8% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=21.830, $p=0.000$).

Question D17. Do you feel proud to be a part of Telkom SA?

The results in Table 5.9 below reflect that 55.8% of the respondents feel proud to be a part of Telkom SA, while 23.2% are very satisfied, however, 21% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=53.149, $p=0.000$). Thus it can be said that most staff feel proud to be part of Telkom, but it is worrying that about 1 in 5 staff members do not feel proud.

Question D18. Does management treat you with respect?

The results in table 5.9 below reflect that 51.6% of the respondents feel they are treated with respect, while 21.1% are very satisfied, however, 27.3% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=40.043, $p=0.000$).

Question D19. Will you defend Telkom's image at all costs?

The results in table 5.9 below reflect that 48.4% of the respondents will defend Telkom's image at all costs, while 32.60% are very satisfied, however, 19% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=42.596, $p=0.000$).

Question D20. Does management follow through on its commitments?

The results in table 5.9 below reflect that 43.2% of the respondents are satisfied that management follow through on its commitments, while 6.3% are very satisfied, however, 50.5% are dissatisfied or extremely dissatisfied. As shown in

table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=31.787, p=0.000).

Question D21. Do you trust your supervisor?

The results in table 5.9 below reflect that 50.5% of the respondents trust their supervisors, while 27.4% are very satisfied; however, 22.10% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=40.213, p=0.000).

Question D22. Do employees trust management?

The results in table 5.9 below reflect that 28.4% of the respondents trust management, while 9.5% are very satisfied, however, 62.10% are dissatisfied or extremely dissatisfied. As shown in table 5.9 below, these differences are statistically significant at the 95% level (Chi-square=12,298 p=0.000).

Table 5.9: Morale

	Extremely Dissatisfied		Dissatisfied		Satisfied		Very satisfied	
	Count	%	Count	%	Count	%	Count	%
D15	15	15.8%	31	32.6%	43	45.3%	6	6.3%
D16	21	22.1%	33	34.7%	35	36.8%	6	6.3%
D17	8	8.4%	12	12.6%	53	55.8%	22	23.2%
D18	8	8.4%	18	18.9%	49	51.6%	20	21.1%
D19	5	5.3%	13	13.7%	46	48.4%	31	32.6%
D20	17	17.9%	31	32.6%	41	43.2%	6	6.3%
D21	9	9.5%	12	12.6%	48	50.5%	26	27.4%
D22	30	31.6%	29	30.5%	27	28.4%	9	9.5%

Test Statistics			
	Chi-Square ^a	df	p
D15	33.064	3	.000
D16	21.830	3	.000
D17	53.149	3	.000
D18	40.043	3	.000
D19	42.596	3	.000
D20	31.787	3	.000
D21	40.213	3	.000
D22	12.298	3	.006

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.5.

Figure 5.7 below is the graphical representation of the means for responses to the questions in section D of the questionnaire.

Figure 5.7: Morale

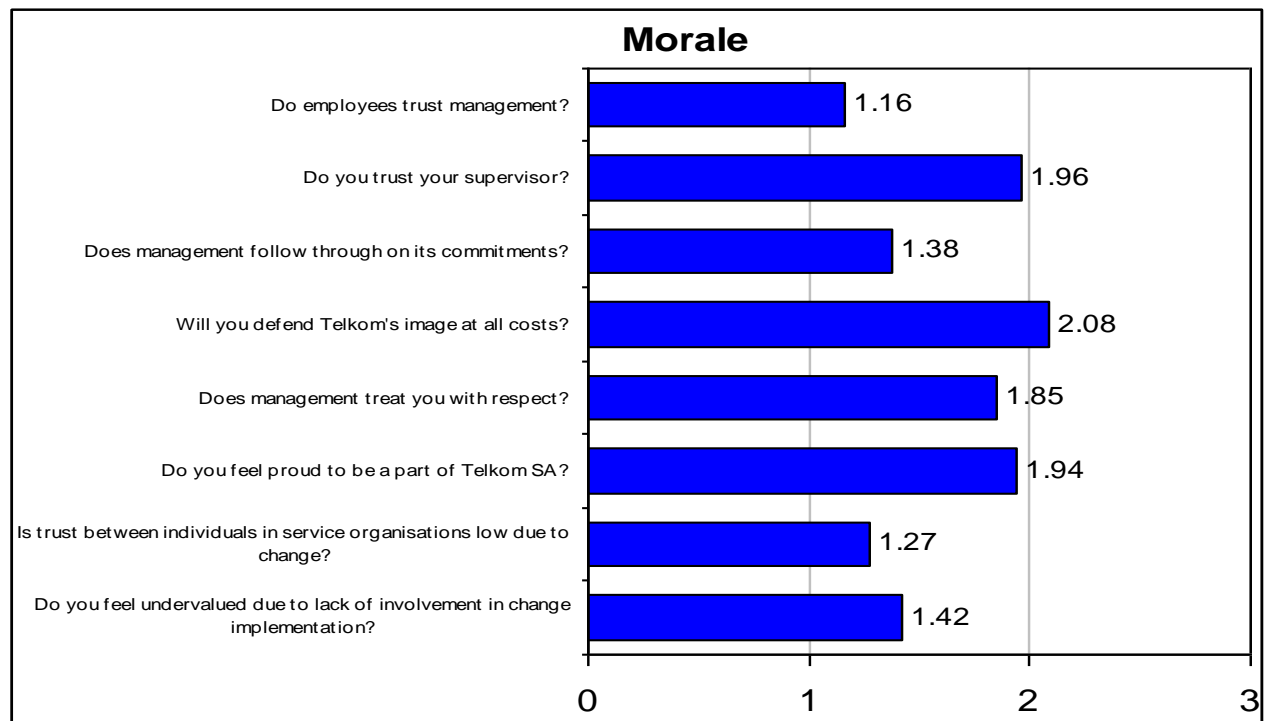


Figure 5.7 above illustrates the responses to the questions in section D of the questionnaire. There is, overall, a more neutral view from employees with

regards to morale. However, from the information above, it can be seen that employees do not trust management. There is also a lack of trust between different service organisations. Furthermore, employees confirmed that management does not follow through on its commitments and that they feel undervalued because they are not involved in change implementation. These are reflected by the low means in figure 5.7. In view of 3 being the maximum score for this scale, this serves as confirmation of the importance of this study in being able to highlight these issues. This finding necessitates the need for corrective measures to be instituted which will be covered in Chapter Six, in the conclusions and recommendations, in more detail.

5.5.5 Theme 5 - Retention

This section provides a statistical overview of the responses that were received for section E of the questionnaire which dealt with retention. An explanation of table 5.10 below will be provided on a per question basis as per the questionnaire. This will be followed by figure 5.10 below, which is the graphical representation of the means for responses to the questions in section E of the questionnaire.

E23. Are you satisfied with your salary?

The results in table 5.10 below reflect that 32.6% of the respondents are satisfied with their salaries, while 5.3% are very satisfied; however, 62.1% are dissatisfied or extremely dissatisfied. As shown in table 5.10 below, these differences are statistically significant at the 95% level (Chi-square=19.617, $p=0.000$).

E24. Do your performance incentives encourage you?

The results in table 5.10 below reflect that 29.50% of the respondents are satisfied that their performance incentives encourage them, while 6.30% are very satisfied; however, 64.2% are dissatisfied or extremely dissatisfied. As shown in

table 5.10 below, these differences are statistically significant at the 95% level (Chi-square=17.745, p=0.000).

E25. Are gain-sharing/ bonuses distributed fairly in Telkom?

The results in table 5.10 below reflect that 13.7% of the respondents are satisfied with the way gain-sharing and bonuses are distributed in Telkom, while 3.2% are very satisfied, however, 83.2% are dissatisfied or extremely dissatisfied. As shown in table 5.10 below, these differences are statistically significant at the 95% level (Chi-square=65.745, p=0.000).

Table 5.10: Retention

	Extremely Dissatisfied		Dissatisfied		Satisfied		Very satisfied	
	Count	%	Count	%	Count	%	Count	%
E23	28	29.5%	31	32.6%	31	32.6%	5	5.3%
E24	30	31.6%	31	32.6%	28	29.5%	6	6.3%
E25	55	57.9%	24	25.3%	13	13.7%	3	3.2%

Test Statistics

	Chi-Square ^a	df	p
E23	19.617	3	.000
E24	17.745	3	.000
E25	65.745	3	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 23.5.

Figure 5.8 below is the graphical representation of the means for responses to the questions in section E of the questionnaire.

Figure 5.8: Retention

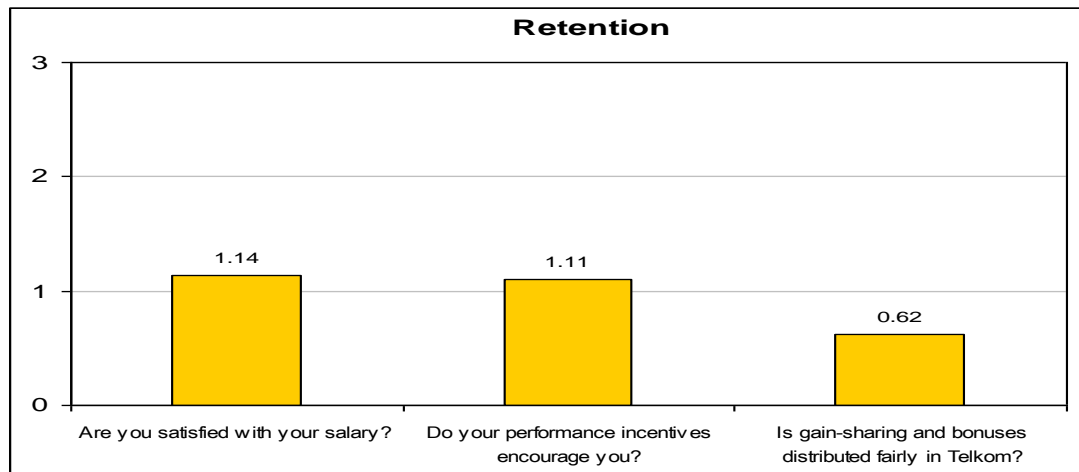


Figure 5.8 above illustrates the responses to the questions in section E of the questionnaire, which dealt with retention. The scale on the graph is out of three and most responses are well below the mid point of 1.5. There is therefore, overall, a negative view from employees with regards to retention. Responses to section E highlight the fact that employees feel that their salaries do need to be improved and gain-sharing and bonuses need to be distributed in a fairer manner. These are reflected by the low means in figure 5.7 above. Once again the relevance and importance of this study is brought to the fore in view of the responses for this section. This finding necessitates the need for corrective measures to be instituted. These measures will be covered in Chapter Six, in the conclusions and recommendations, in more detail.

5.6 GENERAL COMMENTS FROM RESPONDENTS

The following observations were made reviewing Table 5.11. The most frequent comments that were repeated by respondents were those of gain-sharing/bonuses and salary issues. These represented 10.7% of the total sample that was collected and 62.5% of all comments that were submitted. This finding

illustrates that employees are definitely not satisfied with the way the gain-sharing/bonuses are distributed in the company.

The second highest category was that of management communicating openly with employees as well as trust between employees and management. These represented 8.8% of the total sample that was collected and 50% of all comments that were submitted. This finding reflects that communication of change and trust are issues that need to be dealt with from a management perspective.

Other areas that were noted by the comments from respondents included succession planning for young South Africans joining Telkom, white South Africans not being given opportunities within the company and, finally, a request to completely remove management.

Table 5.11: Comments from Respondents

Comments From Respondents	Frequency	Percent
Respondents that did not comment	74	77.9
Be transparent, listen to employees and involve employees	1	1.1
Company must value employee	1	1.1
Company should be looking at employing young South Africans as apprentices and not employ ex employees as contract workers (who is still receiving income from investments).Pair these youngsters with experienced staff	1	1.1
Company's thoughts and ideas ought to be shared with staff before final decisions are made.	1	1.1
Company must indicate their plans to staff so staff can embrace change or move on	1	1.1
Gain-sharing and bonuses needs to be more evenly distributed amongst staff	2	2.1
Gain-sharing and bonuses needs to be more evenly distributed amongst staff	5	5.3

Table 5.11 continued.....

Improvement Ideas & Suggestions : There are no opportunities for whites at all not even a slip chance for progression: Do away with EE/AA , less skills will leave the country	1	1.1
In any working environment, communication forges trust and the employee in turn feels valued and becomes committed to the company. The lack thereof decreases staff morale.	1	1.1
It should be value-adding to involve staff (OP1; OP2) in guiding Management in decision making. A lot more should be done to motivate staff (performance based), identifying good performances	1	1.1
Management must communicate openly not order staff	1	1.1
Management should be honest and communicate change decisions rapidly, and don't use the grapevine to first sensitize the staff to the upcoming change	1	1.1
More performance incentives	1	1.1
Need private management.	1	1.1
Operation People must be given more in the Team Awards bonuses. Team awards targets must be aligned down to operational level	1	1.1
Telkom is losing skilled staff to other companies. Telkom should re-look into salary packages to retain skills	1	1.1
Total	95	100.0

5.7 RELIABILITY

The purpose of reliability analysis was to determine the reliability and internal consistency of the items. The Cronbach's alpha coefficient was calculated for each set of items relating to the specific dimension. Values of Cronbach's alpha that is greater than 0.7 indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension. It is important to note that although the questionnaire was not designed properly, the reliability scores were high for all sections.

5.7.1 Reliability – Change Implementation

The values of Cronbach's alpha for change implementation are reflected in tables 5.12 and 5.13 below. The values are greater than 0.7 and, therefore, indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension.

Table 5.12– Reliability Statistics – Change Implementation

Reliability Statistics

Cronbach's Alpha	N of Items
.911	5

Table 5.13 – Item Total Statistics – Change Implementation

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
A 1	6.78	7.940	.767	.892
A 2	6.92	7.844	.736	.899
A 3	6.97	7.563	.831	.879
A 4	7.02	7.787	.794	.887
A 5	6.76	8.143	.742	.897

5.7.2 Reliability - Communication of Change

The values of Cronbach's alpha for the communication of change are reflected in tables 5.14 and 5.15 below. The values are greater than 0.7 and, therefore, indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension.

Table 5.14 – Reliability Statistics - Communication of Change

Reliability Statistics

Cronbach's Alpha	N of Items
.883	3

Table 5.15 – Item Total Statistics - Communication of Change

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B6	3.23	2.265	.778	.830
B7	3.02	2.553	.738	.864
B8	3.39	2.389	.805	.805

5.7.3 Reliability – Staff Turnover

The values of Cronbach's alpha for staff turnover are reflected in tables 5.16 and 5.17 below. The values are greater than 0.7 and, therefore, indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension.

Table 5.16 – Reliability Statistics – Staff Turnover

Reliability Statistics

Cronbach's Alpha	N of Items
.837	6

Table 5.17 – Item Total Statistics – Staff Turnover

Item -Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
C9	7.94	10.340	.444	.848
C10	8.16	10.265	.652	.804
C11	8.52	9.629	.625	.808
C12	7.98	9.010	.781	.773
C13	7.53	11.133	.471	.835
C14	8.17	9.541	.741	.785

5.7.4 Reliability – Morale

The values of Cronbach's alpha for morale are reflected in tables 5.18 and 5.19 below. The values are greater than 0.7 and, therefore, indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension.

Table 5.18 – Reliability Statistics – Morale

Reliability Statistics	
Cronbach's Alpha	N of Items
.899	8

Table 5.19 – Item Total Statistics – Morale

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
D15	11.64	22.679	.618	.892
D16	11.79	22.296	.626	.891
D17	11.13	22.495	.641	.890
D18	11.21	21.317	.794	.876
D19	10.98	22.702	.626	.891
D20	11.68	21.772	.726	.882
D21	11.11	21.670	.705	.884
D22	11.91	20.746	.734	.881

5.7.5 Reliability – Retention

The values of Cronbach's alpha for retention are reflected in tables 5.20 and 5.21. The values are greater than 0.7 and, therefore, indicate a high degree of correlation amongst the items and confirm that the items together measure the dimension.

Table 5.20 – Reliability Statistics – Retention

Reliability Statistics	
Cronbach's Alpha	N of Items
.812	3

Table 5.21 – Item Total Statistics – Retention

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
E23	1.73	2.541	.637	.767
E24	1.76	2.398	.677	.726
E25	2.24	2.654	.674	.732

5.8 VALIDITY

Validity was confirmed by the factor analysis procedure using the Principal Component Analysis method of Extraction with Varimax rotation. The value for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.911, indicating that factor analysis was appropriate for the data. Further, Bartlett's Test of Sphericity indicated significant relationships amongst the variables (Chi-square=1791.519, $p<0.05$).

A total of five factors were produced, which accounts for 73.04% of the explained variance. The remaining 26.96% of the variance is due to other external factors.

The table below reflects the factors and their related items. Factor 1 consists of questions 1, 2,3,4,5,7,11 and 14. Factor 1 accounts for 19.18% of the explained variance and relates to the themes/dimensions of Change Implementation and Staff Turnover.

Factor 2 consists of questions 6, 8, 10, 15,16,20,22. Factor 2 accounts for 17.82% of the explained variance and relates to the theme/dimension of Morale.

Factor 3 consists of questions 9,17,18,19 and 21. Factor 3 accounts for 13.83% of the explained variance and relates to the themes/dimensions of Staff Turnover and Morale.

Factor 4 consists of questions 23, 24 and 25. Factor 4 accounts for 12.59% of the explained variance and relates to the theme/dimension of Retention.

Factor 5 consists of questions 12 and 13. Factor 5 accounts for 9.61% of the explained variance and relates to the theme/dimension of Staff Turnover

Table 5.22: Rotated Factor Matrix

	Factor				
	1	2	3	4	5
A3	.768				
A1	.754				
A5	.740				
A2	.730				
A4	.675				
C14	.539				
C11	.513				
B7	.506				
D15		.784			
D16		.729			
B6		.711			
C10		.656			
B8		.632			
D22		.567			
D20		.527			
C9			.835		
D17			.801		
D19			.726		
D18			.640		
D21			.560		
E24				.764	
E25				.761	
E23				.733	
C13					.801
C12					.480

5.9 CONCLUSION

From the initial statistical overview, it has been shown that the implementation of change does not severely impact staff turnover at Telkom. The feedback from respondents illustrates that change implementation is being communicated to them via management. Sections A to D of the questionnaire highlight that approximately 60% of employees were satisfied with the factors that were placed before them.

However, although employees feel that change implementation is being communicated by management, there still exists a high level of distrust between employees and management, according to the information provided in section 5.5.4. It is noteworthy that an average 40% of the respondents to sections A to D were dissatisfied to extremely dissatisfied with the factors that were placed before them. 60% of these respondents were dissatisfied with the retention strategy that was in place.

With an average dissatisfaction rate of 40%, corrective measures must be instituted in order to overcome these negative perceptions of employees. These corrective measures will be looked at in greater detail in Chapter Six, which will deal with the conclusions and recommendations of this study.

CHAPTER 6 – CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

According to Bloisi et al., (2003:707), “change is the coping process of moving from the present state, to a desired state that individuals, groups and organisations undertake in response to dynamic internal and external factors that alter current realities”. With this in mind, the purpose of this study was to look into the research problem that was highlighted in section 1.2 of Chapter 1, namely; the impact of the implementation of change management processes on staff turnover at Telkom SA. In view of the problem statement, the objective of this study was to look into the impact of change implementation on staff turnover in Telkom SA, as stated in section 1.3 of Chapter 1, by reviewing key issues to support the research problem at hand.

The key issues, which were reviewed in this study, were the following:

- Implementation of change within Telkom SA benchmarked against international best practices;
- Communication of change/re-structuring initiatives by Leadership in Telkom SA;
- Staff Turnover; and
- Employee Morale and Retention.

These issues formed the basis of the questionnaire that was used to capture responses from the sample group of 95 people from the core planning section within the Network Infrastructure Provisioning division, in Telkom SA. The rationale as well as the methodology of selecting this group have been discussed at length in Chapter 4.

Taking the above information into account, the rest of this chapter will discuss the findings that have been documented in the literature review in Chapter 2, the Telkom case in Chapter 3 and the empirical evidence that is available in Chapter 5, which was formulated through the responses to the questionnaire of this study. Recommendations will then be formulated in section 6.3 with reference to the key issues that were highlighted in view of the problem statement.

6.2 CONCLUSIONS ABOUT RESEARCH QUESTIONS

The conclusions that will follow are based on the key issues that are highlighted in the various sections of the questionnaire.

6.2.1 Conclusions on Change Implementation

Implementation of change within Telkom SA benchmarked against international best practices is listed as the first key issue stated in section 1.3.1 of Chapter 1. According to the literature provided in section 2.2 of Chapter 2, the following models were reviewed: Rosabeth Moss Kanter's, 'Ten commandments for executing change', Burnes (2004:307); Kurt Lewin's 3 step model, Burnes (2004:274), Bullock and Batten's, four-phase model of planned change, Burnes (2004:277), Pettigrew and Whipp's five factors of change model, Burnes (2004:277), and Kotter's eight steps to successful change, Burnes (2004:308).

As stated in section 2.2, after careful consideration, Rosabeth Moss Kanter's 'Ten commandments for executing change', Burnes (2004:307) was selected as the most appropriate model for the purposes of this study as it provided an holistic approach to change implementation. In addition to the impact of change implementation on organisations, the following areas of literature were also included to provide a more comprehensive view of change implementation, namely, the nature of change within organisations and the effects of change implementation within organisations.

Section 3.1 of Chapter 3 focused on the impact of change implementation from a headcount reduction point of view. Section 3.2 of Chapter 3 dealt with the implementation of Telkom's capability initiative, which was basically an outsourcing initiative. From the information provided in section 3.1 and 3.2, in contrast to the literature provided, it can be concluded that Telkom's implementation plans fell short of those stipulated by the international models like Moss Kanter's 10 commandments.

Moreover, empirical evidence was provided by way of Telkom's heartbeat survey, presented in section 3.4.2.2 of Chapter 3, as well as from Chapter 5 of section A of the questionnaire that was created for this study. From the information provided, the areas where respondents experienced problems were that roles and responsibilities and change procedures were not being openly discussed with employees. Overall, an average of 40% of employees was not satisfied with the way Telkom implemented change.

When employees start to feel that they are not being consulted, resistance starts to creep into the organisation. From section 2.4, Hirschhorn (1993), highlights that change leads to employees feeling persecuted, resulting in the employees feeling worthless and helpless. When these feelings become unbearable, the employee will project these feelings onto the perceived persecutor in a 'fight' reaction to 'attack', resulting in resistance to change.

Viewing the information provided above, it can be concluded that Telkom SA is not adhering to the guidelines provided by international models of change implementation and this is leading to employees being dissatisfied with the implementation of change in Telkom. Recommendations with regards to improving employee perception of the Implementation of change within Telkom SA will be provided in section 6.4.1 of this Chapter.

6.2.2 Conclusions on Communication of change/re-structuring initiatives

The communication of change/re-structuring initiatives by management in Telkom SA impacting on employee commitment is the second key issue highlighted in section 1.3.2 of Chapter 1. Literature on the communication of change and the role of leadership in the communication of change is highlighted in section 2.6 of Chapter 2 as well as section 2.2. The views of theorists constantly highlighted the need for open communication between leadership and employees. Once again, Rosabeth Moss Kanter's, 'Ten commandments for executing change' (Burnes, 2004:307); as well as D'Angelo (2008); (Kreitner et al, (2002:241) and Collins (2001), all highlighted the need to communicate change. Section 2.6 of Chapter 2 then highlighted the need for leadership to lead the communication of change within organisations. This led to the Path goal theory (Robbins et al, 2003) being explained in terms of the need of leadership to provide the necessary direction and communication in assisting employees progress from their current state to a new state. Robbins et al, (2003:253), in section 2.6, provide an overview of leadership styles and their impact on the organisation in terms of change. Finally, from the literature in section 2.6, transformational leadership was highlighted as the most suitable leadership style in the midst of change as it provided a more hands on approach (Robbins et al, 2003).

Section 3.2 of Chapter 3 then provided an overview of the communication of change within Telkom SA using the communication of the capability management initiative. In this section, it became clear that Telkom was not openly communicating change to its employees. (Senne, 2007), states Telkom refused to confirm or deny the existence of the capability initiative which was going to initially impact 5000 employees. Section 3.4 also provided an overview of the volatility of Telkom leadership in terms of the instability of leadership. Consequently Telkom needs to adopt the transformation leadership style in order to keep employees informed about change.

Empirical evidence on the communication of change was provided in section 3.4.2.3 of Chapter 3 from the 2007 Telkom Heartbeat survey. The most critical issues to staff in terms of the communication of change were the need to keep employees informed and give employees the honest view of what is happening in the company, in agreement with Moss Kanter (Burnes (2004:307). Employees also wanted information in advance so that they could act before it was too late. Some of the comments from employees included: "Management does not know what is going on, on ground level, there should be more communication between top management and employees at operational level" (Msimango, 2007: 62). From the information provided by the 2007 Heartbeat survey, it can be concluded that communication of change in Telkom is lacking in the company.

Further empirical evidence was provided in Chapter 5 with regards to the communication of change. The area, in which 52.6% respondents experienced problems, was that change implementation is not being timeously discussed with employees, once again confirming the need for more open communication in Telkom.

From the information provided, it can be concluded that the communication of change/re-structuring initiatives by management in Telkom SA is inadequate to satisfy the needs of employees who feel that more open communication is needed and a more supportive role is required from leadership. Recommendations with regards to improving employee perception of the communication of change/re-structuring initiatives by management in Telkom SA will be provided in section 6.4.1 of this chapter.

6.2.3 Conclusion on Effect of Change Implementation on Staff Turnover

Staff turnover is the third key issue highlighted in this study in section 1.3.3 of Chapter 1. Literature on the issue of staff turnover is highlighted in section 2.5.2 of Chapter 2. Mcshane and Glinow (2003:37-38) stated that one of the key contributors of turnover is job dissatisfaction. Newstrom and David (1997:260-261) further stated that institutions with negligible satisfaction levels yield higher turnover rates. The issue of trust was viewed from a turnover point of view in section 2.7. The costs of turnover were also explored and highlighted the need for organisations not to under-estimate the cost of turnover.

Section 3.3 of Chapter 3 then dealt with the initiatives implemented by Telkom to curb staff turnover as a result of the change initiatives in the company. One of the very unique initiatives that Telkom has instituted, and is worth noting, was the agency for career opportunities which assisted employees find alternate employment when Telkom implemented its headcount reduction strategies. However, this agency has not stemmed the turnover rate within the company.

Empirical evidence of staff turnover was initially provided in section 3.4.2.4 of Chapter 3. The main issue that was raised by employees was that the company needed to be honest with employees around issues surrounding job security. This was in reaction to the company's delay in communicating with staff on the Capability Management Initiative. Some of the comments from employees included: "Some employees felt overwhelmed with the high workloads that resulted from unrealistic targets" (Msimango, 2007:56).

Further empirical evidence was provided in Chapter 5. This evidence was gathered from the sample of this study in Section C of the questionnaire. The areas where respondents experienced problems were that employees viewed their participation in change processes, as well as the manner in which their change related queries were handled, negatively. Furthermore, 68% of the

employees confirmed that they are not involved in decision making regarding change in the company.

From the information provided in this section of this study, it can be concluded that staff turnover is a cause for concern at Telkom SA. Therefore, a concerted effort is required from leadership to involve employees in the change processes of the company, as this was the key point of contention from employees. Recommendations on ways to reduce the impact of staff turnover on the organisation will be highlighted in section 6.4.1 of this chapter. In order to reduce the impact of the issues raised in Section 6.2.1 to 6.2.3, a more comprehensive approach will be recommended in Section 6.4.1 of this chapter.

6.2.4 Conclusion on Effect of Change Implementation on Employee Morale

Employee morale is the fourth key issue highlighted in section 1.3.4 of Chapter 1. Literature on employee morale is highlighted in section 2.5.1 of Chapter 2. The approach here was to provide an overview of morale and, thereafter, discuss the different models highlighting morale and their impact on organisations. The issue of stress was also reviewed as it was considered a contributor to low employee morale. Thereafter, the issue of trust was again raised, but from a morale point of view, as it also impacted on employee morale. Bews and Martins (1996: 42-44) stated that thousands of employees on all organisational levels, have been offered early retirement or retrenchment packages, resulting in a loss of enthusiasm, commitment, loyalty and trust with stressful manifestations and even feelings of guilt amongst the so called 'survivors'. This overview is an accurate representation of what has occurred in Telkom.

With this overview in mind, the source of stress in the work environment was used to highlight the impact of stress on the organisation (Costley et al., 1987: 242). Thereafter, the following theories were reviewed: Herzberg's Motivator-Hygiene Theory and Maslow's Theory of the hierarchy of needs, (Kreitner, et al,

2002:180), the Expectancy Theory (Robbins et al, 2003:426), and the Equity Theory (Kreitner, et al, 2002:209). These theories provided a detailed overview on the subject of employee morale as well as turnover. Kreitner, Kinicki and Buelens (2002:209) further added the dimension of organisational justice which impacted directly on morale. This dimension was followed by eight practical lessons which can be learned from the Equity Theory. These lessons can be used as a road map by organisational leadership to gauge the morale of employees. Robbins et al, (2003:257) highlighted the five key dimensions of trust. Thereafter, Whitney and Demming (1994) identified the root causes of mistrust, and Rossouw and Bews (2001) provided reasons why organisations need to attend to the decline in trust. Trust was also discussed from a leadership attribute point of view as Robbins et al; (2003:257) stated that trust appears to be a primary attribute associated with leadership. (Brockner et al., 1997:558) finally stated that, now more than ever, managerial and leadership effectiveness in implementing change depends on the ability to gain the trust of the followers. With the above literature taken into account, the focus then shifts to Telkom SA and the effect of change implementation on morale within the company.

Section 3.4.1 of Chapter 3 consisted of the overview of the 2007 Telkom Heartbeat Survey. This was followed by the actual feedback from the survey itself which served as the initial empirical evidence. Section 3.4.2 dealt with the measurement of the employee engagement model from the 2007 Heartbeat Survey. The result of the survey basically reflected that 61% of Telkom employees want to leave the employ of the company. It is significant that this survey was conducted by an external company and thus was not biased in its approach. From the survey it can be concluded that more than half of the company's employees exhibit negative morale levels.

Further empirical evidence concerning employee morale was provided in Chapter 5. This evidence was gathered from section D of the questionnaire, from the sample of this study and analysed. The result from the analysis was that

employee morale levels were similar to those in the heartbeat survey. The most concerning factors that were highlighted was that 62% of employees did not trust management while a further 50.5% felt that management did not follow through on its commitments.

From the information provided in this section of the chapter, it can be concluded that employee morale in Telkom SA is low. The major contributing factor to the low morale levels is stress and distrust. There needs to be focus from the company's leadership on the issues raised in this section, as morale is a major contributor to turnover. In order to reduce the impact of change on employee morale, recommendations will be made in Section 6.4.2 of this chapter.

6.2.5 Conclusion on Effect of Change Implementation on Retention

Retention, although initially seen as a factor of employee morale, after careful consideration, became a separate measurement as it would have clouded the morale measurement in this study. Retention thus became the fifth key issue that was highlighted in this study. Literature on retention was incorporated with that of morale and turnover in Chapter 2. Robbins et al., (2003:426) conclude that managers today face constant change, bordering on chaos, while being forced to play a game they've never played before, governed by rules that are created as the game progresses. The problem with this scenario is that employees are expected to deliver high quality output while their rewards don't match the effort as management are unable to balance employee and customer needs. This is confirmed by Whitney and Demming (1994) who state that misalignment of rewards can lead to distrust and set people in the organisation in opposition to one another. Mcshane and Glinow (2003:37-38) highlight an important analogy that job dissatisfaction that "pushes" workers out of their present jobs and has a much greater effect on turnover than the incentives that "lure" them into new jobs. Kreitner, Kinicki and Buelens (2002:209) further add that distributive justice,

which refers to the perceived fairness of how resources and rewards are distributed in the organisation. According to Robbins et al, (2003:426) the equity theory demonstrates that, for most employees, motivation is influenced significantly by relative rewards as well as absolute rewards. This theory highlights the importance of retention with respect to employee morale and turnover.

Section 3.4.1 of Chapter 3 dealt with the initiatives that Telkom put into place to counter turnover in the company. One of these initiatives was the reward and recognition programme which aimed to change annual bonuses and remuneration packages. Section 3.6.2.5 provided an overview of the 2007 Telkom Heartbeat survey highlighting feedback from employees on the preventative measures towards retention. All categories of this section of the survey scored below 15% on a scale of 1 to 100. This finding confirmed that Telkom's internal initiatives to improve retention had failed. Employees also added that their main complaint was unequal gain sharing, with employees stating the following: "Sharing should be equal across all levels because each and every employee contributes towards the company's goals" (Msimango, 2007:64).

To confirm the above scenario, the empirical evidence from the questionnaire proved to be quite interesting. This evidence was documented in Chapter 5. From the responses to section E of the questionnaire, it was revealed that approximately 70% of employees were dissatisfied with retention-related issues. Employees felt that their salaries and incentives needed to be improved and gain-sharing and bonuses needed to be distributed in a fairer manner. The most frequent comments that were repeated by respondents were those of gain-sharing/bonuses and salary issues, which accounted for 62% of all comments received.

From the information provided in this section of the chapter, it can be concluded that retention in Telkom SA remains an area of major improvement. One of the major contributing factors to the low retention is the unfair distribution of gain sharing bonuses. There needs to be focus from the company's leadership on the issues raised in this section as retention is also a major contributor to turnover. In order to reduce the impact of change on retention, recommendations will be made in Section 6.4.3 of this chapter.

6.2.6 Summary of conclusions

Viewing the evidence that has been presented in sections 6.2.1 to 6.2.5 of this chapter, it is evident that Telkom needs to communicate its change implementation plans to its employees using the key issues highlighted in this study as a backdrop. Viewing the different sections of the questionnaire, it is clear that a significant percentage of respondents, on average 40%, were dissatisfied to extremely dissatisfied with the way management had handled issues related to change implementation, communication, turnover, morale and retention. With this in mind, section 6.4 will deal with recommendations to Telkom, and other organisations, on ways to reduce the impact of the key issues, namely, change implementation, communication, turnover, morale and retention on the organisation.

6.3 CONCLUSIONS ABOUT THE RESEARCH PROBLEM

The research problem of this study, i.e., the degree to which change implementation has negatively impacted staff turnover as well as employee morale in Telkom SA, was expanded into the key issues that formed the basis of the objectives of this study. These were the implementation of change within Telkom SA benchmarked against international best practices; communication of change/restructuring initiatives by management in Telkom SA; Staff Turnover; employee morale and retention. With reference to this study, the research

problem became more impactful as the study progressed and highlighted the validity of the research embarked upon in terms of dealing with critical improvement areas highlighted in the key issues of this study. It can, therefore, be concluded that the key issues sufficiently supported the research problem to the extent that further commentary on the research problem is not necessary. It would, therefore, be appropriate to deal with the recommendations that will be proposed in the forthcoming section of this chapter.

6.4 RECOMMENDATIONS

Section 6.2 and 6.3 dealt with the conclusions that were reached after the literature, company overview, and empirical evidence from both Telkom SA and more importantly, the empirical evidence gathered from the analysis of the questionnaire that was distributed to the sample group, were reviewed. This section will deal with recommendations to reduce the negative impact of the key issues of this study on the organisation in question.

6.4.1 Recommendation to improve change implementation, communication and Staff turnover

From the information presented in sections 6.2.1 to 6.2.3, in order to reduce the impact the issues raised, a more holistic approach will be recommended to improve change implementation, the communication of change and Staff turnover in this section.

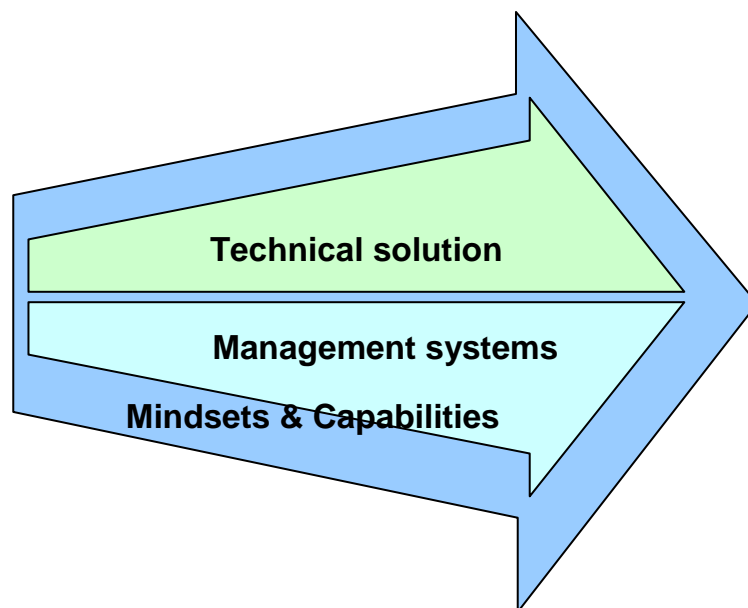
The Lean methodology of process optimization was birthed by Henry Ford when he simplified the production of the iconic Model T Ford. Shortly after this, senior leadership from the Toyota Motor Corporation visited Henry Ford's plant and realized that they could improve on what Ford had started. This resulted in the Toyota Production System being born and what, in modern terms, is now globally called "lean manufacturing". Although tailor made for manufacturing, with the

unique blending in of the six sigma process, we end up with Lean Methodology which can be effectively used to streamline the service industry as well (Sayer and Williams, 2007:1).

Taking this into account, McKinsey & Company have put together a change implementation plan combining Lean and Six Sigma methodologies. This approach is well suited for large organisations like Telkom (McKinsey, 2006). This change implementation methodology will benefit Telkom because employee engagement is at the heart of it. What follows is a brief overview of the methodology and how it can alleviate the above issues.

Figure 6.1 below illustrates the three-phased approach to change within an organisation in which the methodology is based. They are the Technical Solution, the Management Systems and the component that keeps everything bonded is what is called the Mindsets and Capabilities.

Figure 6.1: Lean Methodology



Source: McKinsey (2006:6)

The Technical solution deals with continuous flow of material and information throughout the organisation using a common information system/platform.

Standard operating procedures are then formulated for each step of the process, focusing on value add to the organisation overall. Lastly, it deals with scheduling of capacity to meet demand. This solution ensures that resources don't become the prime target during cost reduction drives.

Management Systems deal with aligning value streams (sections/silos) within the organization. This alignment allows employees from different service organisations to start to work together as each realizes the other's need. Key Performance Indicators and organisation-wide visual management ensures that company-wide performance measurements finally become a reality. Clear roles and responsibilities are communicated throughout the organization resulting in transparency levels increasing, thereby improving trust levels in the organisation. The Mindsets and capabilities segment can be further expanded to accommodate the following: mindsets and behaviour measurements and knowledge and capabilities:

- Mindsets deals with ascertaining the employees current attitude or engagement level towards change in the organisation and assists those employees who are in need of guidance to attain an improved level of engagement;
- Behaviour deals with the employees' actions in carrying out the proposed change implementation. This includes involving the employee from the conceptual phase through to the implementation phase as well a sustaining phase in order to ensure that change is ongoing;
- Knowledge deals with enhancing the employees level of knowledge, not only at the technically level to be competent at the operational level but also at the cognitive level with training that is directed at employees coping with change and working together with different teams; and
- Capabilities deal with providing the employee with the necessary tools and mandates to execute change initiative in a more decisive manner without

having to be concerned if they are being undermined, as they are aware of management's support;

The above mindsets and measurements indicate that the above recommendation will go some way to clarifying employee roles and responsibilities, allowing employees to be involved in change procedures being openly and timeously communicated. Due to the employee engagement focus of the methodology, employees can view their participation, as well as the way their queries are handled in a more positive light. The consultative nature of the methodology allows employees to also be involved in the decision-making process, as employees will be in the best position to provide the detail needed to strategically streamline operations. The following transformation tools are used to enhance the employee experience during and after change implementation: personal insight workshops, lean training sessions, kick-off workshops, individual coaching sessions, facilitated feedback sessions and 360° feedback surveys where employees and management rate each other. This recommendation also improves transparency within the organisation.

6.4.2 Recommendation to improve Employee Morale

From the conclusions presented in section 6.2.4 dealing with employee morale, this section will provide recommendations to reduce the impact of low employee morale on the organisation.

Covey, (cited by Van Houten, 2006), emphasises the issue of trust in organisations by stating that "The ability to establish, grow, extend, and restore trust is the key leadership competency of the new economy". Viewing the organisation in question in this study, it is clear that there exists a lack of trust which is negatively impacting employee morale. Trust in leadership, according to Covey, is built upon the four cores of credibility, namely, Integrity and Intent, capabilities and results. Intent and integrity are associated with character and

capabilities and results, are associated with competence. These are illustrated in figure 6.2 below.

Figure 6.2: The Four cores of Credibility



Covey (cited by Van Houten, 2006:6)

Figure 6.3 below further illustrates the actual flow of credibility in leadership becoming more effective in engaging their employees.

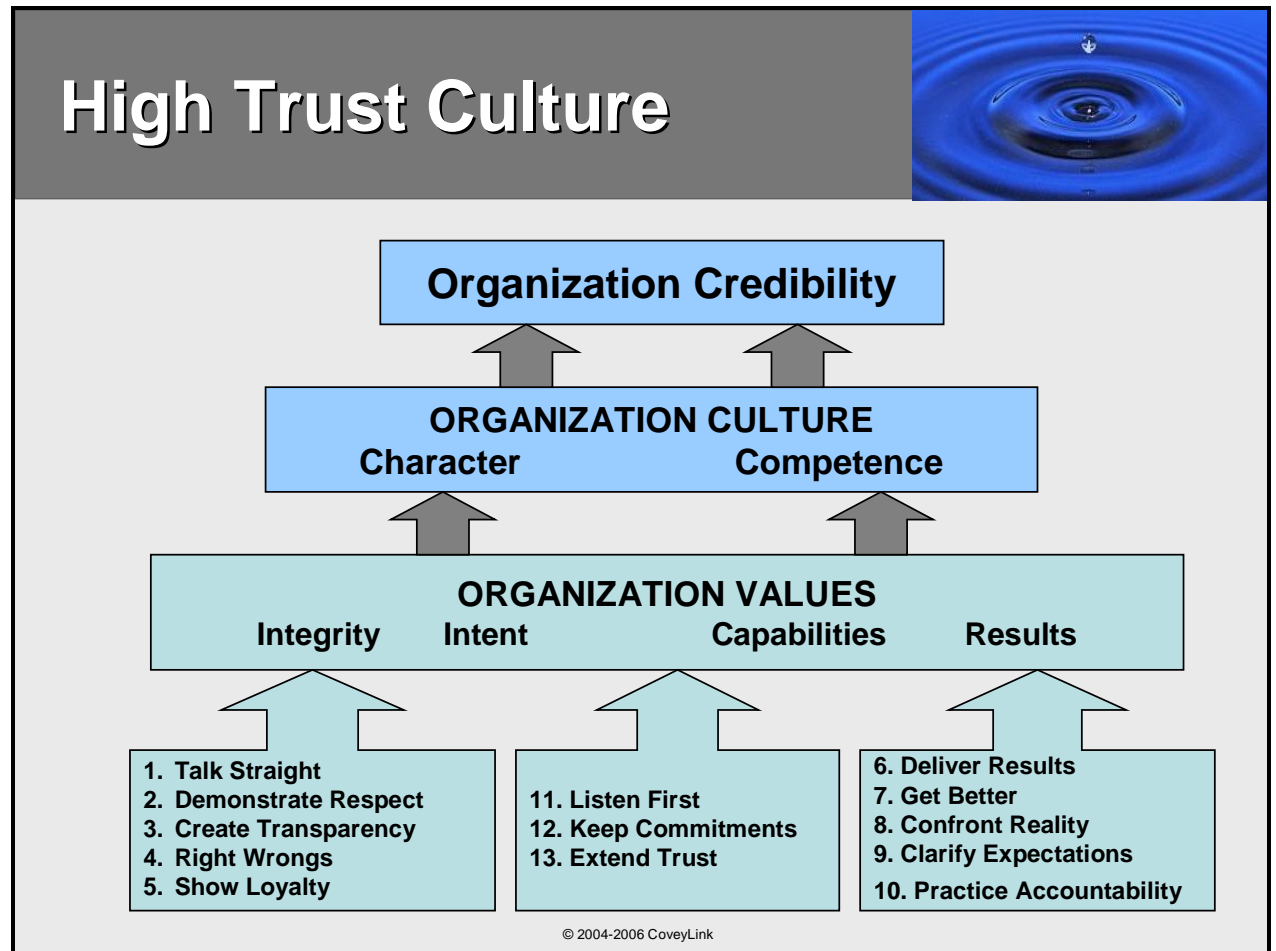
Figure 6.3: Credibility Model



Source: Covey (cited by Van Houten, 2006:7)

Once credibility/ trust is improved at the leadership level, a phenomenon, that uses the same set of values, starts to permeate throughout the organisation, leading to a culture of trust within the organisation. This confirms that leadership need to first live the values in order to positively impact the organisation. This is illustrated in figure 6.4 below.

Figure 6.4: High Trust Culture Model



Source: Covey (cited by Van Houten, 2006:8)

The recommendation to Telkom is to incorporate the model above into its implementation strategies, so that credibility becomes part of Telkom's values. Leadership plays a critical role in the enhancement of trust within an organisation. According to Koeter (2006), A+ leaders practice servant-leadership, they listen to people, they answer questions and they don't get upset at being asked difficult questions. They have purpose, they have an ability to paint a world picture, a future world picture and then show commitment and purpose in

actually painting the picture. This means that leadership needs to become more aware of what occurs, or what the emotional state of the organisation is at grass roots level.

Once this state is established, using the model suggested in the previous section of this chapter, leadership can then apply the above model to the organisation to improve trust, not only towards leadership but also between different service organisations. These areas are vital to Telkom as an improvement in trust towards leadership and trust between employees in different service organisations within Telkom will allow the company to become more robust in the current competitive climate. The dividends of trust, as stated by Van Houten (2006:15), are improved responsiveness, improved employee morale, improved work quality / reduced errors and better communications. The higher the degree of employee morale, the more positively it will impact on turnover.

6.4.3 Recommendation to improve Retention

From section 6.2.5, the following issues were highlighted by employees, namely, salary improvement, improving performance incentives and the distribution of gain-sharing bonuses. In order to reduce the impact of the issues raised above, a more comprehensive approach will be recommended in this section.

6.4.3.1 Improvement of Salaries: The company needs to embark on a drive to benchmark salaries within the company against industry standards. It can, thereafter, look into upgrading salaries of individuals that fall below the norm within an acceptable timeline.

6.4.3.2 Improvement of incentives: Currently in Telkom, employees from the sales divisions within the company qualify for monthly and annual incentives based on sales figures. It is noteworthy that the section in question and others

are heavily involved in the completion of the sale in terms of service provision for which they feel that they should be compensated. The recommendation, therefore, to Telkom is to factor in the effort of divisions like the planning division and start to incentivize these employees. This incentivization will not only improve retention but morale and productivity as well.

6.4.3.3 Gain-sharing /Bonuses to be distributed fairly: The gain-sharing bonus is a bonus that is paid out to all employees in Telkom based on the company results that are announced in July each year. The point of contention that had been brought to the fore in this study is that a high percentage of employees are dissatisfied with the way the gain sharing bonus is paid out. The reason behind this is that operational employees receive a gain sharing bonus that is approximately 10% of that which line management receives. The recommendation to Telkom is to increase the gain-sharing percentage paid to operational employees to around the 20 to 25% mark. This increase will have a negligible effect on company's profits and, therefore, needs careful consideration. To measure the effect of this recommendation on the retention levels of employees, the company would have to review this study in a year's time, once the proposed amended gain-sharing has been instituted.

6.5 IMPLICATIONS FOR THEORY

Reviewing the information provided in Chapter 2, in view of the models provided above, Rosabeth Moss Kanter's Ten Commandments for executing change, (Burnes, 2004:307) remained the most relevant model for this study. Moreover this model dealt directly with the issues that were highlighted in the problem statement of this study, as well as Telkom's change implementation as a whole. Thus, the above model was selected as the most appropriate model for this study.

Although the above model provides a more comprehensive and consultative approach to the implementation of change, it needs to be augmented to provide a more detailed guideline to assist management with the technical details of change implementation. The implication for theory that is therefore proposed is that Moss Kanter's 10 commandments (Burnes, 2004:307), be augmented with the Lean approach.

The rationale for this augmentation is the following: Moss Kanter's 10 commandments (Burnes, 2004:307) can be augmented with the Lean approach by applying the Lean model to each of the commandments to make them more robust, similar to an acid or sanity test to ensure success. The implication would be that a management system, technical solution and mindsets and behaviours component would be added to each commandment so that it would ensure that both employees and leadership constantly consult one another with regards to the envisaged change plan. The result would be an increased level of transparency in the organisation, thereby improving communication, which would lead to improved trust, which would result in improved morale, ultimately leading to a reduction in the turnover rate.

6.6 LIMITATIONS

The empirical evidence listed in Chapter 5 seems to illustrate that Telkom's management was communicating with staff. This, however, must be seen in the light of developments leading up to the distribution of the questionnaire for this study. Management had only started communicating the latest change initiatives to staff a couple of months prior to the distribution of the questionnaire for this study. This posed a limitation in the sense that employee responses to communication would have been more negative, which would have further supported this study. The responses might have been much more negative if this was done just a few months sooner as management only started to communicate

once organised labour had leaked information to the media. This is illustrated by Senne (2007) stating the following, “Fixed-line utility Telkom refuses to confirm or deny that it plans to separate and outsource its networking division – one of the biggest units within the company. This follows allegations by the Communication Workers Union (CWU) that Telkom failed to inform labour of the potential move, which would see the division become an independent entity, to which Telkom would outsource work. This would have impacted more than 5 000 employees, who are responsible for the roll-out of network infrastructure”.

During and after application of the questionnaire it was realized that a more standard Likert type scale, using statements rather than questions, would have been preferable. As a result of this weakness, the questionnaire might not have been as valid as anticipated, and therefore the findings should be interpreted with care. A further limitation was that a formal pilot was not conducted due to time constraints. This is a weakness of the study, and a more formal pilot study would have improved the validity.

6.7 SUGGESTIONS FOR FURTHER RESEARCH

In an attempt to maintain improved levels of response from employees it would be beneficial to Telkom if management placed greater emphasis on the issues highlighted in this study. This can be done effectively by augmenting or enhancing the current, “Heartbeat Survey”, to include and measure the above factors so that improvement levels can be monitored. This inclusion will also ensure the sustainability of the improvement of the key issues mentioned in this study.

6.8 CONCLUSION

The purpose of this study was to ascertain the degree to which the implementation of change impacted staff turnover, and, subsequently, employee morale. From the information provided, the above problem is definitely a cause for concern within Telkom, as a sizeable portion of the sample group was not satisfied with approach that the company had taken with reference to the sections outlined in the questionnaire. The overarching issue that has come to light is that although management is communicating change implementation, to a degree, there is a noticeable lack of engagement with employees. This lack leads to various issues, like the issues highlighted in this study, namely, the implementation of change within Telkom SA; the communication of change/re-structuring initiatives by leadership in Telkom SA; staff turnover; employee morale and retention.

It must be noted that only a concerted effort by leadership to adopt the recommendations of this study will see an acceptable improvement in the issues highlighted above. The onus, therefore, lies with leadership to lift the levels of engagement with employees. Sir Richard Branson states, "If a person at the top cares about the person cleaning the floor then everybody comes alive" (Branson, 2006:6). This statement clearly highlights the importance of engaging employees, thereby reducing the impact of change implementation on the organisation by increasing the level of transparency in the organisation, thereby improving communication, which would lead to improved trust, which would result in improved employee morale, ultimately leading to a reduction in the staff turnover rate.

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APPENDICES

APPENDIX 1 - QUESTIONNAIRE

<u>The impact of the implementation of change management processes on staff turnover at Telkom SA</u>				
<u>Instructions</u>				
Please mark the appropriate block with an " X " next to the appropriate number on the scale				
The Scale Refers to:				
3 = Very Satisfied	2 = Satisfied	1 = Dissatisfied	0 = Extremely Dissatisfied	
<u>1.1 Current Job Level Grade</u>		<u>1.2 Job Title:</u>		
Managing Executive (M2)				
Executive (M3)		<u>1.3 Service Organisation:</u>		
Senior Manger (M4)				
Manager/Specialist (M5/S5)				
Operations Manager / Specialist (M6/S6)		<u>1.4 Section:</u>		
Operational Officer (OP1)				
Assistant Officer (OP2)		<u>1.5: Years of Service :</u>		
A. Change Implementation				
1. Are you made aware of change initiatives?	3	2	1	0
2. Do you provide feedback on change initiatives?	3	2	1	0
3. Are change implementation procedures openly communicated to you?	3	2	1	0
4. Are Roles and Responsibilities clearly defined during change implementation?	3	2	1	0
5. Is change implementation value add to Telkom's objectives	3	2	1	0
B. Communication of Change				
6. Does Telkom management provide necessary Training and Development during change?	3	2	1	0
7. Are official communiqués sent out regularly regarding	3	2	1	0

change implementation?				
8. Does Telkom SA's management communicates change implementation timeously with staff?	3	2	1	0
C. Staff Turnover				
9. Do you intend staying in Telkom SA?	3	2	1	0
10. Are change related enquiries encountered resolved timeously?	3	2	1	0
11. Are you involved in decision making regarding change in your organization?	3	2	1	0
12. Is your work environment conducive in terms of clear goals?	3	2	1	0
13. Do your team members co-operate with you?	3	2	1	0
14. Is there effective participation in change processes?	3	2	1	0
D. Morale				
15. Do you feel undervalued due to lack of involvement in change implementation?	3	2	1	0
16. Is trust between individuals in service organisations low due to change?	3	2	1	0
17. Do you feel proud to be a part of Telkom SA?	3	2	1	0
18. Does management treat you with respect?	3	2	1	0
19. Will you defend Telkom's image at all costs?	3	2	1	0
20. Does management follow through on its commitments?	3	2	1	0
21. Do you trust your supervisor?	3	2	1	0
22. Do employees trust management?	3	2	1	0
E. Retention				
23. Are you satisfied with your remuneration?	3	2	1	0
24. Do your performance incentives encourage you?	3	2	1	0
25. Is gain-sharing/bonuses distributed fairly in Telkom?	3	2	1	0
Improvement Ideas & Suggestions :				
End of Form – Thank you				

APPENDIX 2 – LETTER OF INFORMATION AND CONSENT

Letter of Information and Consent

Title of Study: The impact of the implementation of change management processes on staff turnover at Telkom SA

Dear Participant

As part of my studies I am currently undertaking a research project which is looking into The Implications of Change Management on Staff Turnover and Employee Morale at Telkom SA.

The research will be conducted by means of an electronic questionnaire that will be emailed to you. It would be appreciated if you would complete the questionnaire and email it back to me. Your identity and answers in the questionnaire will be kept totally confidential. The information provided by you will be used for research. Your participation in the survey is voluntary. You may, at any stage, withdraw from the survey without reason.

If you require further clarity, please feel free to contact me or if you wish to speak to my research supervisor, Dr. Roger Mason, send me a mail and I will forward his details to you.

Your positive response in participating in this survey will be highly appreciated.

Yours faithfully,

Terence Naidu
0794961655

CONSENT

The following consent part of the document is provided to confirm your agreement in participating in the above mentioned research project:

I,, have discussed the survey with the researcher, Terence Naidu, and agree to voluntarily agree to participate in the survey. I am also aware that I may withdraw from the survey at any stage without reason.

Signature:.....

Date.....