



**AN ANALYSIS OF CHANGE MANAGEMENT STRATEGY:
A CASE STUDY OF TELECOM LESOTHO**

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MASTERS IN BUSINESS ADMINISTRATION

By

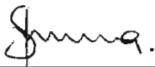
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Restriction

Due to sensitivity of information contained in this dissertation I wish to restrict this study for 5 years.



Teboho Tsekoa

Declaration

This whole dissertation, unless specifically indicated to contrary in the text, is the original work of the author.



Teboho Tsekoa

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Abbreviations

LTA	Lesotho Telecommunications Authority
VCL	Vodacom Lesotho
LTC	Lesotho Telecommunications Corporation
TCL	Telecom Lesotho
MKC	Mountain Kingdom Communications
CEO	Chief Executive Office
ISDN	Integrated Service Digital Network
IN	Intelligent Network
ISP	Internet Service Provider
DAMA	Demand Assigned Multiple Access
M	Maloti (Lesotho Currency)

***AN ANALYSIS OF CHANGE MANAGEMENT
STRATEGY: A CASE STUDY OF TELECOM LESOTHO***

FROM



TO



***“IT IS A CLICHÉ BUT NONE THE LESS TRUE
THAT IN MODERN BUSINESS, THE ONE
CONSTANT IS CHANGE”***

NEIL HARRIS

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND INFORMATION

In today's fast changing competitive environment, firms' competitive positions are constantly challenged by the emergence of new technologies, products, markets and competitors. Flexibility and adaptability have become key management concepts to develop a sustainable competitive advantage, and successful firms apply them in new organisational strategies.

This study seeks to examine and understand the concept of change management, coupled with this, it also attempts to examine and understand processes surrounding the ways companies manage change, more especially after privatisation.

1.2. RESEARCH PROBLEM

As telecommunication industry undergoes dramatic change worldwide, companies face a new challenge: to transform a centralised, bureaucratic organisation with a monopolistic mind-set into an efficient, entrepreneurial competitor. "Competing in the telecommunications industry is increasingly a world game, rapid scientific advances are increasing communications speed and blurring the distinction between information technologies and communications business, and telephone companies are selling systems integration. The old fashioned phone company, once a monopoly and a government ministry elsewhere is now subject to forces of competition, through changing regulations or privatisation" (Kanter, 1991).

Lesotho government engaged in privatisation measures in the late 1990's. The targeted industries were the utilities sector, banking sector, and transport sector. Lesotho Telecommunications Company (LTC) was privatised in 2000. Before its privatisation, LTC had a dual role. The company had exclusive privileges to establish, maintain and operate telecommunications services in Lesotho, including exclusive rights in the nine districts, national and international telephone services. LTC also controlled granting of permits and licences for

telecommunication services operators in the private sector (internet service providers) and allocation of radio frequencies for wireless telecommunication service.

Upon privatisation of LTC, an independent regulator, Lesotho Telecommunications Authority (LTA), was established, thereby leaving LTC with the role of just being a telecommunication service provider like any other commercial company. The telecommunication sector in Lesotho is therefore going to be liberal and competitive. LTC will no longer enjoy the monopoly and will be forced to improve on efficiency and reliability. On top of that, when a company is privatised, there must be some kind of change especially because the company becomes answerable to a different kind of constituencies. How then should a company go about the change process? This question is the main thrust of the paper.

1.3. Research Objectives

- To understand the nature of change management.
- To find out what change was made on the elements of change.
- To investigate how well the process of change was communicated to the employees.
- To examine the impact on organisational members of the initiation of changes to the existing organisational culture.

1.4. Research Design

This section gives a description of the research design. The sample, data collection method, limitations of the research and the structure of the study will be discussed.

1.4.1 Sample

The case study research method was used. Since Lesotho Telecommunication company was one of the companies that were privatised in Lesotho it was selected as a company to be investigated. The company has been selected because access had been granted to conduct such an investigation. There is usually change initiators in the process of change, in this case management were the change initiators. Thus, departmental managers will be chosen as a sample for the study. Since changes initiated mostly have some impact on employees, employees will be included in a sample as well.

1.4.2 Data Collection Method

Methods of collecting data involved the following:

- Secondary data collection method was used. This data was used to achieve the objective of understanding the theory behind change management. The University of Natal Library, Inter-library and Internet were used to access books, journals and articles that were used.
- In order to find out how well the change process was communicated to employees and to examine the impact of change on organisational members, questionnaires were distributed among the chosen samples.

1.5 Limitations of the Research

When conducting the study, I had wished to interview heads of all the company's Departments. I could not get access to these managers but I was only able to give them an open-ended questionnaire. This was a limitation because during an interview one gets an opportunity to probe and I did not have that opportunity. I had also hoped to be an observer during the meetings of staff representatives and management, so that I could get first hand information on how the two groups related to each other. The company that I chose to do the case study on, was based in Lesotho, since I was conducting my study from Durban there were some delays especially in getting some literature on the company and that led me to not finishing in an anticipated time.

1.6. The Structure of the study

The study consists of five main chapters. The first discusses the conception of the study and its background. The second chapter discusses the general theory behind change management. This chapter presents the basic theory of change management as well as main findings about change management in the organisational development literature. The third chapter deals with change management more practically inside an organisation. In this chapter we will see how LTC went about the change process. The fourth chapter evaluates the gap between the theory and the company's practices in relation to change management concept. Finally, conclusions and recommendations will be made.

1.7 Conclusion

This chapter mainly summed up what the study is all about. The main purpose for the study, which is, how should a company go about the change process, was stated in this chapter. Research objectives, design and limitations were also stated. What methods do the change gurus recommend to companies, which would like to engage in the change process? The next chapter takes us through the dynamics of change and suggestions made by these gurus. The nature of change and innovation will be discussed. Next the chapter will go through the change and innovation process, then the resistance to change and elements of change will be discussed.

CHAPTER 2: THE DYNAMICS OF CHANGE

2.1 INTRODUCTION

The world today is tough and competitive for organisations. Major changes are occurring everywhere. Continuous and overlapping change has become a way of life in the corporate environment. Change continues to shrink the global boundaries and push the businesses to the competitive limit. Leaders who want to get ahead in today's market place must learn to respond to a growing number of changes in how they structure companies, conduct business, implement technology and relate to customers and employees.

The nature of change and innovation will be discussed in order to understand what change is in terms of companies. In order to understand how companies should go about the change programme, the change process will be discussed. The chapter will show why there is resistance to change and how companies could manage that resistance. Lastly, elements of change will be discussed.

2.2 THE NATURE OF CHANGE AND INNOVATION

The fierce domestic and foreign competition, which is brought partly by privatisation of state owned corporations, has brought about new emphasis on innovation and change in organisations. In this section, the paper is going to look at the change and innovation process, what steps do managers take when engaging in change process, what strategies do they follow, how do they communicate the planning process and finally, how do they implement it?

2.2.1 Change and Innovation

In most cases, people associate innovation with technology, any invention, some apparatus, or something that is scientific in character. According to Kanter (1983), innovation refers to the process bringing any new problem solving idea into use. Ideas for reorganising, cutting cost, putting in new budget systems, improving communication or assembling products in teams are also innovations. Innovation is the generation, acceptance and implementation of new ideas, processes, products or services. It can thus occur in any part of a corporation,

and it can involve creative use as well as original invention. Application and implementation are central to this definition, it involves the capacity to change or adapt.

Bartol et al (1991) stated that change refers to any alteration of the status quo, whereas innovation is a more specialised kind of change. It is a new idea applied to initiating or improving a process, product or service. They argue that all innovations imply change; but not all changes are innovations, since changes may not involve new ideas or lead to significant improvements. In other situations, enhancements may have less importance. As long as an idea for bringing about an improvement is perceived as new by individuals involved, it generally is considered as innovation even though outside observers may view it as an imitation of something already existing elsewhere.

2.2.2 Forces of Change

Change should not be done for the sake of change; it is a strategy to accomplish some overall goal. A variety of forces influences change and innovation in organisations. Some of these forces stem from external factors, while others arise from factors that are mainly internal to the organisation. "External forces on organisations develop in the external environment which is made up of both the general or mega-environment reflects broad social conditions and trends related to technological environmental elements. Internal forces for change and innovation in organisations develop from a variety of sources. Some of these forces include alterations of strategies and plans, ethical difficulties that arise because of employee behaviours, decisions that require changes and innovations, organisational culture shifts, reorganisations and technological advances as well as leadership changes" (Bartol et al, 1991).

According to Dawson (1994), the initial awareness of a need to change may either be in response to external or internal pressures for change (reactive) or through a belief in the need for change to meet future competitive demands (proactive). The increased complexity and uncertainty of international business markets has led some organisations to base change on imitation (which organisations are successful and what changes they have introduced), rather

than any conception of a need to adopt untried technologies or techniques. He further argues that internal and external triggers to change are often interdependent, for instance, a push for a change in technology may result from competitive pressures.

“Organisational change has become a way of life as a result of three forces, namely, globalisation, information technology and industry consolidation. Companies need to be more aware of regional and cultural differences and to integrate into coherent strategies the work occurring in different markets and communities” (Kanter, 1999). Management are faced with new challenge, that is, the changing nature of industrial competition. Because of this new competition, managers are faced with two principal changes: There is increasing exposure to international competition; and technology becomes an increasingly important competitive weapon. The former indicates a need to radically alter traditional approaches to production management. The latter requires a new emphasis on technological innovation (Starkey, 1988)

Having discussed the nature of change let us now turn our attention to how companies go about change process. What steps and strategies do they follow? How do they communicate the change process? And finally how do they implement change?

2.3 THE CHANGE AND INNOVATION PROCESS

Managers can either engage in reactive or planned change. When managers operate in reactive change they increase the chances of making mistakes because they are making changing process without proper planning. It is therefore imperative for managers to engage in planned or managed change and innovation whenever possible. This section describes the planned change and innovation process.

2.3.1 Steps for Change Process

When managers engage in change process, they must follow certain steps. There are six basic steps stated by Bartol et al. (1991)

2.3.1.1 Perceive an Opportunity or Problem. One reason why managers are not more innovative is that there is a tendency to focus on immediate problems and ignore opportunities. Organisations that want to maintain a competitive edge clearly need to look ahead to opportunities, as well as solve current and anticipated difficulties or problems.

2.3.1.2 Diagnose the Situation and Generating Ideas. The second step in the process is diagnosing the situation and generating some new ideas. Without both these factors, it is very difficult to fix problems or take advantage of opportunities. In pursuing new ideas, it is important not to overlook the status of ongoing activities relative to the competition.

2.3.1.3 Present a Proposal and Adopting the Change. Unless managers work hard to establish the fact that innovation and change are important to the organisation, most good ideas will be rejected when they are proposed.

2.3.1.4 Plan to Overcome Resistance. The fact that one group even managers, decides to adopt a change does not mean that others will readily go along with it.

2.3.1.5 Implement the Change and Innovation. The fifth step is actually implementation of the change or innovation. This is the decisive moment when the change is put into operation. How smoothly this step goes depends on how well thought out the change was to begin with and how carefully the planning step was carried out.

2.3.1.6 Monitor the Results. The sixth step in the innovation and change process is monitoring the results. It is foolhardy to implement a significant

change without monitoring and evaluating what happens after the change has been implemented.

2.3.2 Change Strategies

Nickolos F. suggests that there are four basic strategies for change management. Those are; Rational-Empirical strategy, Normative-Reeducative strategy, Power-Coercive strategy and Environmental-Adaptive strategy.

Table 2.1 summarises the strategies and give the description of each.

TABLE 2.1
CHANGE MANAGEMENT STRATEGIES

<i>Strategy</i>	<i>Description</i>
Rational-Empirical	People are rational and will follow their self-interest once it is revealed to them. Change is based on the communication of information and the proffering of incentives.
Normative-Reeducative	People are social beings and will adhere to cultural norms and values. Change is based on redefining and reinterpreting existing norms and values and developing commitments to new ones.
Power-Coercive	People are compliant and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the imposition of sanctions.
Environmental-Adaptive	People oppose loss and disruption but they adapt readily to new circumstances. Change is based on building a new organisation and gradually transferring people from the old one to the new one.

Source: Nickols F. (2000) "Change Management 101 – A Primer"

Which of the preceding strategies to use in the mix of strategies is a decision affected by a number of factors. Some of the more important ones follow.

- **Degree of Resistance** - Strong resistance argues for a coupling of power-coercive and environmental-adaptive strategies. Weak resistance or concurrence argues for a combination of rational-empirical and normative-reeducative strategies.
- **Target Population** - Large populations argue for a mix of all four strategies, something for everyone so to speak.
- **The Stakes** - High stakes argue for a mix of all four strategies. When the stakes are high, nothing can be left to chance.
- **The Time Frame** - Short time frames argue for a power-coercive strategy. Longer time frames argue for a mix of rational-empirical, normative-reeducative, and environmental-adaptive strategies.
- **Expertise** - Having available adequate expertise at making change argues for some mix of the strategies outlined above. Not having it available argues for reliance on the power-coercive strategy.
- **Dependency** - This is a classic double-edged sword. If the organisation is dependent on its people, management's ability to command or demand is limited. Conversely, if people are dependent upon the organisation, their ability to oppose or resist is limited. (Mutual dependency usually signals a requirement for some level of negotiation.) Adapted from Nickols, 2000.

2.3.3 Communication

Managers charged with leading change must communicate change initiatives to employees. This should not only be done through presentation and writing of memos, without allaying anxieties or helping people get fired about future prospects. According to an article presented in Harvard Management Update an approach that could be used involves the following three key points.

- Tap into positive emotions – Any high performing company should develop a strong emotional bond with its employees.

- **Manage one – to – one** - Employee surveys can be conducted, but the results should be relayed back to the employees and not become management property.
- **Lead, do not force** – Change should not be forced into organisations because force rarely works, even if people work as forced to, they will lack enthusiasm.

Some companies select task-force team to manage the change process. According to Duck (1993), task-force members put off communicating with the rest of the organisation. The task-force members unwittingly prevent the people who are expected to implement the change from participating or buying in. Therefore, no matter how good the new design turns out to be, it does not produce the expected results.

2.3.4 Change Implementation

Successful change must involve top management, including the board and chief executive. Usually there is a champion who initially prompts the change by being visionary, persuasive and consistent. A change agent's role is usually responsible to translate the vision to a realistic plan and carry out the plan. Change is usually best carried out as a team-wide effort. Communications about the change should be frequent and with all organisation members. To sustain change, the structures of the organisation itself should be modified, including strategic plans, policies and procedures. "In most cases when people think of change, they focus on the need to create a vision and strategy for the change. However, even more challenging is what follows the strategy and vision; this is the implementation itself, which involves three roles:

- **Change strategists** – the early work, identifying the need for change, creating a vision of the desired outcome, deciding what change is feasible, choosing who should sponsor and defend it.
- **Change implementers** – these "make it happen" by managing the day-to-day process of change; they must respond to the vision from above and the responses from below.

- **Change recipients** – the largest group including those who must adopt and adapt to the change; they determine whether the change will hold. (Jick, 1991).

Jick (1991) further argues that change does not occur by following a well-defined path; rather it is a laborious journey on hands and knees towards an elusive goal with many wrong turns and missed opportunities. Only rarely does an organisation know exactly where it is going and how to get there. No matter how much thought has gone into the change effort, there will be unforeseen external, uncontrollable and powerful forces that will have a deep impact on the success of the change effort.

Implementation of change is both art and science. How managers implement change can be almost as important as what the change is. Effective change involves listening to various people within the organisation and to the requirements of a particular situation.

The next section focuses on why companies resist change and how organisations manage this resistance to change.

2.4 RESISTANCE TO CHANGE

Sometimes people resist change, even if it's in their best interest. This section discusses the reasons why employees could resist change and the way of overcoming that resistance.

2.4.1 Reasons for Resistance

Typically, there are strong resistances to change. People are afraid of the unknown. Many people think things are already fine and do not understand the need for change. Many are inherently cynical about change. Many doubt there are effective means to accomplish major organisational change. According to Bartol et al, individuals resist change because of self-interest. When individuals hear about a change they have natural tendency to ask how the change will affect them, and if the answer is adversely they may try to resist change. One

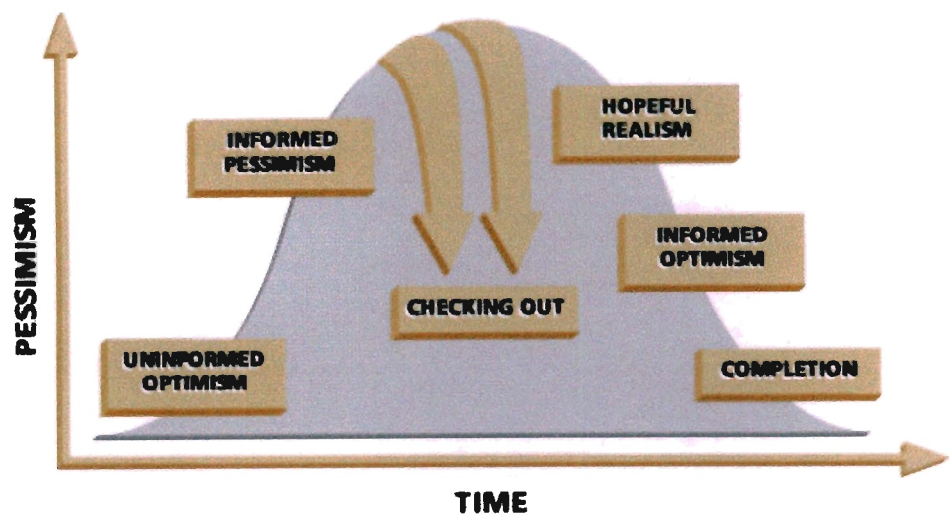
other reason for resisting change is misunderstanding and lack of trust. Low levels of trust between managers and employees are common in organisations contributing to the possibility that misunderstandings may occur. It is not only the employees who resist change, efforts to involve employees in decision making about their work are usually resisted by managers, who mistrust employees (Saporito, 1986).

Individuals differ in their ability to adjust to change, with some individuals having a low tolerance for change. As a result, they sometimes resist change because they fear that they will not be able to learn the new skills and behaviours necessitated by the change. In this case, individuals may see change as good, but have difficulty implementing it. In addition, individuals may see suggestions for change as indirect criticism of the status quo, for which they may feel responsible. Therefore, they may interpret a suggestion for change as a personal attack. On this point, Marshal et al suggest that many managers naively assume that if people like a change or think it is a good idea, they will not resist it. Significant change is a disruption in people's expectations about the future. This disruption causes a loss of control and people will resist this loss of control even if they think that the change is a sound one.

Marshal et al (2000) further suggest that response to change can be viewed in two ways and people will express resistance differently based on how they perceive the change. Individuals may perceive change as either positive or negative. Figure 2.1 shows the positive case.

FIGURE 2.1

POSITIVE RESPONSE TO CHANGE

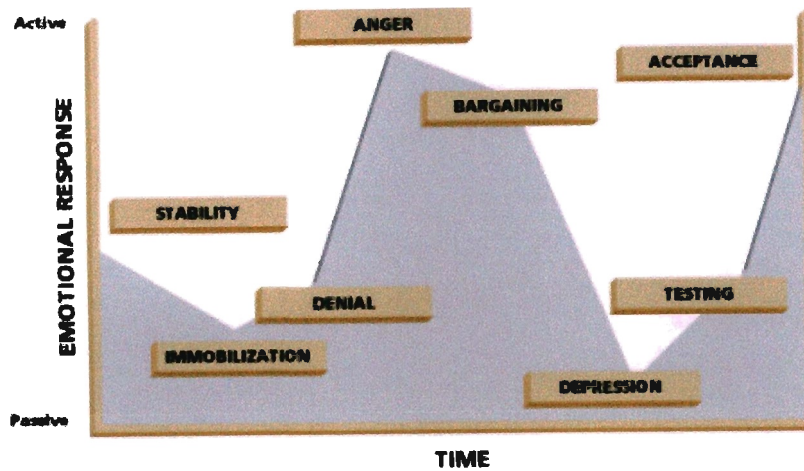


Source: Strategy and Business, August 24, 2000, Marshal J. et al

At the beginning, individuals start with “uninformed optimism,” whereby there is a naïve enthusiasm based on insufficient data. They then shift their mind set to “informed pessimism” whereby for instance they start to realise that while the overall decision may have been a good one, there are significant costs that they did not expect. At this point there is a danger of checking out, represented by two downward arrows. If the company can manage past this phase they can reach the “hopeful realism” a view of light at the end of the tunnel, based on understanding of both the costs and the benefits of the change. This gives way to informed optimism, a sense that the change is achievable and that a great deal has been accomplished already. Finally, change can be viewed as completed.

Figure 2.2 shows the negative case, that is, the way people react when they view change as a bad idea.

FIGURE 2.2
MANAGING NEGATIVE RESPONSES TO CHANGE



Source: Strategy and Business, August 24, 2000, Marshal J. et al

- **Stability** – This phase precedes the announcement of the change and represents the status quo.
- **Immobilisation** – The initial reaction to a negatively perceived change is a shock. The change may appear to be so unreal that the person cannot even fathom it.
- **Denial** – “If I ignore it, will it go away.” The person is hoping the change project is not real.
- **Anger** – This phase is characterised by frustration that often becomes real and directed at other employees.
- **Bargaining** – Here, people begin negotiating ways to minimise the impact of the change. These might include requests for deadline extensions, modifications to the change initiative or even reassignment.
- **Depression** – Once the bargaining has failed, a person often gets depressed at the realisation that the change is real and permanent. On the plus side, this represents the beginning of acceptance.
- **Testing** – Similar to bargaining, except that the person is accepting the change and figuring out how to succeed under new conditions.
- **Acceptance** – Completion of the change.

2.4.2 Managing Resistance to Change

There is a perception that change programme lies in the hands of the innovator or somebody who initiated the change. "The focal point of the change need not be an individual; a work group could quite easily be designated as a special task force responsible for managing the change. However, generally within, or above, any work group there is still someone who ultimately is accountable and responsible" (Paton et al, 1992). With the aim to stimulate interest and commitment and minimise fears, as a result, reducing opposition, participation and involvement in the management of the change by those who are to be affected needs to be encouraged.

In order to minimise resistance to change, the key to managing change is for management or change initiators to be honest to employees about it. Marshal et al suggest that being honest in the beginning addresses the following issues:

- It recognises the inevitability of resistance, so it addresses resistance honestly and consistently.
- It acknowledges that resistance will be experienced differently based on positive or negative reactions to change.
- It reflects how resistance can be expressed overtly or covertly and advocates that overt resistance be encouraged, to get problems out in the open.
- It warns that people may not be comfortable expressing their true reasons for resistance and encourages creating an atmosphere that allows honest communication.

One well-known general approach to the notion of overcoming resistance to change has been offered by organisational researcher Kurt Lewin, who has visualised change process as being composed of three steps. The main thrust of Lewin's theory is that an understanding of the critical steps in change process will increase the likelihood of the successful management of change. The three steps identified by Lewin comprise unfreezing, changing and refreezing. "Unfreezing is the stage in which there is a recognised need for change and action is taken to unfreeze existing attitudes and behaviour. This preparatory stage is deemed essential to the generation of employee support and minimisation of employee resistance" (Dawson, 1994). The second step, changing, focuses on learning the

new required behaviours. The third step, refreezing, centres on reinforcing the new behaviours, usually by positive results, feelings of accomplishment, and rewards from others. Lewin's approach is important because it helps managers to recognise that an unfreezing process is usually necessary before individuals are willing to change.

There are several methods that managers can adopt to help overcome initial resistance to change and facilitate unfreezing. These methods, the situations in which they are commonly used and the advantages and disadvantages of each method are shown in table 2.2 below.

TABLE 2.2
TACTICS FOR DEALING WITH RESISTANCE TO CHAGE

<i>Tactic</i>	<i>Best for</i>	<i>Advantages</i>	<i>Drawbacks</i>
Education / communication	Resistance based on lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time-consuming if large numbers of people are involved.
Participation	Situations in which initiators do not have all the information needed to design the change and where others have considerable power to resist	People who participate will be committed to implementing change. And any relevant information they have will be integrated into the change plan.	Can be very time consuming. Participators could design an inappropriate change.
Facilitation and support	Dealing with people who are resisting because of adjustment problems.	No other tactic works with adjustment problems as well.	Can be time-consuming, expensive and still fail.
Negotiation	Situations where someone or some group will clearly lose out in a cnage, and where they have considerable power to resist.	Sometimes is a relatively easy way to avoid major resistance.	Can be too expensive in many cases. Can alert others to negotiate for compliance.
Co-optation	Very specific situations where the other tactics are too expensive or are infeasible.	Can help generate support for implementing a change (but less than participation).	Can create problems if people recognise the co-optation.
Manipulation	Situations where other tactics will not work or are too expensive	Can be a relatively quick and inexpensive solution to resistance problems.	Cost initiators some of their credibility. Can lead to future problems.
Coercion	When speed is essential and the change initiators possess considerable power.	Speed. Can overcome any kind of resistance.	Risky. Can leave people angry with the initiators

Source: Kotter, Schlesinger, and Sathe, (1979) "Organisation – Text, Cases and Readings on the Management of Organisational Design and Change" P. 389.

2.5 ELEMENTS OF CHANGE

Important changes or innovations mostly involve making alterations in one or more of the following key elements: structure, technology, human resources and culture. As a result, it is useful for managers to consider the possibility of facilitating necessary change through shifts in any or all of these key change areas.

2.5.1 Structure

According to Bartol et al, organisational structure is the pattern of interactions and co-ordinations designed by management to link the tasks of individuals and groups in achieving organisational goals. Structure includes such factors as the way jobs are defined and clustered into work units and the various mechanisms used to facilitate vertical and horizontal communication, for instance, delegation and the use of interdepartmental teams. On the same argument, Burnes B. states that organisational structure is seen as playing a crucial role in defining how people relate to each other and in influencing the momentum for change. Therefore, an appropriate organisation structure can be an important lever for achieving change, but its effectiveness is regarded as dependent upon the recognition of its informal as well as its formal aspects.

Edward et al indicated that flatter organisational structures are more conducive to innovation than are rigid hierarchies. Groups of people working together in teams and on projects can generate ideas and test them out. Even within hierarchical structures, underlying matrices can bring about greater flexibility by enabling cross-divisional working. The structures and strategies adopted by companies should create an environment where individuals can develop. This point is further supported by (Cooper, 2001), they stated that flatter management structures are the most common form of reorganisation, with nearly half of the companies that are changing having adopted this model.

2.5.2 Technology

The application of new technology can be a powerful medium in affecting change in an organisation. However, not all technological applications lead to major structural or cultural shifts. Technology involves the knowledge, tools, equipment, and work techniques used by an organisation in delivering its products or services. Technological change is reflected both in major new products and services, and in frequent improvements in current products and services. (Bartol et al, 1991).

Global competition has created, and will continue to create pressure on business enterprises to increase their resource efficiency. This leads to pressures to develop technological and new forms of innovation. For instance, Microsoft, the world's biggest software recognises that the face of computing is changing and is pushing into mobile telephones and computer-games in an attempt to keep competitors at bay (Sunday times: 2002).

2.5.3 Human Resources

In order for a company to be innovative, there is need for intellectual power and this means the requirement of people. These people must come from all the sections of the company, that is, finance, marketing, Human Resources etc. and people from all ranks, that is, top management, middle management or people in the grass roots. Bringing about change in individuals in the workplace is typically aimed at altering the knowledge, skills, perceptions, and behaviours needed to do the job. Changing individuals generally relies on training and development activities, supplemented by performance appraisal and reward systems that reinforce the needed behaviours.

To successfully implement major change, companies must find the connection between the organisation, the worker and change initiatives being introduced. Bartol suggest that recruitment and selection systems must be adjusted to reflect the varied needs of individuals with differing skills. They further suggest that, having individuals who possess appropriate knowledge and skill for handling changing circumstances takes careful planning. "In today's increasingly uncertain, competitive and fast moving world, companies must rely more and

more on individuals to come up with new ideas, to develop creative responses and push for changes before opportunities disappear or minor irritants turn into catastrophes. Innovations, whether in product, market strategies, technological processes or work practices, are designed not by machines but by people” (Kanter, 1983).

2.5.4 Culture

Culture within organisations is very much based upon history, the environment that the company has been operating in, the way that operations are carried out and the type of organisation that it is. “Organisational culture is a system of shared values, assumptions, beliefs and norms that unite the organisation’s members” (Bartol et al: 1991). According to Mumford et al (1996). Leadership values, assumptions and behaviour are especially important, when a major change is being introduced. To succeed, the change process must mirror, even exaggerate, the prevailing values. If these values are ignored, or do not exist, the change may break down shortly after it gets underway. People will find ways to circumvent and undermine what is taking place. Values are as important, if not more important, than they have ever been.

If companies want to become more efficient and profitable, then they must either work with their cultures or try to change these. If companies decide to work within the existing culture, they must introduce change with the same values and concerns for people that would be employed in their normal operations. Any consultants employed must understand and conform to these company values.

Companies must realise that they are now operating in the twenty first century, which is the time characterised by high competition, demanding customers and high technology. Kotter (1996) compares the twentieth and twenty-first-century organisations, in relation to structure, systems/technology and culture. (Table 2.3)

TABLE 2.3
THE TWENTIETH AND TWENTY FIRST CENTURY ORGANIZATION COMPARED.

TWENTIETH CENTURY	TWENTY FIRST CENTURY
Structure <ul style="list-style-type: none"> ➤ Bureaucratic ➤ Multileveled ➤ Organized with the expectation that senior management will manage. ➤ Characterized by policies and procedures that create many complicated internal interdependencies. 	Structure <ul style="list-style-type: none"> ➤ Nonbureaucratic, with fewer rules and employees. ➤ Limited to fewer levels ➤ Organized with the expectation that management will lead, lower-level employees will manage. ➤ Characterized by policies and procedures that produce the minimal internal interdependence needed to serve customers.
Systems <ul style="list-style-type: none"> ➤ Depend on few performance information systems ➤ Distribute performance data to executives only. ➤ Offer management training and support systems to senior people only 	Systems <ul style="list-style-type: none"> ➤ Depend on performance information systems, providing data on customers especially. ➤ Distribute performance data widely. ➤ Offer management training and support systems to many people.
Culture <ul style="list-style-type: none"> ➤ Inwardly focused ➤ Centralized ➤ Slow to make decisions ➤ Political ➤ Risk averse 	Culture <ul style="list-style-type: none"> ➤ Externally oriented ➤ Empowering ➤ Quick to make decisions ➤ Open and candid ➤ More risk tolerant

Source: Kotter J.P. (1996), Leading Change, pp 172

2.5.5. Job Satisfaction

Human Resource systems such as performance appraisal, compensation, promotion and succession planning should make it in people's best interest to implement a new vision. In other words these systems should be aligned with the new vision. Job satisfaction can be achieved by empowering people to effect change. This empowerment could be through communicating a sensible vision to employees, making structures compatible with the vision, providing the training employees need, aligning information systems to the vision and confronting supervisors who undercut needed change (Kotter, 1996).

2.6 Conclusion

The aim of this chapter was to show how companies should go about the change process. It is natural for people to be resistant when they are moved from their comfortable positions to new territories that they do not know. Employees tend to wonder how secure they would be when the company changes its structure, culture or technology. It is evident from the literature that it is important for management to plan change process, manage resistance to change and communicate change process with the employees.

CHAPTER 3: CASE STUDY

3.1 INTRODUCTION

The study seeks to examine and understand the organisational change at Lesotho Telecommunications Corporation (LTC), a parastatal that was privatised. The study attempts to also examine and understand the process surrounding the ways that this organisation changed after privatisation in the late 1990's. The analysis of this company is a worthwhile objective in the context of the late 1990's in Lesotho, when the privatisation process began, as the company was formerly a parastatal. The company became subject to review because of the privatisation by the government of Lesotho. Each of these internal reviews identified the need to render the organisation much more accountable to a number of stakeholders. The stakeholders being the new groups of shareholders and the other players in the service provision. The study is aimed at adding value to learning organisations in the privatisation drive in Africa as well as understanding the concept of organisational change.

3.2 LTC BEFORE PRIVATISATION

LTC was a product of a change from a fully government oriented Postal and Telecommunications company which existed in the 1980's. LTC was a wholly state-owned corporation with a monopoly on national and international telecommunications services in the country. The company was established in 1979 through an Act of Parliament. The main focus when the company was established was to provide telephone and telex services to the people of Lesotho. However, through the launch of the Sofonia Earth Station it was possible for people to dial to their international destination directly without their calls being re-routed through South Africa.

LTC had exclusive privileges to establish, maintain and operate telecommunications services in Lesotho, inclusive rights in the ten districts, national and international telephone service. LTC provided cellular telephone services under the name of Vodacom Lesotho (VCL), a joint-venture operation established by the formation of a strategic partnership between LTC and Vodacom, the leading cellular provider in South Africa. LTC's shareholding in the joint venture was sold through a separate tendering process and will not form

part of the assets of privatised LTC. The company also controlled granting of permits and licences for telecom services operators in the private sector, (internet service providers). The company also controlled allocation of radio frequencies for wireless telecom services.

In recognition of the need to increase efficiency and productivity, during 1999, LTC undertook a significant staff reorganisation plan, involving retrenchment, reorganisation and out-sourcing of functions. In preparation for privatisation, LTC had been turned round. Several key steps in this process were as follows:

- Conversion of some debt owed to the Government into equity to improve the company's debt: equity ratio;
- Collection of outstanding debts and improvement of the billing and debt collection systems;

Because of these efforts, the company achieved profitability in 1999.

In order to show a clear picture of the company's status before privatisation, the following issues will be discussed; state of the network, staffing situation, cash flow crisis and the financial position

3.2.1 State of the Network

LTC's telecommunications network comprised some eighteen (18) central offices mostly of Ericsson AXE (digital stored program controlled) switches. The bulk of the switches were installed in 1985 but in Maseru, the capital of Lesotho, two modern switches (local and international) were installed in 1994. These networks eventually became full and could not accommodate additional customers without expansion. The network provided service for about 20,000 lines, but the company had further waiting applications in excess of this number. Faults, predominantly in the local network affecting individual customer lines or small groups of customers were at an unacceptably high level in Maseru and the Northern region of the country. Restoration times in these areas were often more than one month. In the Southern region however, faults were largely under control, with restorations made typically within a day or two or the fault being reported. (LTC Business Plan: 1998).

3.2.2 Staffing Situation

The ratio of lines to staff was $21,400/785 = 27$ and this was considered to be poor even by the standards of developing countries (LTC Business Plan: 1998). LTC had been plagued by a series of industrial problems, one of which had seen more than 40% of total staff on strike for nearly a year. This action had however shown management that it was indeed feasible to run the company effectively with a smaller complement of staff.

3.2.3 Cash Flow Crisis

The corporation had been in a state of cash flow crisis for some years. At various stages the Government of Lesotho had to inject cash in order to reduce bank overdrafts or to meet debt payments.

➤ Effects of cash flow crisis

The lack of sufficient cash to run the business has had serious effects on the organisation. The consequences include:

- A large and increasing debt to the Government, not only in respect of 'bail-out' payments, but also relating to other loans and payments such as penalty tax;
- A virtual absence of capital development, including network replacement and expansion, despite the presence of a large waiting list and potential customers willing to pay for telephone services;
- Numerous projects planned but never implemented, resulting in a loss of credibility with suppliers;
- The deferral of essential maintenance on network and plant items such as the satellite earth station, buildings and exchange power systems;
- The deferral of vehicle replacements, resulting in high running costs for an ageing fleet;
- The continuation of inefficient manual processes which would require capital expenditure to improve them and reduce operating costs;
- A general degradation of the quality of service where old and faulty plant needing replacement was kept in service; and

- A falling in morale of staff who would like to provide good services to their customers but cannot do so due to lack of resources.

3.2.4 Financial Position

Appendix A shows a cash flow forecast for LTC based on the then conditions being continued. As can be seen, the general effect was a continuing decline of the cash position to the extent of some M11 million during the year 1998. In addition, the balance sheet (see Appendix B) shows the government advances, which have been injected to keep LTC afloat financially. Furthermore, the loans shown as ADB, KFW and GOL were all amounts owed to the Government and with little prospect of payment.

3.3 LTC's MISSION, VISION AND CULTURE

LTC's mission and vision statements were revised by LTC management to reflect present circumstances. The updated statements re presented below:

3.3.1 Mission Statement

"LTC will provide and maintain telecommunication services for Lesotho based on sound commercial principles, with due regard to efficiency, economy, a conducive work environment and service satisfaction to our customer".

3.3.2 Vision

The vision of LTC's future was: to be accepted as satisfying the highest customer expectations countrywide, by being a dynamic and competitive company delivering efficient and reliable telecommunications services.

3.3.3 Culture

- Putting customers first, including internal customers within LTC
- Being accountable for agreed objectives as well as acknowledging when things are wrong, and taking a lead in putting them right;
- Being professional, expecting high standards from ourselves and others in the way we do our work;
- Commitment to improving the things we do, seeking ever better ways to achieve our aims;

- Working together as a team, supporting one another to serve our customer

3.4 STRATEGIES TO IMPROVE PERFORMANCE

With the underlying goal of the company to improve performance and efficiency, the following key strategies were set:

3.4.1 Financial Turnaround Strategies

The aim of the financial turnaround strategies was to make LTC a viable business. These strategies were aimed at improving financial performance through:

- Revenue improvement: by mounting an effective campaign for the recovery of money owed by customers to the company
- Cost reduction: A significant amount of weight lied on staff remuneration. Any reductions in this area would have a high leverage on the bottom line performance of the business. An initial reduction of staff from 785 to 491 was proposed.
- Efficient use of capital

3.4.2 Service Improvement Strategies

The service improvement strategies were intended to improve customer satisfaction through improving the quality of LTC's services. These could be achieved through the improvement of billing accuracy to avoid disputes, improving reporting and fault management techniques.

3.4.3 Network Development Strategies

The network development strategies form the basis of a long-term plan for the evolution of the LTC telecommunication network, replacing obsolete equipment and expanding capacity to accommodate growth in the volume of traffic and the number of connected customers.

3.5 IMPLEMENTATION STRATEGIES

The above strategies would be worthless to the company if not properly implemented. This section describes the strategies that could be used for implementation. The implementation strategies were as follows:

➤ **Set performance targets,**

Performance targets based on key performance indicators would be established for each division. Typically these would be a short list of the most important functions for each area to get right. Examples include:

- Achievement of budget results for the division
- Reduction of debtor-days to prescribed targets
- Reduction in subscriber line fault rates to prescribed targets
- Clearance of faults within prescribed timings
- Issue of customer bills within prescribed period after month end
- Issue of monthly financial reports to management and board within a prescribed period after month end

➤ **Introduce regular reporting**

Regular reporting would be introduced so that performance relative to the above mentioned targets could be monitored. Reporting would include financial and service quality/performance measures. It will be made to management and board at monthly intervals. The consultants would produce prescribed template for reports that would go to the Board of Directors. These would enable the board to monitor how the business was performing. The reporting would be a tool for the board to use in holding management accountable and would allow directors to exercise their proper role and responsibility for oversight and direction of the business on behalf of the shareholders.

➤ **Install Job Descriptions**

The formalisation of job descriptions was an important aspect of management control. Many unofficial job descriptions existed in the organisation and were of varying quality. These needed to be regularised and structured in a consistent format. Job descriptions would benefit staff in that they would clarify what management expected, and they would

define the limits of authority. Job descriptions also benefit management in providing a basis for performance assessment, counselling, and (if necessary) disciplinary action.

➤ **Introduce Performance Appraisal**

All staff from Managing Director downwards should be regularly appraised. Appraisal systems would provide the basis for reward, advancement, encouragement and discipline. At the extreme, they would also provide the basis for dealing with non-performers. Consultant support could be used to train managers in how to do this effectively.

➤ **Introduce Performance Incentives**

A performance incentive scheme was proposed as a further measure to lock these processes in place. The scheme would comprise the following elements.

- Reward is linked to performance, the key measure of which will be the achievement of the financial targets,
- Managers in the incentive scheme would place their '13th cheque' on the table as part of the scheme, significant under performance would mean that they lose this payment,
- A 14th cheque component would be introduced providing effectively a further months pay as reward if the specified performance objectives had been met in full.
- Partial achievement of objectives would lead to partial payment of the 13/14th cheque component of remuneration according to a formula to be agreed before the introduction of the scheme.
- Objective and independently verifiable criteria would be used as the basis of performance measurement, for instance, audited financial results, fault restoration times, debtor days performance for billing collection, capital project completed on time and within budget.
- The amounts to be paid in accord with the criteria would be subject to board approval prior to disbursement.

➤ **Revise Project Evaluation and Approvals Processes**

A revision of project evaluation methods and possibly approval processes for capital expenditure (investment) projects is needed to ensure that scarce capital resources are directed to the top priority projects.

Having discussed the company's position before privatisation, let us now turn our attention to the company's position after it was privatised.

3.6 LTC AFTER PRIVATISATION

As a drive to privatising state owned companies LTC was recommended for privatisation by the privatisation unit. In May 2000, LTC was incorporated under the name Tele-Com Lesotho (Pty) Ltd (TCL), with all its shareholding initially held by the Government of Lesotho. Mountain Kingdom Communications (MKC) acquired 70% of the equity of TCL and took over Management in February 2001. Lesotho Government owns the remaining 30%. MKC is a consortium that comprises three reputable African enterprises involved in communications. These include Eskom Enterprises, Mauritius Telecomms and Econet Wireless International. Combined, their collective experience includes:

- Fixed telecom operation in fast moving economies
- Operating cellular networks in highly competitive markets in Africa
- Record roll out speeds of optical fibre routes
- Service innovation in both fixed and mobile businesses
- Internet and e-commerce services.

In June 2002 TCL launched its new corporate identity as Telecom Lesotho (TL). The new motto of the company is "A nation Well-Connected," while TCL used the slogan. "Keeps You In Touch With the World and With Your Neighbour." At the launch of the new company, the TL CEO emphasised that:

"The time is now right for us to introduce ourselves to the public as a new company, whose mission and vision have changed in order to meet the challenges of the new millennium and customer demands."

TL reviewed the old mission statement and came up with a new one in an endeavour to steer the company to a more customer focused and competitively positioned entity. The new vision and mission statement read as follows:

VISION:

***To be the leading info-communication technology service provider in
Lesotho***

MISSION

***We will remain the leading telecommunication service provider by being
increasingly customer driven and delivering superior services.***

We will increase shareholder value by ensuring profitability

***Our business practices will be ethical, transparent and effective and will
take into account the environment and social obligations***

***We will pursue excellence through personnel development, innovation,
teamwork and reward.***

OBJECTIVES

***Tele-com Lesotho's newly set objective is to become a leading customer
focused company by providing excellent service through the development,
expansion and operation of the telecommunication networks and services.***

Before privatisation TCL set some performance improvement strategies. The next section discusses the company's position in line with those strategies.

3.7 TCL's POSITION IN LINE WITH PERFORMANCE IMPROVEMENT STRATEGIES

Strategies to improve performance as mentioned earlier in the paper were as follows: Network Development Strategies, Financial turnaround strategies and Service Improvement strategies. It is imperative to discuss the company's position in line with these strategies.

3.7.1 Network Development Strategies

In order to support the envisaged product portfolio and to meet the challenge of the competitive onslaught Telecom Lesotho had to build a robust technological platform on which to offer the product range and requisite quality of service. The network developments that the company has seen so far are technological changes, Internet and satellite communications. These developments are discussed below.

➤ Technological Changes

Technological changes have seen the upgrading and/or installation of the most advanced exchanges in efforts to prepare the equipment for Y2K compatibilities. Low capacity exchanges at some districts in Lesotho have been upgraded to higher capacity exchanges. Other services normally available countrywide which were not enjoyed by the people of these places are now available. All exchanges have been upgraded to support ISDN (Integrated Services Digital Network and IN (Intelligent Network). Intelligent network supports facilities like credit card, toll free numbers, prepaid systems, virtual private network and may others. Steps are underway to incorporate the two services into the company's network so that customers can have access to them.

➤ Internet

The Internet hub has been installed and customers within the company's network all over the country can have access to the world of Internet and associated facilities provided they contact the ISPs (Internet Service Providers). TCL only works with the ISPs and not directly with the end-users.

➤ **Satellite Communication**

The Satellite Earth Station provides communication gateway into the international world via satellite. The latest technology that was already available has been enhanced by the installation of DAMA (Demand Assigned Multiple Access) terminal early 2000. Capacity and efficiency in the company's international satellite gateway has been improved, providing access to even the remotest and hard-to-reach countries. (Lesotho Review of Commerce, Industry and Tourism – 2002)

3.7.2 Service Improvement Strategies

Telecom Lesotho's mission statement reads, "Telecom Lesotho will remain the preferred info-technological communication service provider in Lesotho." By the time LTC was privatised, Lesotho had 45,000 mobile subscribers as well as 21,000 fixed line subscribers who lived with very unreliable network. The LTA had specified on its license requirements that:

- It would require a growth of fixed from 21,000 in 2001 to 56,000 lines in the 2003. This would further be expected to grow to 150,000 lines at the end of the license exclusivity year.
- A mobile company be set.
- To improve the availability of network to 95% from the one which had down time of more than 65%

By the end of 2002, TL had set up a mobile company with subscriber base of 23,000. This shifted the total mobile market to 98,000. On the other side, the introduction of the second mobile company also led to more competition, as well as customer caring.

TL equally faced stiff competition from the mobile sector of communication. As a result from 2002, the company developed new value added packages, which include ISDN service, voice mail, prepaid platform as well as caller identity. Although these were emergent strategies to counter the growth of mobile subscribers, it worked well for the customers to value what a fixed line could do beyond the voice platform.

In the process of service improvement, bill circulation was improved to ensure that payments are on time. More subscribers on the post-paid system accounts migrated to the pre-paid system, the system that improved both collection and convenience for individual budget management.

3.7.3 Financial Turnaround Strategies

As mentioned in the early chapters, Telecom Lesotho has its primary responsibility being profitability. To achieve this, a number of financial control measures had to be taken.

- **Revenue Collection Improvement** – From the days of LTC, the company had an amount of M22million owed to it. This resulted from a series of poor revenue collection management systems, which were unable to see better collection. After taking over the company in February 2001, the new management introduced a stricter adherence to payments by customers. Firstly, debtors' days were reduced to 60 in the first half of the year of which non-compliance led to restriction to outgoing calls and later to a full suspension. This new initiative saw a tremendous improvement in the general amount paid by debtors.

On the other hand debtors were asked to make arrangements to be migrated to the pre-paid platform. Under the prepaid platform, those who owed money would gradually settle their accounts while making use of the prepaid system.

- **Cost Reduction** – The launch of the new company led to the review of the costs within the organisation. The first was to review the salaries and benefits for TL. The loans that were granted by the company in conjunction with the Lesotho Bank under the surety ship of LTC were stopped immediately. These included housing, vehicle allowances and personal loans, which were left with the bank to take care of them as their area business. The company further shifted from the split salary system with graduated allowances to a clean wage system. These reduced tax

liability under which the allowances were not taxed instead the company paid tax on behalf of employees.

Apart from the above, internal structural changes were made. The human resources department reorganised the employees to ensure that productivity improved. The staff complement was cut from 650 to 390. This saw a reduction of 45% in payroll costs. The aim was to keep the payroll cost below 10% of the total budget.

- **Efficient Use of Capital** – TL had assets worth beyond M60million. These included fleet of vehicle, network assets as well as property owned by the company. In ensuring efficiency the company put all residential property on market. The fleet of 120 vehicles, which was used for maintenance of services and networks, was also reduced.

The company cut the fleet from 120 vehicles to 50 with half of them outsourced. This showed a saving of M45million in the first year being 2001. Property sale brought a total of M1.4 million. The network availability improved to 96% from a downtime of 45%. Although this saw some money spent on improving the network, the return on investment of 1.2 ratios was attained.

The next section discusses the main reasons why the company had to undergo the process of change.

3.8 PRESSURES FOR CHANGE

The company started facing problems in the late 1990's. LTC was in a distressed financial state, with an overloaded network and unsatisfactory performance in dealing with faults. A substantial number of potential customers was awaiting connection. With the growth in the country's economy an increase in future demand for telecommunication services was anticipated. The company was privatised in year 2000 and a regulatory body was established. This meant that the telecommunications market in Lesotho was subject to more competition. LTC

already had a competitor, a cellular phone company (Vodacom Lesotho). There were also private suppliers of customer premises equipment.

With the liberalisation of telecommunications industry, readjustment was necessary to meet changing market conditions and because the company was faced with serious problems. The two most obvious external forces, which influenced change, were threat of potential competition and the fact that government will no longer finance LTC. The effects of transformations in strategy, structure, culture and working practices are still working their way through the company.

3.9 ACHIEVING CHANGE

Since privatisation of the company, there has been a major reshaping of the company. Structural changes saw a major rationalisation of the company's divisional structure. The company had to cut its structure from sixteen levels to five levels with the same number of Heads of Department. The change to a flatter structure was aimed at placing LTC in a better position to deal with customer needs and the ever-increasing demands of new technology, as well as to ensure that all decisions were effectively made to meet the company requirements. (Appendix C)

Another key element of the change process was the need for a change in managerial culture. In order to remove parastatal practices, there was a slow but intense introduction of change in working practices, for instance, working hours were increased from thirty seven (37) to forty five (45) hours per week, and unnecessary benefits like long compassionate leaves were cut. The goal was to improve performance and efficiency, which was poor against a background of recession and deteriorating company performance. The company had to come to terms with the reality of competition and the fact that the corporation no longer held the privilege of monopoly.

In terms of strategic direction, the company has moved into becoming much more market sensitive. The company is now very sensitive to the need to

develop an understanding of the customer. Pressure on competition has been the driving force that motivated the company to worry more about the customer.

3.10 CONCLUSION

The whole process of change had been an overwhelming exercise for the company more especially for the employees. Management therefore had to be sensitive to employees' feelings towards change and make sure that they communicated the process accordingly in order to enhance collectiveness and avoid resistance. The next chapter evaluates how management implemented change process and the employees' attitudes towards the whole process of change.

CHAPTER 4: EVALUATION OF CASE STUDY

4.1 INTRODUCTION

This chapter is about the discussion of the results obtained from the questionnaire. (Appendix D). The four factors, namely, change planning, communication, resistance to change and job satisfaction will be analysed. The results will be discussed together with the evaluation of the gap between the theory discussed in chapter two and the case study discussed in chapter three.

4.2 DISCUSION OF RESULTS

This section is an evaluation of results obtained from the employee’s questionnaire (Appendix D). This research is descriptive in nature. The tool used for analysis of descriptive data was SPSS and frequency tables are used to provide descriptions.

4.2.1 Change Planning

Most of the employees, which is around 54% of the respondents, agreed that there was need for change in the company. However, a high percentage of the respondents felt that they were not involved in change planning while around 25% was not even sure whether they were involved. More than half of the respondents did not think that there was sufficient time spent on the change-planning phase. Tables 4.1a, 4.1b, and 4.1c provide some confirmatory evidence on how the employees felt about change planning.

Table 4.1 – CHANGE PLANNING
Table 4.1 (a)
Understanding the Need for Change

		Frequency	Percent
Valid	Strongly Agree	8	28.6
	Agree	7	25.0
	Unsure	4	14.3
	Disagree	4	14.3
	Strongly Disagree	5	17.9
	Total	28	100.0

Table 4.1 (b)
Involvement in Change Planning

		Frequency	Percent
Valid	Strongly Agree	1	3.6
	Agree	4	14.3
	Unsure	7	25.0
	Disagree	6	21.4
	Strongly Disagree	10	35.7
	Total	28	100.0

Table 4.1 (c)
Sufficient Time for Change Planning

		Frequency	Percent
Valid	Strongly Agree	1	3.6
	Agree	1	3.6
	Unsure	8	28.6
	Disagree	9	32.1
	Strongly Disagree	9	32.1
	Total	28	100.0

4.2.2 Communication

According to management, the way of communication was through newsletters, office memorandums, road shows to all staff members, management communication briefs and joint consultative meetings with staff representatives. Evidence from table 4.2 (a) shows that a high percentage (68%) of employees however felt that communication was not clear. This may be attributed to fact that communication seemed to be mostly top/down. One of the shortcomings in the communication process was that the concerns raised during communication sessions, these would be joint consultative meetings, were not adequately addressed. Table 4.2 (c) shows that around 64% of the respondents felt that their concerns were not addressed. With reference to table 2.1, one can say that power coercive strategy was used, since employees felt that change strategy was not well communicated.

TABLE 4.2 - COMMUNICATION

**Table 4.2 (a)
Clarity of Communication**

		Frequency	Percent
Valid	Agree	2	7.1
	Unsure	7	25.0
	Disagree	7	25.0
	Strongly Disagree	12	42.9
	Total	28	100.0

**Table 4.2 (b)
Understanding the Purpose of Change**

		Frequency	Percent
Valid	Strongly Agree	2	7.1
	Agree	10	35.7
	Unsure	5	17.9
	Disagree	7	25.0
	Strongly Disagree	4	14.3
	Total	28	100.0

**Table 4.2 (c)
Adequate Address of Concerns**

		Frequency	Percent
Valid	Agree	2	7.1
	Unsure	8	28.6
	Disagree	6	21.4
	Strongly Disagree	12	42.9
	Total	28	100.0

4.2.3 Resistance to Change

The fact that management was devoted to change was very encouraging because management's commitment is central to achieving success in any strategy. Management support is evidenced in table 4.3 (a), which shows that around 64% of the respondents believed that management was supportive of change. However most respondents believed that change had a negative impact on the company's culture. The only good thing about this was that management was aware of the negative attitude of the employees and could therefore do

something about it. As many as 78% of the respondents indicated that they were committed to making a change process a success.

TABLE 4.3 – RESISTANCE TO CHANGE

Table 4.3 (a)

Management Support on change

		Frequency	Percent
Valid	Strongly Agree	1	17.9
	Agree	10	35.7
	Unsure	5	3.6
	Disagree	5	17.9
	Strongly Disagree	7	25.0
	Total	28	100.0

Table 4.3 (b)

Impact on Culture

		Frequency	Percent
Valid	Agree	6	21.4
	Unsure	5	17.9
	Disagree	8	28.6
	Strongly Disagree	9	32.1
	Total	28	100.0

Table 4.3 (c)

Employee commitment

		Frequency	Percent
Valid	Strongly Agree	7	25.0
	Agree	15	53.6
	Unsure	5	17.9
	Disagree	1	3.6
	Total	28	100.0

4.2.4 Job Satisfaction

Most of the respondents believed that there were no adequate rewards for the achievement of change strategy. And a very high percentage (61%) of the respondents indicated that they were not sure whether they would receive the necessary training to provide them with skills they require to perform all their tasks. This could be attributed to the fact that communication seemed to be top/down and that the employees concerns were not addressed.

TABLE 4.4 – JOB SATISFACTION

Table 4.4 (a)

Accomplishment Rewards

		Frequency	Percent
Valid	Agree	2	7.1
	Unsure	1	3.6
	Disagree	7	25.0
	Strongly Disagree	18	64.3
	Total	28	100.0

Table 4.4 (b)

Skills Training

		Frequency	Percent
Valid	Agree	3	10.7
	Unsure	17	60.7
	Disagree	1	3.6
	strongly Disagree	7	25.0
	Total	28	100.0

Table 4.4(c)

Improvement

		Frequency	Percent
Valid	Agree	6	21.4
	Unsure	3	10.7
	Disagree	12	42.9
	Strongly Disagree	7	25.0
	Total	28	100.0

4.3 ANALYSIS OF THE GAP

It was deemed important to analyse the gap using the change kaleidoscope as suggested by Balogun et al (1999). The kaleidoscope comprises the following change context features;

- **Time** – the amount of time required by the company to achieve change. Is the company in crisis or is it concerned with long-term strategic development?
- **Scope** – whether the change affects the whole organisation or it's only concerned with a particular division or department.

- **Preservation** – Does the company want to maintain continuity in certain practices or preserve specific assets, to what extent can this be done?
- **Diversity** – is the staff diverse or homogenous in terms of its values, norms, attitudes? Are there many subcultures or national cultures within the company?
- **Capability** – Is the company capable or competent enough at managing change and how widespread throughout the organisation is this capability? How much change has the organisation and its individual staff experienced in the past?
- **Capacity** – is there enough cash or human resource to divert towards change?
- **Readiness for change** – Are the employees aware of the need for change? If they are, how willing and motivated are they towards the change? How much understanding is there of the scope needed?
- **Power** – Where is power vested within the organisation? For change to be successful who are the major stakeholders within and outside the organisation whose support must be canvassed?

4.3.1 Application of Kaleidoscope to TCL

The kaleidoscope will be used in order to understand the change context, which was chosen by TCL. The design choices discussed above will be applied to TCL's case.

4.3.1.1 Time

As already discussed in previous chapters, the company was experiencing some decline in business and was privatised. Though the company was given exclusive rights for five years starting from the year 2000, it was evident that due to the change in competitive conditions the organisation was facing, time was not on their side. The management had to turn the company around so that when

new competitors enter the market, they could be able to face competition. Going back to the results, one could notice that communication was mostly top down. This might have stemmed from the fact that management decided to use the big-bang reconstruction. Big-bang approaches, such as, reconstruction or revolution are mostly top-down and directive and supported by a leadership role, partly because there is no time for more participative approach.

4.3.1.2 Scope

The company needed to be turned around from the state of financial crisis, poor service and long waiting lists, which were caused by poor state of the network. The state of network had to improved, to accommodate more customers, the number of staff had to be reduced, and the company's financial position had to be improved as well. One then gathers that not only one department or division had to be changed but the whole organisation. With the time constrained and the cash flow crisis that the company was faced with, management had to undertake reconstruction.

4.3.1.3 Preservation

When the company is in crisis like LTC was, it is natural for management to cut on some resources. To avoid unanticipated and damaging outcomes, the change agents have to understand the aspects of the existing organisation that need to be preserved, or how such assets could be replaced if lost. When restructuring management had to be careful not loose people whose knowledge the company needed. However the company might be faced with the problem of having to keep employees with tacit knowledge yet they cannot outgrow their old ways of operating. This may mean that management or change agents had to follow a more top-down, directive change approach. TCL decided to cut some of the assets, which were obsolete and were becoming costly to the company.

4.3.1.4 Diversity

As far as culture and subcultures was concerned, the company was not diversified. However, diversity in the company may occur because of professional or occupational groups between divisions and departments. In the event that these groups are considered to be powerful, a professional representative might be included in the change design team in order to increase the acceptability of any proposed changes to that representative's peers.

4.3.1.5 Capability

When designing an implementation process a change agent should make sure that the organisation would be capable of delivering. There are three levels in which capabilities should be vested; the individual level, the managerial level and the organisational level. The kind of change, be it transformational or incremental, that management needs to achieve may be influenced by above capabilities.

4.3.1.6 Capacity

In order for the company to assess whether it's well capacitated to engage in change management, a resource audit must be done. Capacity can be divided into cash, time and people. Limited resources may contribute to an unsuccessful implementation of change project. High levels of capacity, in terms of time, cash and people are required for collaborative, educative and participative styles of change. TCL's change process which was not so inclusive judging from the results, may be ascribed to the fact that the company did not have time and cash to engage in revolutionary change.

4.3.1.7 Readiness for Change

Readiness deals mainly with resistance to change, which might be caused by the fact that staff might not be aware of the need for change, or may not be willing or motivated towards the change. An article by Stewart (Intermediate Management Development Programme 2000) discusses 18 key elements of change readiness. From the discussion of the results it was found that the staff was aware of the need for change yet they did not feel part of the planning and felt

that insufficient time was spent on change planning. Going back to the change path choice, one might still say the big-bang change path was chosen because management felt that they had to shake staff out of their anxiety.

4.3.1.8 Power

Change agents for TCL had to understand personal power and politics within an organisation. It was also significant to identify the major power brokers before any design choices were made. In the case of TCL, which was privatised, and government still owned 30% stake, change agents needed to realise that government could still have power, which might influence change decisions. A stakeholder analysis could be important in this case. Stakeholder analysis enables the change agent to identify, which stakeholders are stronger and which ones are weaker, so that they can benefit from both accordingly.

4.4 CONCLUSION

From the analysis above, one gathers that TCL did not spend sufficient time to plan the change strategy. Even though management felt that they communicated the strategy to the employees, employees felt that communication methods used were not inclusive. These therefore led to high resistance to change as the employees felt like they were not part of the change. Moving around the company's kaleidoscope it was found that time was not on their side due to competitive pressures. The company also had cash flow crisis, this meant that they did not have capacity to engage in incremental change. TCL had to cut on some assets in order to deal with cash problems, restructuring was also seen.

One may conclude that all these led to management's use of the big-bang approach towards change.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

As already mentioned in the previous chapters, LTC, which was a state owned company and used to enjoy the monopoly in the country, was privatised in 2000. Even though the company was granted some exclusivity for five years, privatisation process meant a competitive environment in telecommunications industry in Lesotho. Competitive environment would mean more commitment to customers in terms of connectivity and provision of quality service, hence why the company needed to change its image and come up with a change management strategy. The assessment of TCL change management strategy was based on change planning, communication, resistance to change and job satisfaction. Judging from the literature review one can observe that the above factors of change management are very imperative. Contrary to this, the results from the questionnaire show that the employees have some negative attitude towards the way the change process TCL was undertaken.

5.2 CHANGE PLANNING

Employees felt that the change process was not that inclusive and on top of that they believed time spent on planning the change process was not enough. This is also supported by some managers who also felt that time was not very sufficient. From the literature it is clear that carrying out change planning is vital in making certain that employees understand the need for change. By so doing the change agent can win employee commitment to implementing change.

5.3 COMMUNICATION

The technique used in communication is very imperative to the effectiveness of communication. As gathered from the questionnaire results, communication was not clear, and the methods of communication that management indicated in the interviews, which were, newsletters, bulletins, and office memorandum were mostly top-down. There were management forums with staff representative and

these could not have made it easy for management to answer the employees' concerns. What could have happened was to have departmental meetings where employees could raise their own concerns and get feedback there and then, other than relying on what could sometimes be rumours. A company will adapt to change most readily if it has many means of two-way communication that reach all levels of the organisation that all employees use and understand. If communication media are few, often thrown away unread, and almost exclusively one-way and top-down, change will be more difficult.

5.4 RESISTANCE TO CHANGE

Employees naturally resist to change process mainly because it moves them from comfort zone where they feel secured. Unless they are made to feel that change is not a threat the change process will be very difficult. What management has to take into consideration is that resistance cannot be avoided and hence the importance of dealing with resistance. Management in TCL was aware of resistance to change and they indicated that one of the barriers to implementing change process was the fact that they had to manage resistance to change. A lot of employees at TCL felt that they were losing their benefits especially during restructuring. It is therefore important to look into how change process affects employees as individuals. Sometimes people have to overcome their fears in order to take ownership in the organisational change process.

5.5 JOB SATISFACTION

Empowered staff is in the best position to develop creativity, intuition and innovation, which represent positive ways of responding to change. Organisations that respond to these features have greater strength and flexibility in their response to change. Change is easier if managers and employees are rewarded for taking risks, being innovative, and looking for new solutions. Most employees felt that there were no adequate rewards for accomplishing change, with most of them not even sure whether they will receive necessary training to assist them with skills to perform tasks which were geared towards change.

5.6 CONCLUSION

Three things can be said about change in today's intense competitive environment; it's hard, it's necessary and most people are bound to resist it. The question for leaders, then, is what actually makes change happen? As never before, the world needs creative leadership that is looking for new paths, new methods, new approaches, and the search for innovations yet to come. To accept modern technology and to use it, rather than to be afraid of it, is essential. To see such technologies as tools to improve mankind, not to control people is the proper attitude.

098084

Appendix A

LTC Cash Flow Forecasts

LESOTHO TELECOMMUNICATIONS CORPORATION

cashflowv2

CASH FLOW FORECAST M(000's)

FOR PRESENT OPERATIONS

	Jul-98 Act	Aug-98 Act	Sep-98 Est	Oct-98 Est	Nov-98 Est	Dec-98 Est	Jan-99 Est	Feb-99 Est	Mar-99 Est	Apr-99 Est	May-99 Est	Jun-99 Est	TOTAL	Ave/Month
Monthly Billings	5,983	5,983	5,983	5,983	5,983	5,983	5,983	5,983	5,983	5,983	5,983	5,983	71,796	5,983
Total Debtors (Prev Month)	31,151	32,348	34,741	35,578	36,416	37,134	37,852	38,570	39,168	39,647	40,006	40,305		
% Collection (Monthly Billing)	80%	60%	86%	86%	88%	88%	88%	90%	92%	94%	95%	95%	86%	86%
Total Collected	4,786	3,590	5,145	5,145	5,265	5,265	5,265	5,385	5,504	5,624	5,684	5,684	62,343	5,195
INWARDS CASH														
Debt Collections-Monthly	4,786	3,590	5,145	5,145	5,265	5,265	5,265	5,385	5,504	5,624	5,684	5,684	62,343	5,195
Debt Collections-Arrars				0	0	0	0	0	0	0	0	0		
Other Inwards-Terminated etc	16	16	16	16	16	16	16	16	16	16	16	16	192	16
Total Inwards	4,802	3,606	5,161	5,161	5,281	5,281	5,281	5,401	5,520	5,640	5,700	5,700	62,535	5,211
OUTWARDS CASH														
Gross Salaries "Inside" Staff	1,602	1,602	1,602	2,600	2,600	2,600	2,600	2,600	2,600	2,860	2,860	2,860	28,986	2,416
Gross Salaries "Outside" Staff	1,010	1,010	1,010										3,030	253
Arrears "Outside" Staff		5,521	1,511										7,032	0
13th Cheque							2,600						2,600	217
Monthly Opex (Actual/Estimate)	1,665	1,132	1,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,297	1,858
Loan Repay-Les. Bank No 3	173	173	173	173	173	173	173	173	173	173	173	173	2,076	173
Loan Repay-N-S DMR	120	89	89	89	89	89	89	89	89	89	90	89	1,100	92
Other Loan Repayments						1,115						1,115	2,230	186
International Settlements	200	200	200	200	200	200	200	200	200	200	200	200	2,400	200
Sales Taxes	200	200	200	200	200	200	200	200	200	200	200	200	2,400	200
Corporate Taxes													0	0
Arrears of Taxes													0	0
Capital/ Investment			214										214	36
Other Outward													0	0
Total Outwards	4,970	9,927	6,499	5,262	5,262	6,377	7,862	5,262	5,262	5,522	5,523	6,851	74,579	5,629
CASH SUMMARY														
OPENING BALANCE	5,383	5,215	(1,106)	(2,443)	(2,544)	(2,525)	(3,621)	(6,202)	(6,063)	(5,805)	(5,687)	(5,510)	(30,908)	(2,576)
INWARDS CASH	4,802	3,606	5,161	5,161	5,281	5,281	5,281	5,401	5,520	5,640	5,700	5,700	62,535	5,211
OUTWARDS CASH	(4,970)	(9,927)	(6,499)	(5,262)	(5,262)	(6,377)	(7,862)	(5,262)	(5,262)	(5,522)	(5,523)	(6,851)	(74,579)	(5,629)
CLOSING BALANCE	5,215	(1,106)	(2,443)	(2,544)	(2,525)	(3,621)	(6,202)	(6,063)	(5,805)	(5,687)	(5,510)	(6,661)	(42,952)	0

Appendix B:

LTC Balance Sheets

[illegible]

Appendix C:

New Organisational Structures

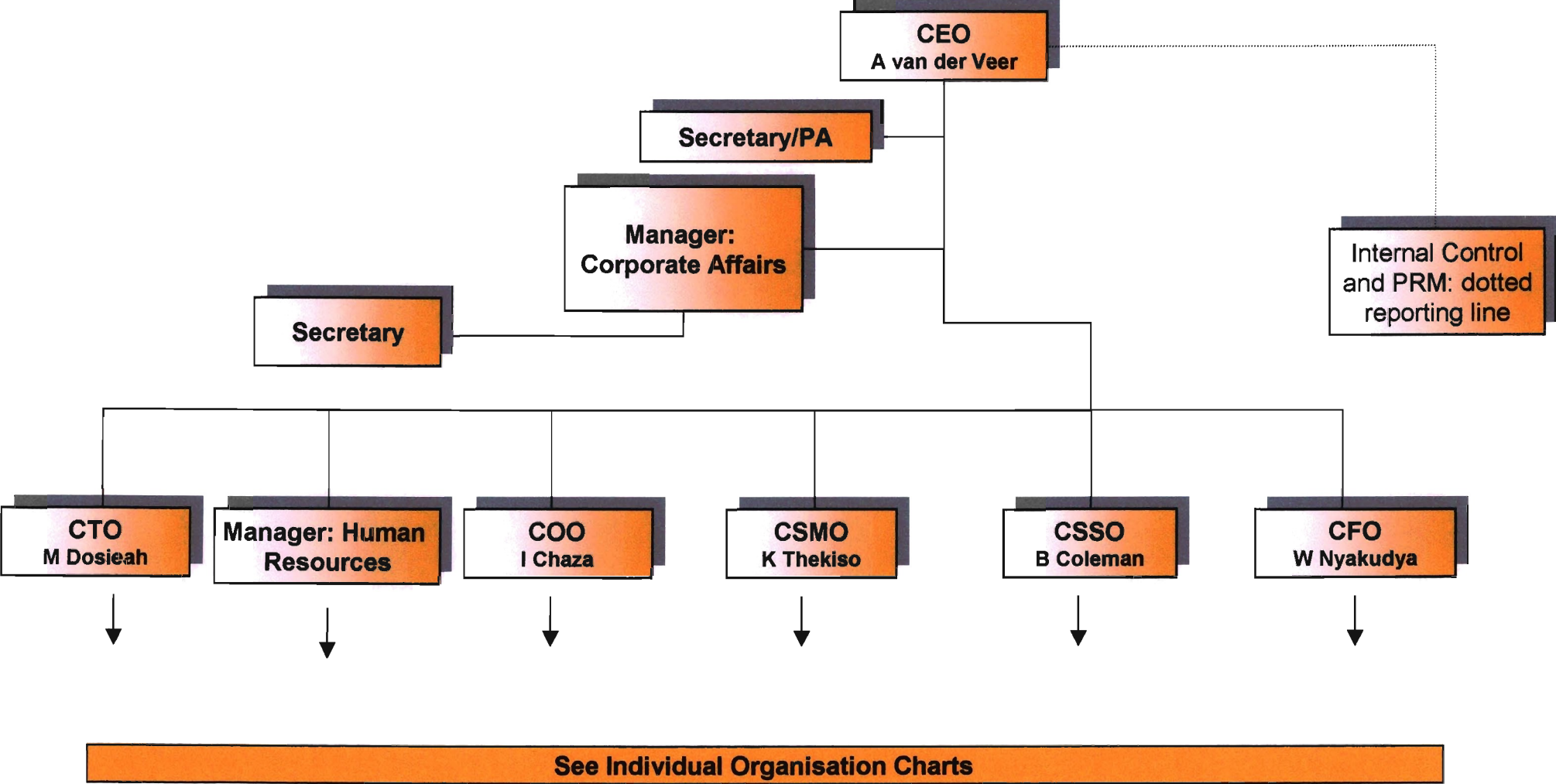


TELE-COM LESOTHO (PTY) LTD



New Organisational Structures 2002

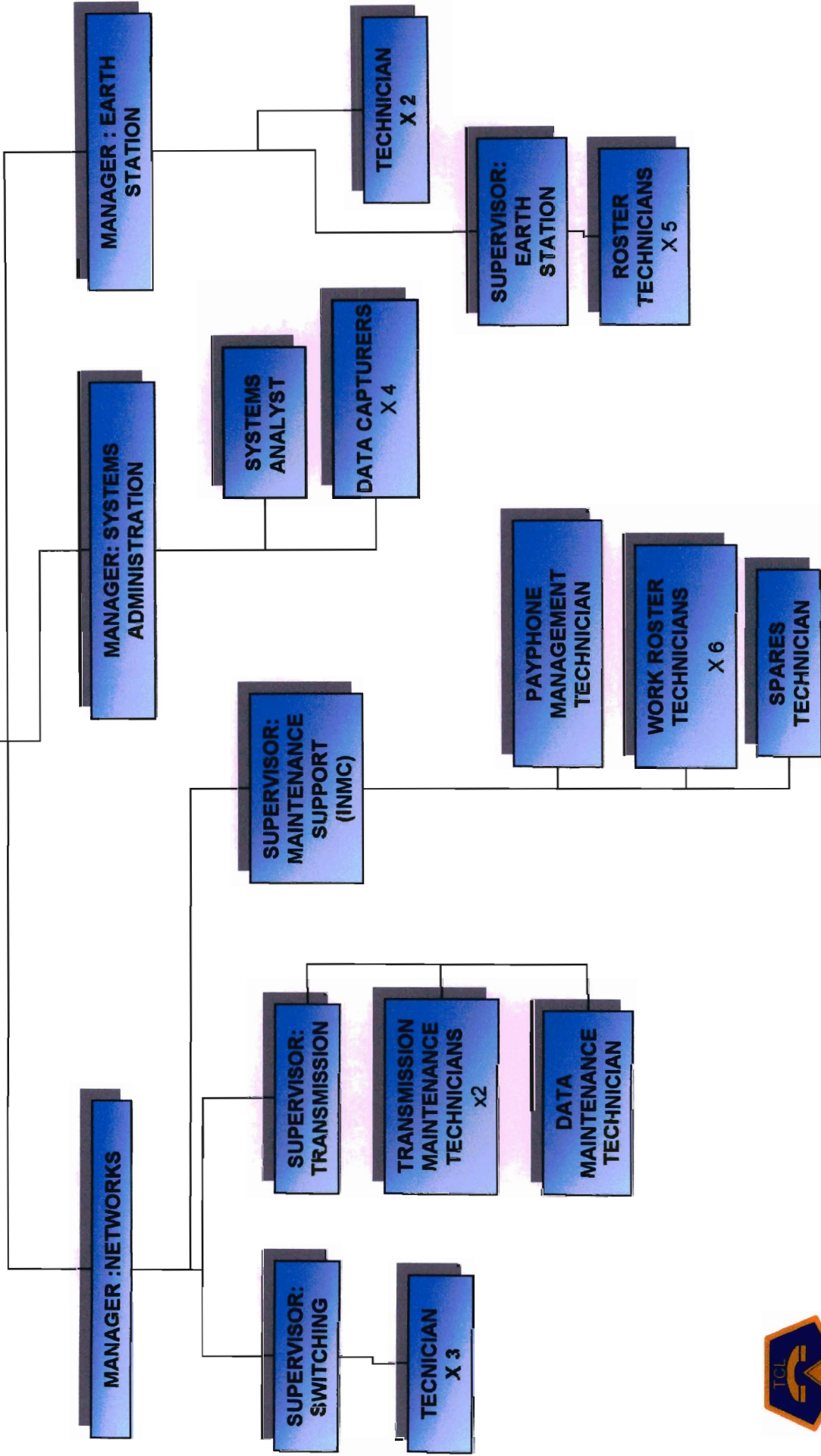
TOP MANAGEMENT TEAM



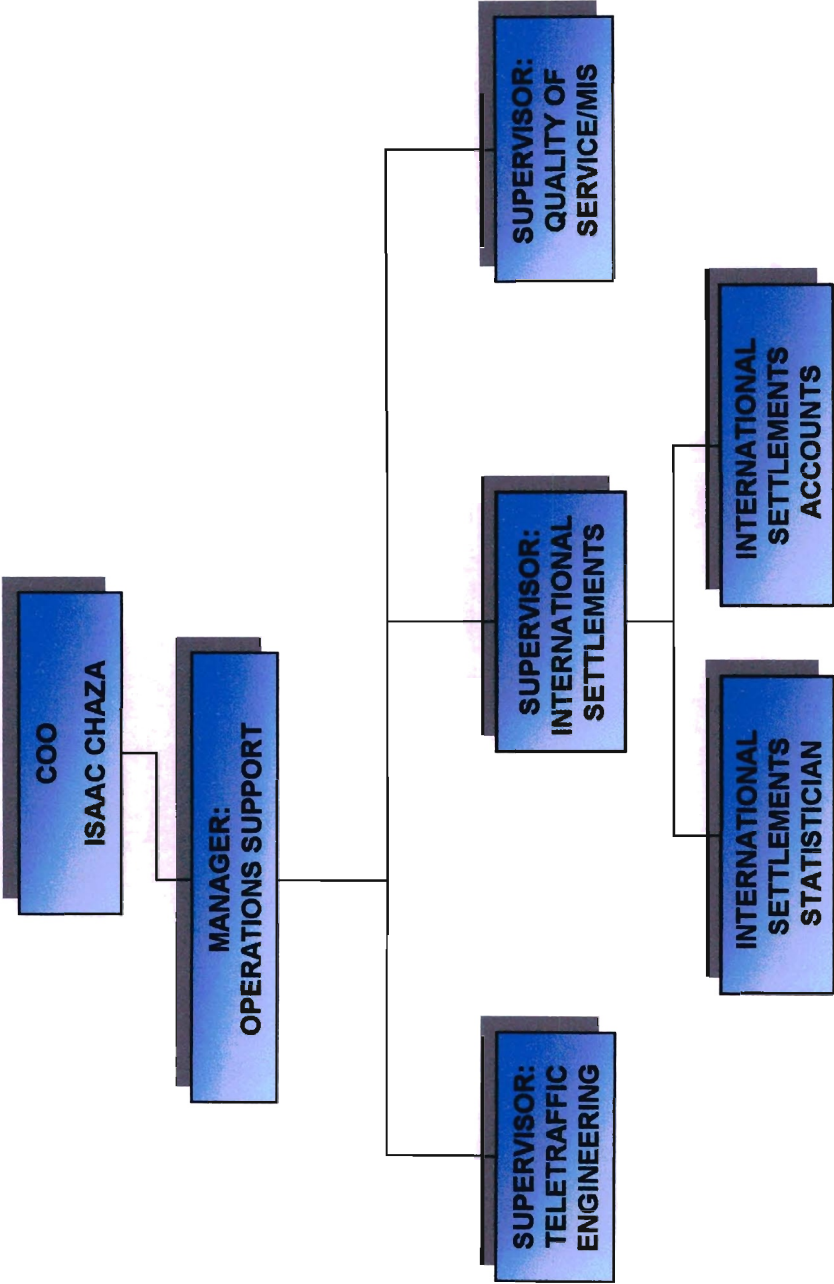
OPERATIONS

COO
ISAAC CHAZA

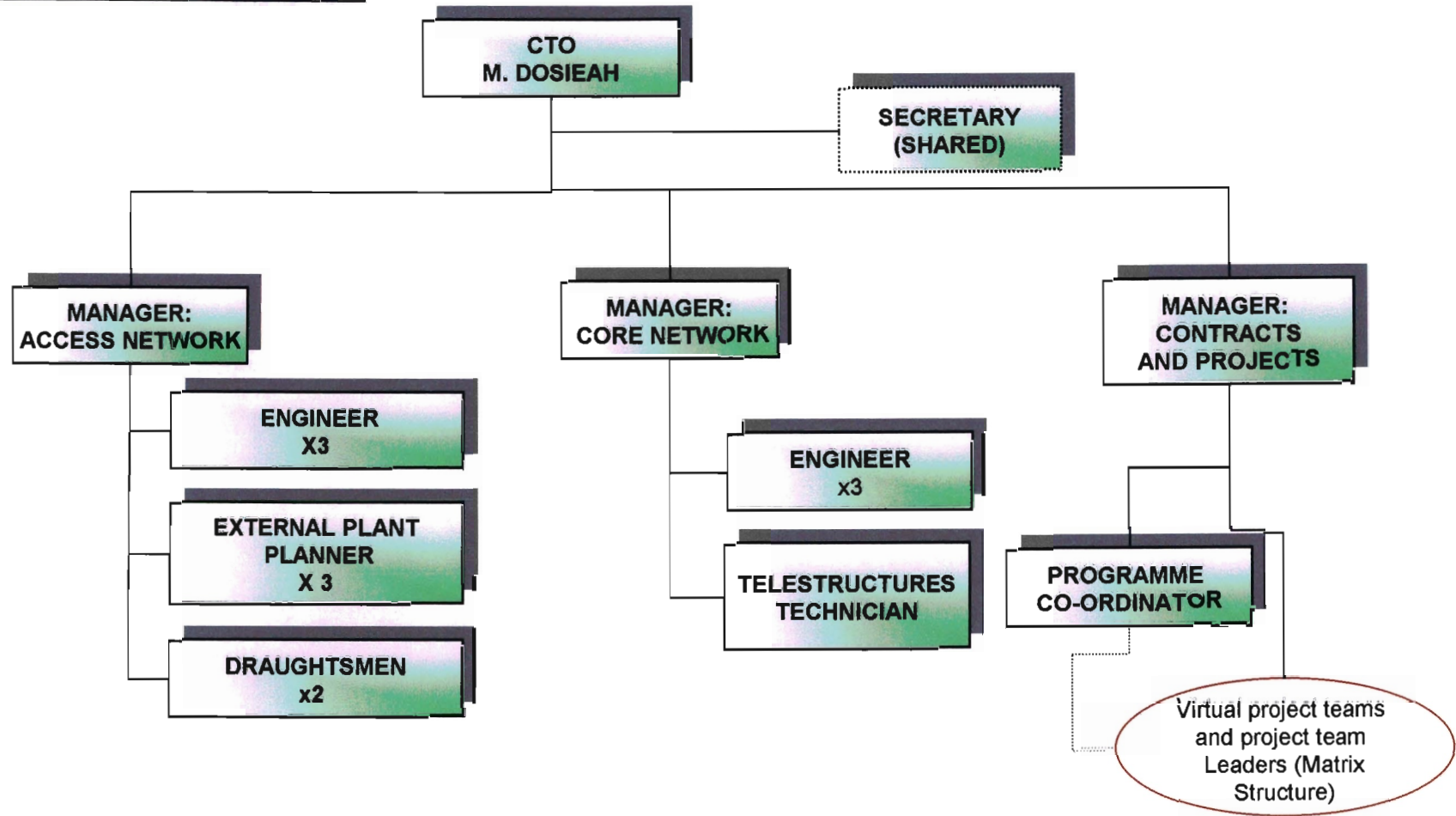
SECRETARY (SHARED)



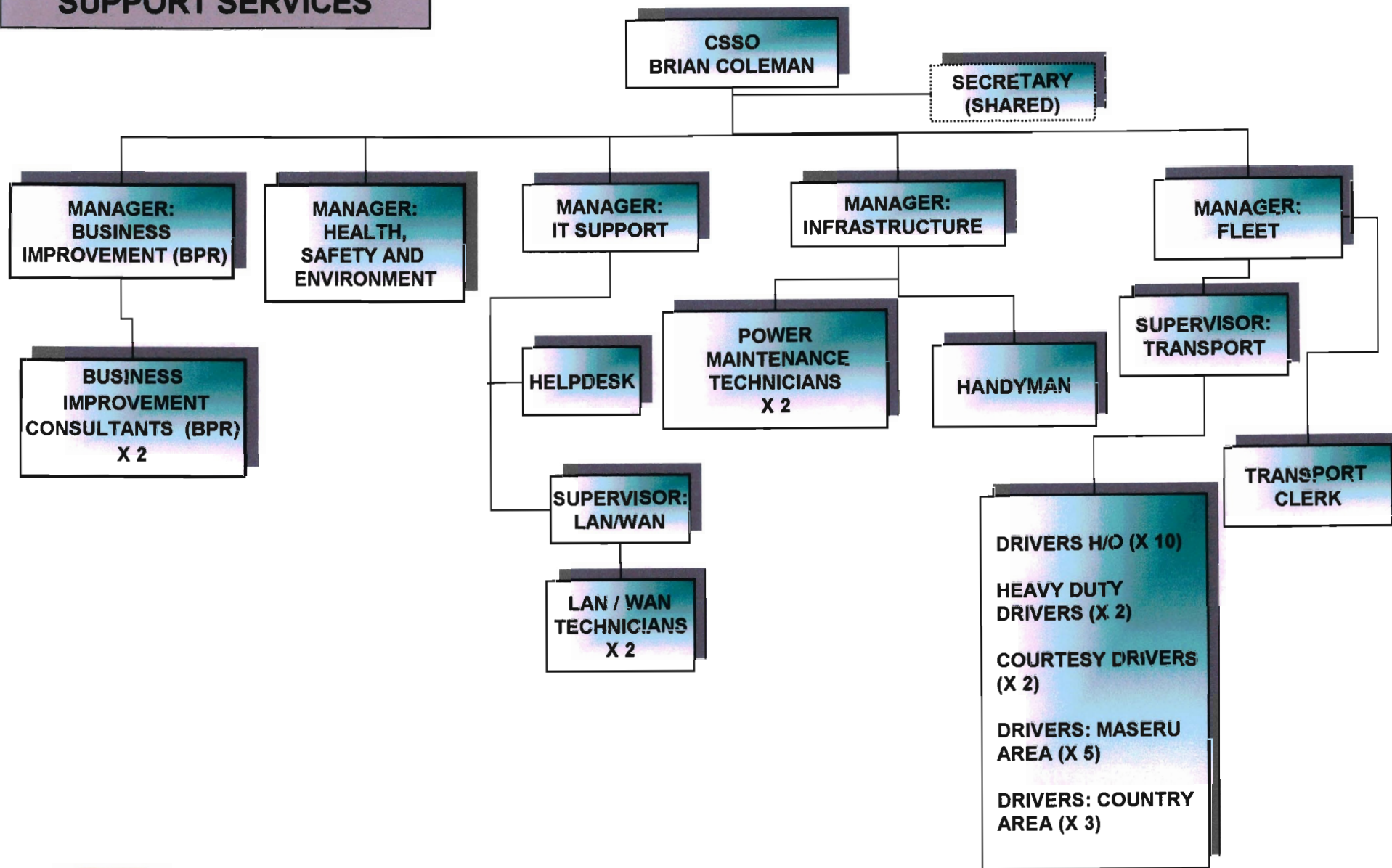
OPERATIONS (Cont)



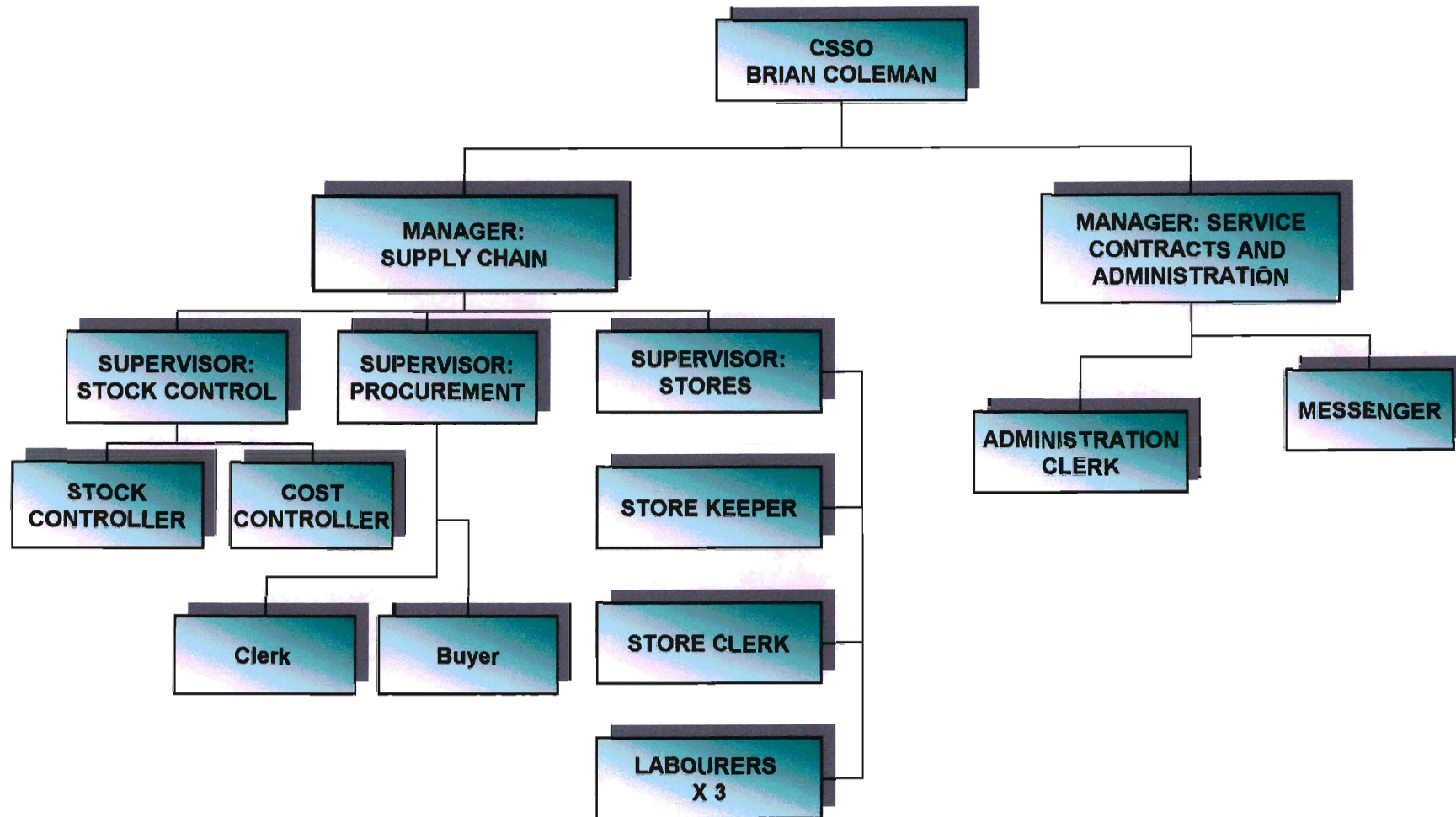
PLANNING AND DEVELOPMENT



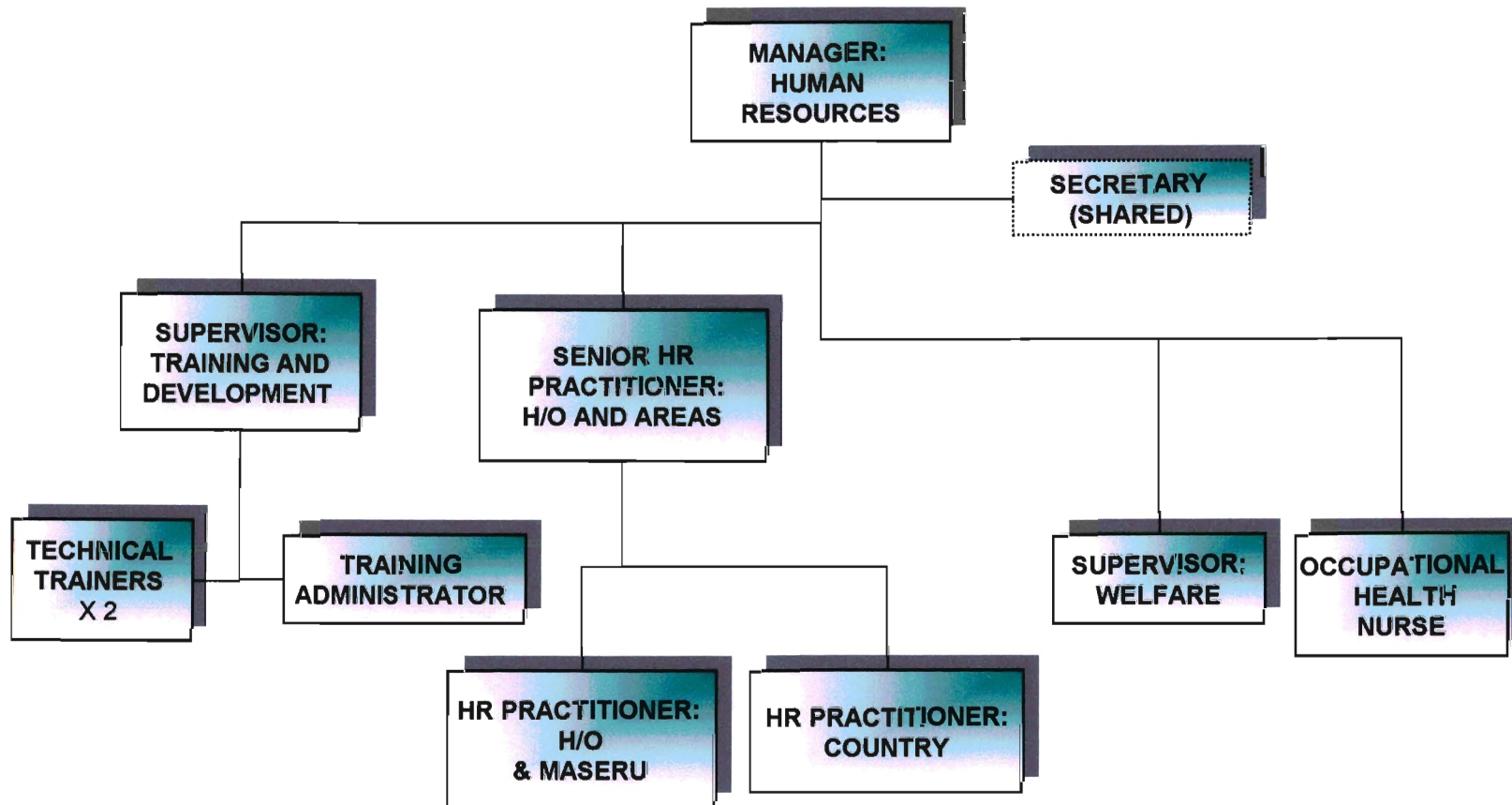
SUPPORT SERVICES

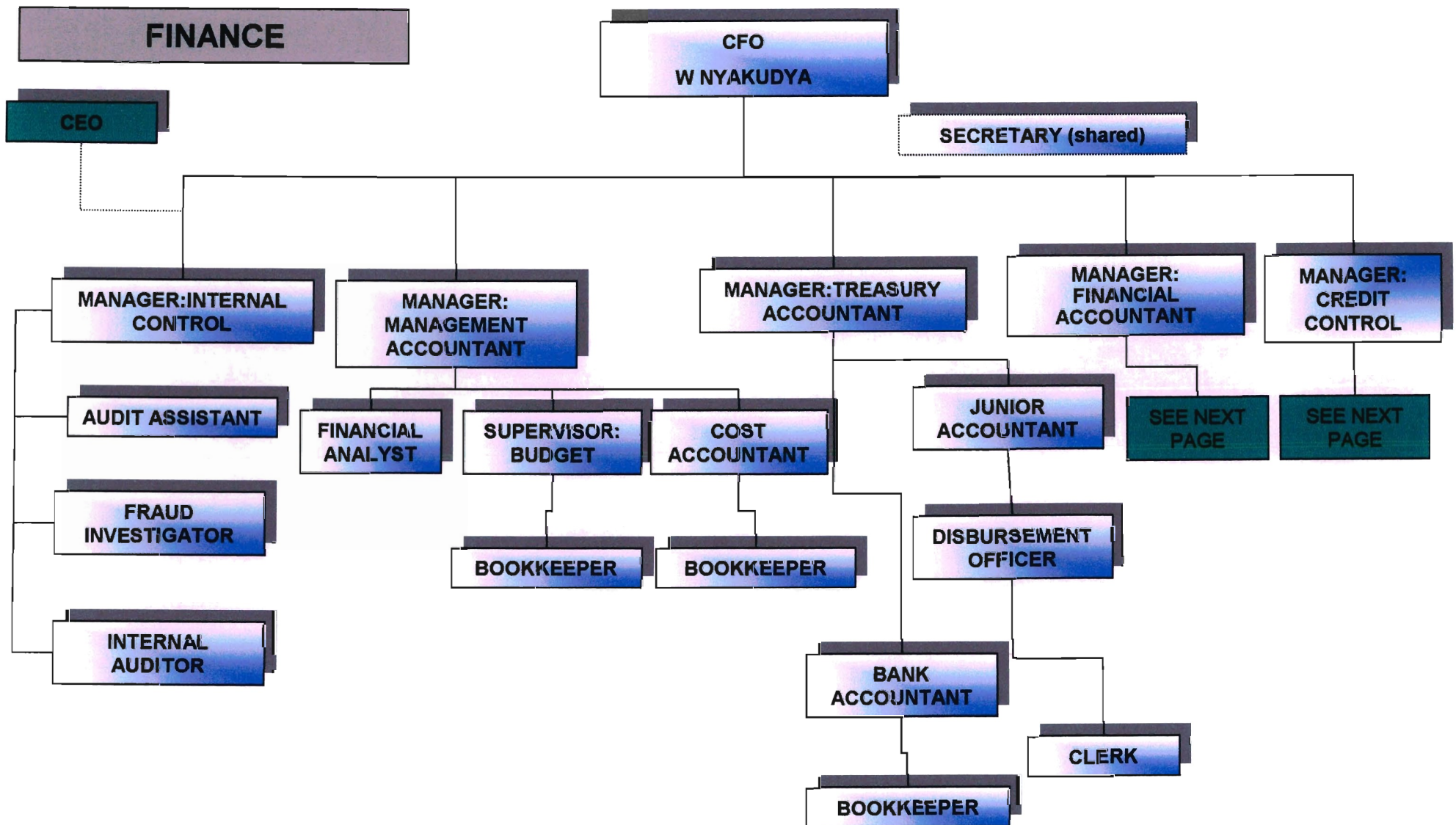


SUPPORT SERVICES (CONTINUED)

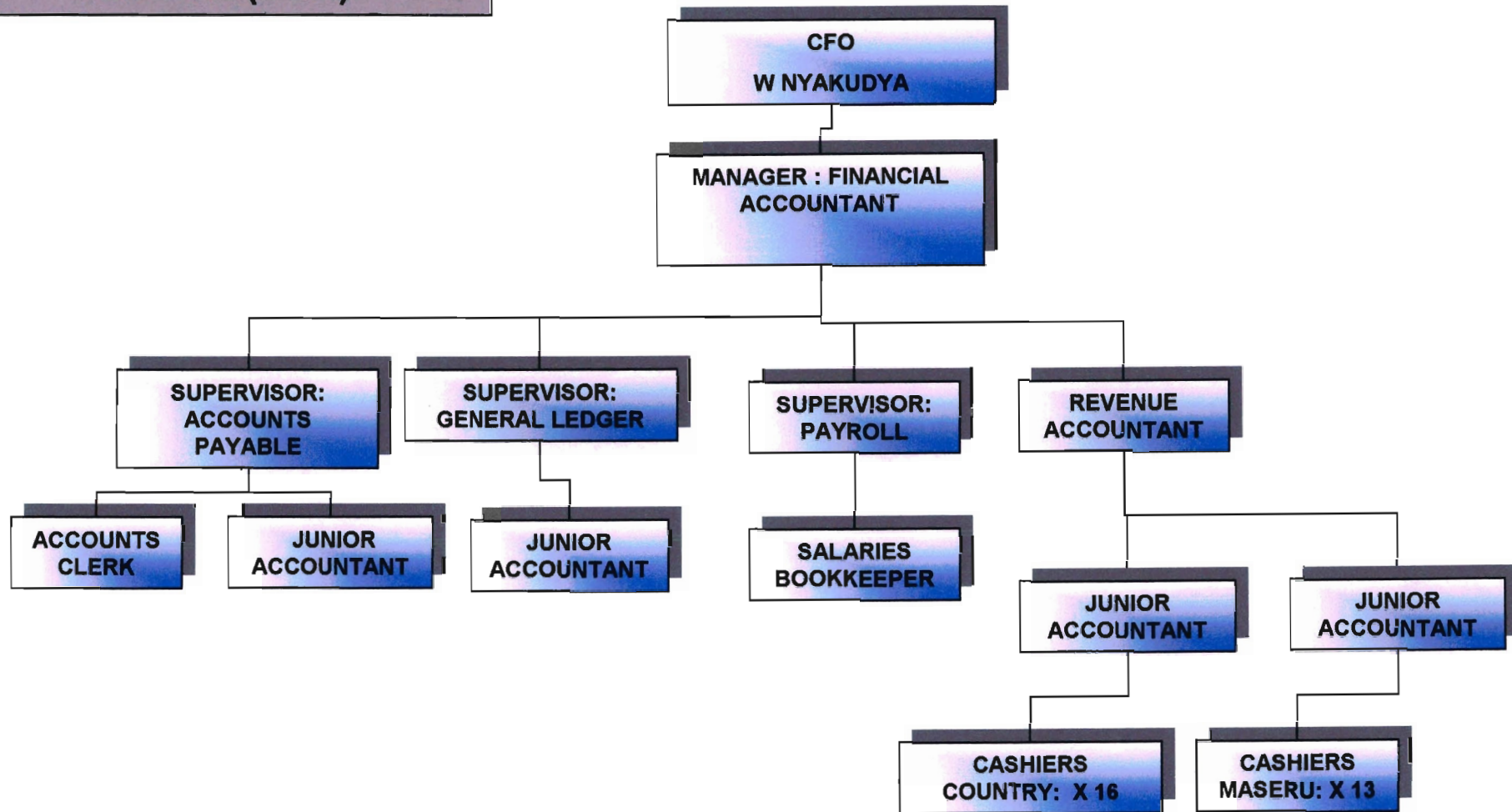


HUMAN RESOURCES

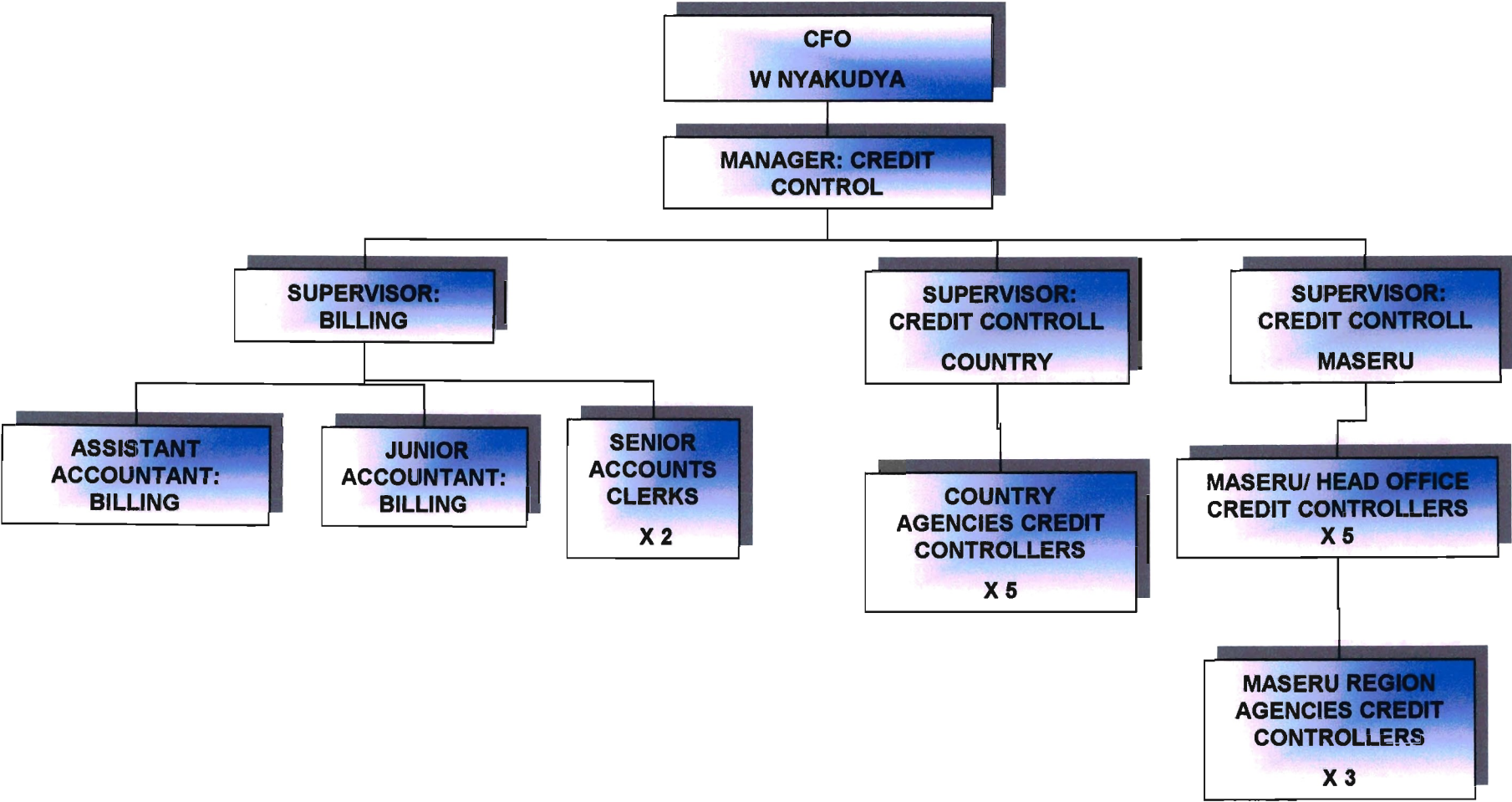




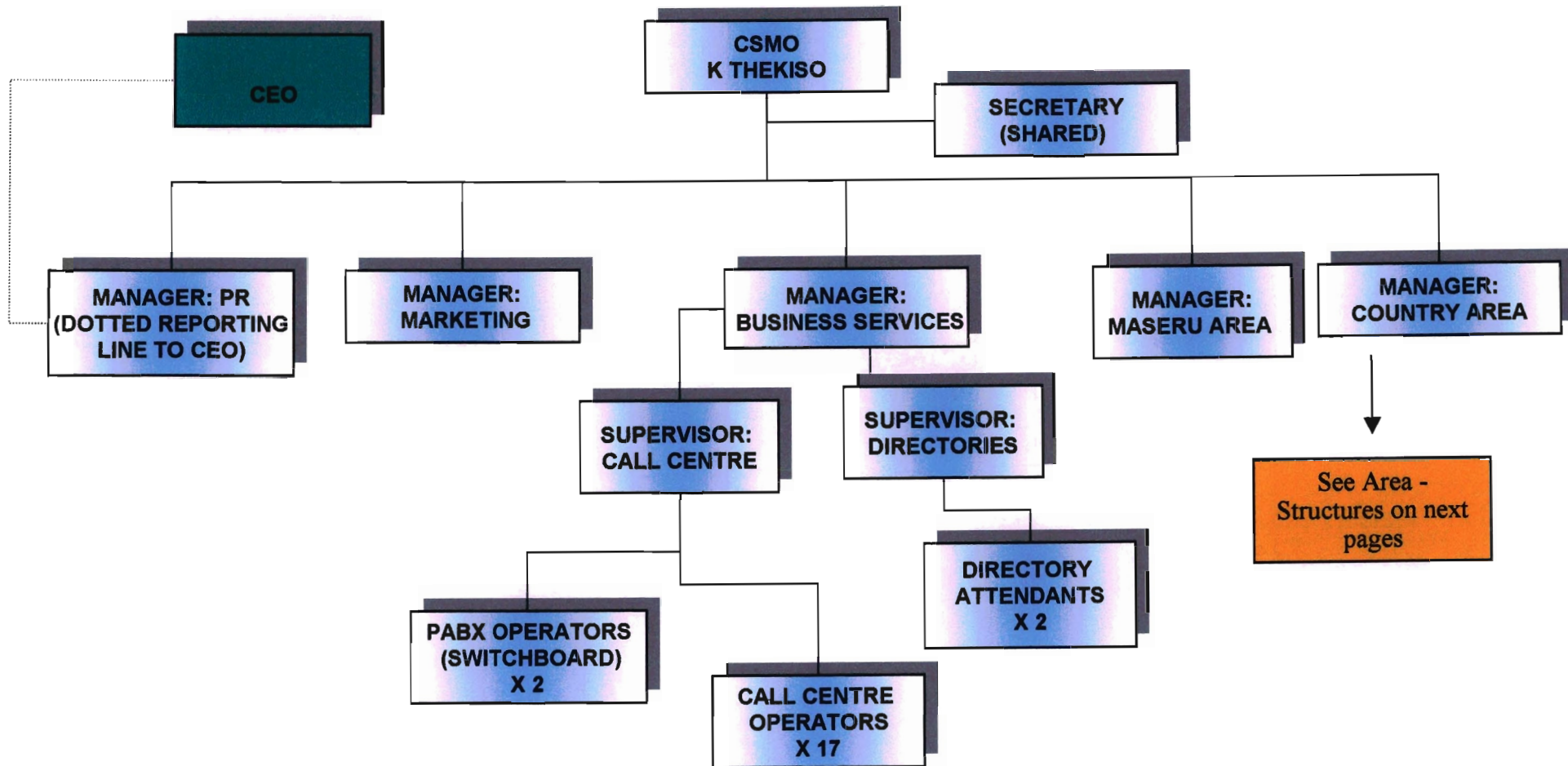
FINANCE (Cont)



FINANCE (CONTINUED)



SALES AND MARKETING



SALES AND MARKETING : MASERU AREA

CSMO
K. THEKISO

MANAGER:
MASERU AREA

SECRETARY (SHARED WITH
MANAGER:COUNTRY AREA)

SUPERVISOR:
CUSTOMER SERVICES
(MASERU CITY)

SUPERVISOR:
CUSTOMER SERVICES
(MASERU RURAL)

EXTERNAL
PLANT CO-
ORDINATOR

INSTALLATION
AND
MAINTENANCE
CO-ORDINATOR

SALES AND
ACCOUNT
CO-ORDINATOR

EXTERNAL PLANT
CO-ORDINATOR

INSTALLATION
AND
MAINTENANCE
CO-ORDINATOR

SALES AND
ACCOUNTS
CO-ORDINATOR

FIELD
TECHNICIANS
X 4

MCC, ICC,
MDF
TECHNICIANS
X 12

BUREAU
AND PAY
PHONE
OPERATORS
X 2

SALES
ASSISTANT
X 5

FIELD
TECHNICIANS
X 4

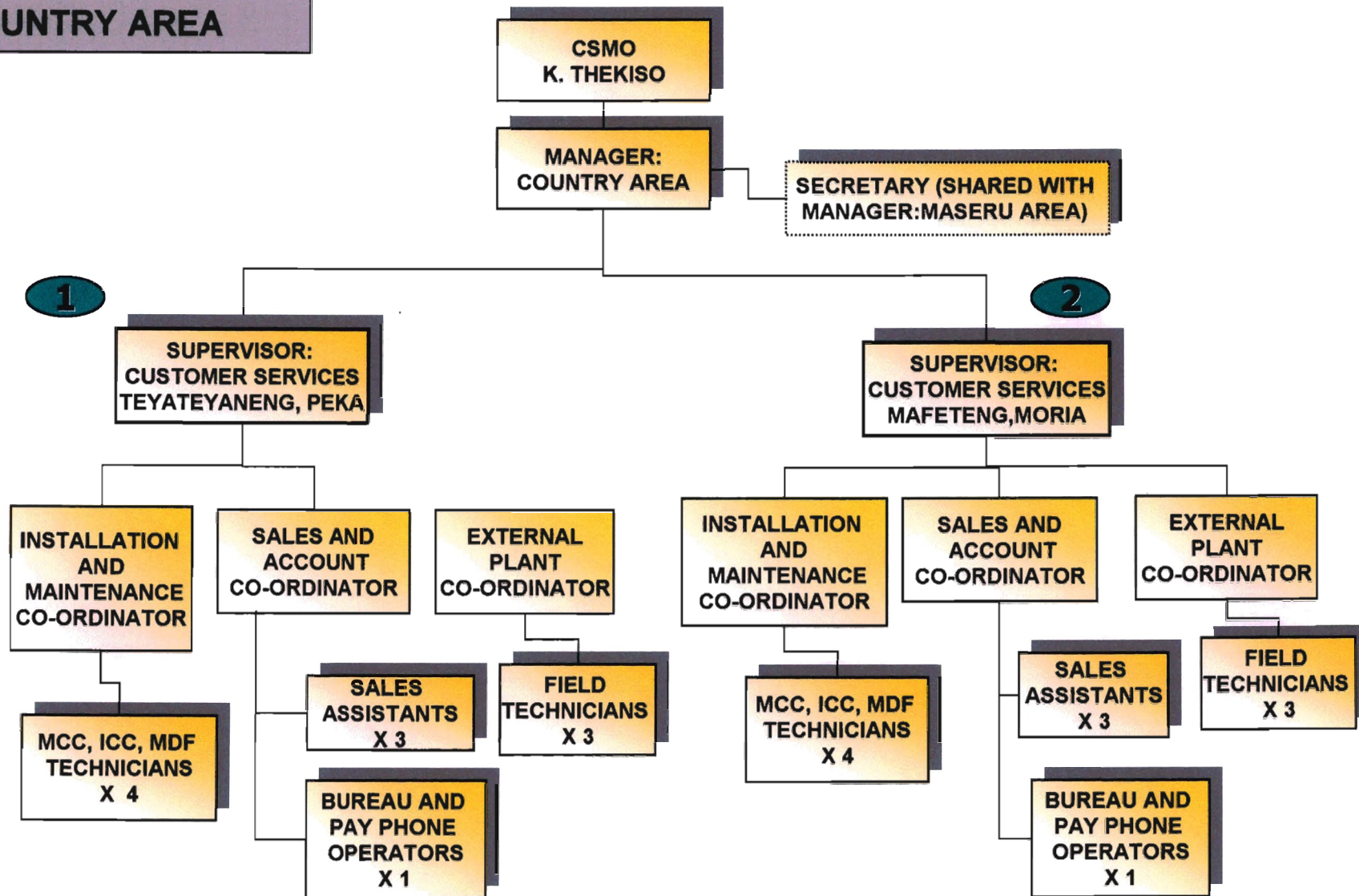
MCC, ICC, MDF
TECHNICIANS
X 12

BUREAU
AND PAY
PHONE
OPERATORS
X 4

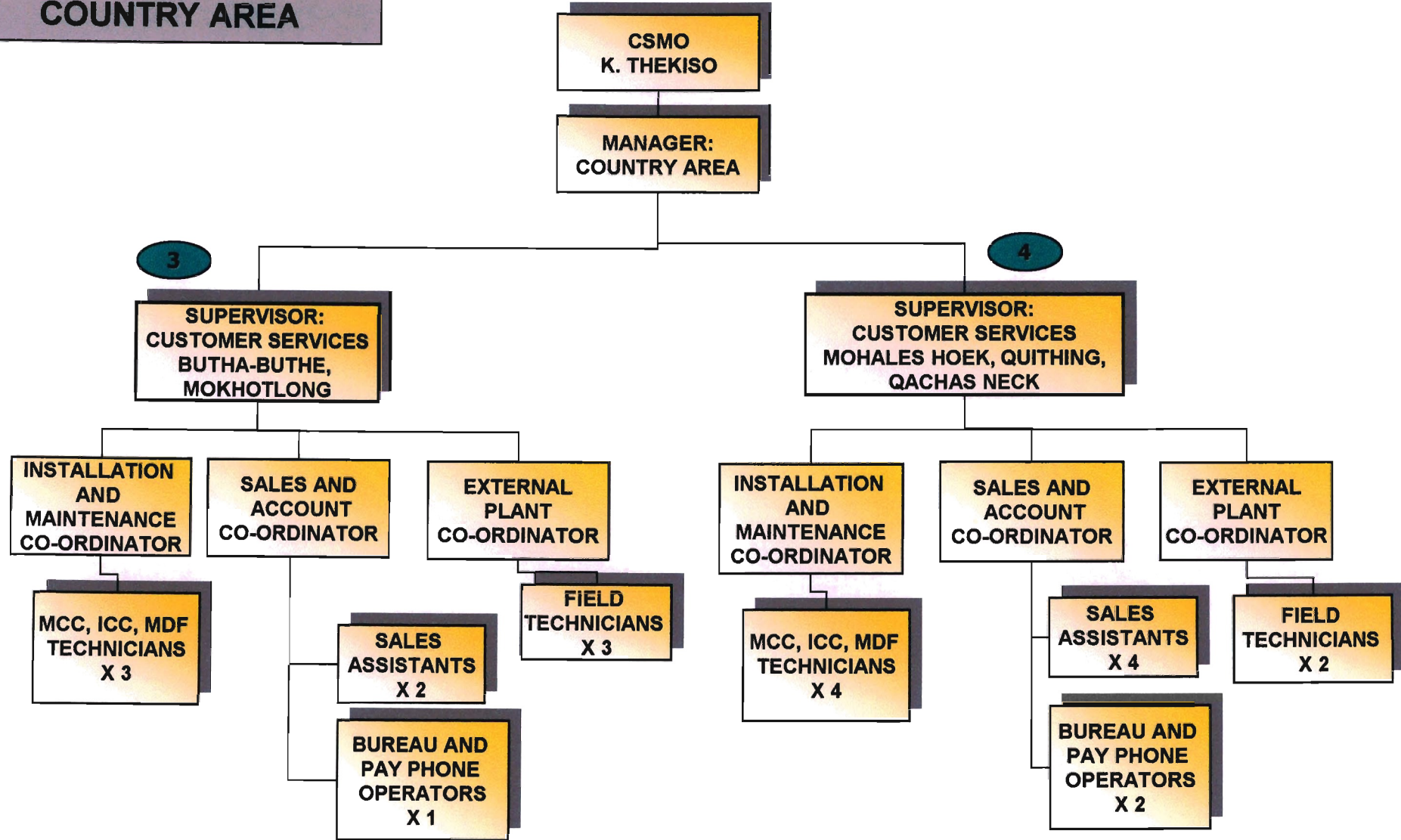
SALES
ASSISTANT
X 4



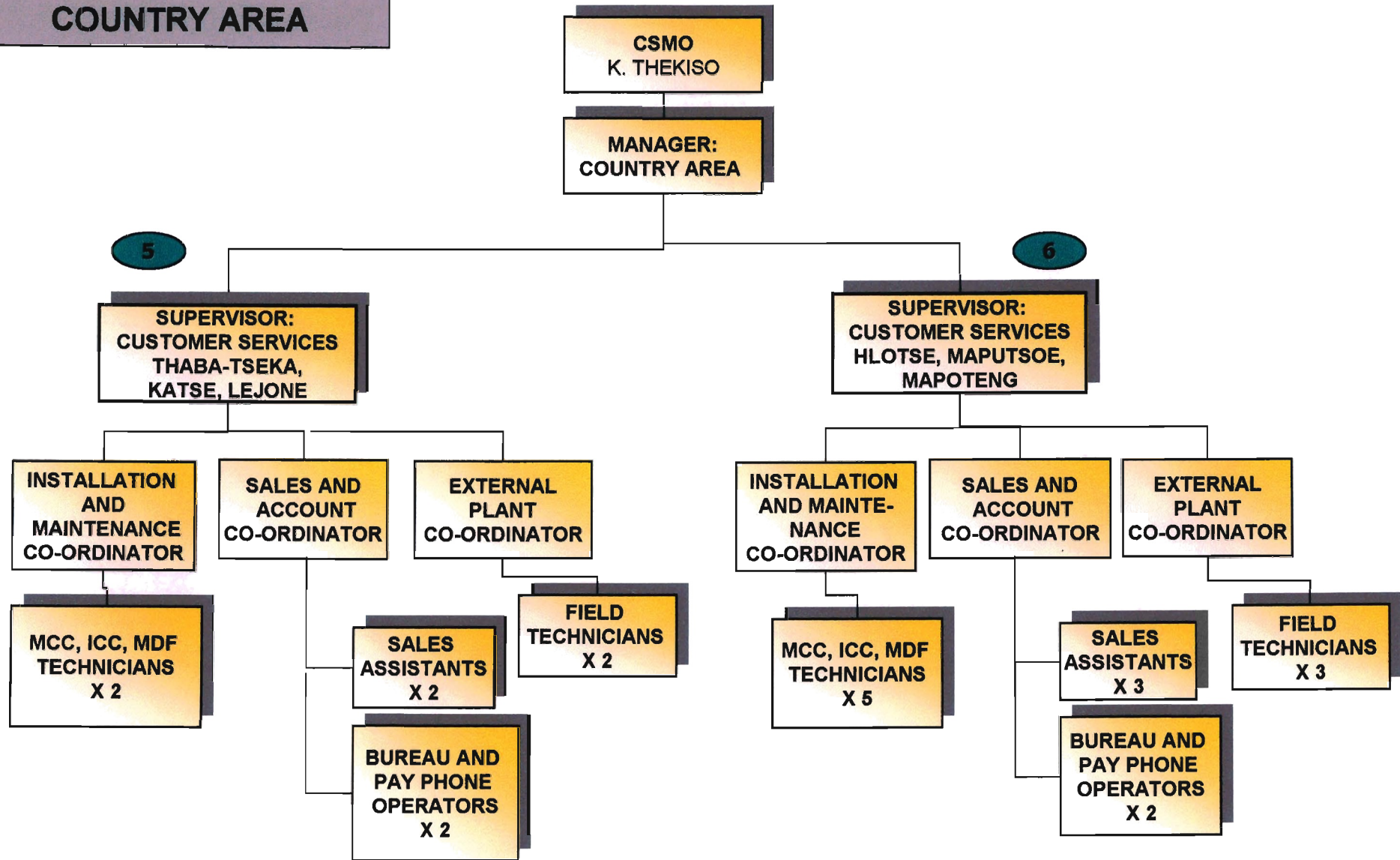
COUNTRY AREA



COUNTRY AREA



COUNTRY AREA



Appendix D:

- i. Management Questionnaire
- ii. Employees Questionnaire

i Management Questionnaire

Change Planning

1. What were the key factors driving the need for change?

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2. What type of strategy was used?

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3. Who were involved in designing the change strategy?

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.....

.....

.....

4.Do you think there was sufficient time spent on planning change?

.....

.....

.....

.....

.....

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.....

.....

Communication

5. Do you think the communication during the change process was effective?

.....

.....

.....

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.....

.....

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.....

.....

6. What format (top/down or two way communication) was followed for the communication sessions?

.....

.....

.....

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Resistance to change

7. Was there any negative feedback (attitudes, working culture) during the change process from the employees?

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8. Were there any other barriers to the implementation process?

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.....

Job Satisfaction

9. Do you think enough effort was put into the following areas?

- a) Empowerment process
- b) Skills development
- c) Remuneration.

If yes how,

.....

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.....

.....

.....

.....

.....

.....

THANK YOU

ii EMPLOYEE QUESTIONNAIRE

INSTRUCTIONS

Your company TCL has undergone a major change, from people being retrenched to introduction of new objectives and new working procedures. The following questionnaire measures peoples’ perceptions on change. It is composed of 4 sections, each containing 3 questions. Place an X o the number that best reflects your view of each to the following items.

As you read each item, consider how you feel about the change in your department. Please complete the section below before continuing with the questionnaire. Remember this questionnaire is totally anonymous therefore do not need to fill I your name.

Gender: Male Female

Age: 18-24 25-34 35-44 45+

Highest Educational Qualification:

Number of years in present job:

Number of years employed by the company:

QUESTIONNAIRE

CHANGE PLANNING

1.

How involved have you been in the planning of change in your company?
I have been involved in the planning of change in my company.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
2.

Do you believe that the change was really needed in the company?
I believe that the change was needed.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
3.

Do you believe sufficient time was spent on the planning of change?

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree

COMMUNICATION

4.

How clear has communication been about the change in your company?
Communication has been clear.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
5.

Do you understand the purpose of change?
The purpose of change was clear

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
6.

Were your concerns raised in the communication sessions addressed?
My concerns raised in the communication sessions were addressed.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree

RESISTANCE TO CHANGE

7.

Do you believe that management is supportive of change?
I believe that management is supportive of change

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
8.

Do you believe that the change implemented has positively impacted on the culture in the organisation?
I believe the change has positively impacted on the culture in the organisation

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
9.

Are you committed to making the company change process a success?
I am committed to making the change process a success.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree

JOB SATISFACTION

10.

Do you believe that adequate rewards are being provided to accomplish the change?
I believe there are adequate rewards for accomplishing the change

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
11.

Are you confident that you will receive the necessary training to provide you with the skills you require to perform all your tasks?

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree
12.

Do you believe the change in the company has improved your working conditions?
I believe the change has improved my working conditions.

1

2

3

4

5

Strongly Agree

Agree

Unsure

Disagree

Strongly Disagree

THANK YOU!

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