THE CHANGE MANAGEMENT APPROACH AT BP SOUTHERN AFRICA Pty (Ltd)

: A Case Study

By

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CONFIDENTIALITY CLAUSE

December 2003

TO: University of Natal – Graduate School of Business

RE: Confidentiality Clause

Due to the strategic importance of this research and information given by BP Southern Africa in trust that it will not be for public consumption, it would therefore be appreciated if the contents remain confidential and not be circulated for a period of two years.

Sincerely

M. Ntombana

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DECLARATION

I declare that this research report submitted in partial fulfilment of the requirements of the degree of Masters of Business Administration at the University of Natal, Durban, has been completed entirely by myself. This dissertation has not been submitted previously for any degree or examination at any other University. Where use is made of work of others, it has been duly acknowledged in the text.

Msokoli Ntombana

December 2003

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To friends and relatives who provided support during a difficult time in my life that coincided with the putting together of this dissertation.

Various authors are quoted in this dissertation and it should be acknowledged that their insight and information has contributed towards this dissertation.

ABSTRACT

The purpose of this study was to evaluate the extent to which BP Southern Africa Pty (Ltd) adhered or differed to the theory and principles of Change Management. The study used a case study method to explore the key question of the approach using the six dimensions of change, i.e. the goals of the change; the leadership of change; the focus of the change; the process of change; The Reward System used in the Change Programme and The use of Consultants in the Change Program.

The whole from birth of this initiative was looked at using the six dimensions of change to evaluate and answer the question of the approach that was used in managing the change at BP Southern Africa. The six dimensions of change are classified into the two main theories of change referred to here as Theory E and Theory O. Both these theories are discussed and a model arrived at in Chapter Two. Parallels are drawn with these theories in the analysis of evidence within the context of the six dimensions of change in later chapters of this research report.

The exploratory nature of the research coupled with the theoretical framework of change management necessitated a qualitative research approach. The tool used being that of extensive interviews.

The case outlines the process of change at BP Southern Africa Pty (Ltd) where information was gathered from different stake-holders in the change process thereby highlighting the range of benefits and limitations introduced by the change strategy.

The summary of evidence for each construct is discussed and analysed where it soon emerged that there is an adherence to the theory and principles of change management.

The research report concludes by drawing parallels between the process as done by BP Southern Africa Pty (Ltd) and the model drawn in the literature review. Lessons learnt from this change process are discussed in the concluding chapter with some suggestions for future restructurings at BP Southern Africa or any organisation wishing to embark on such an exercise.

"... Not every change is for the better... While it is true that every improvement is the result of change, not every change is an improvement."

Terry L. Paulson

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Organisations all over the world are changing rapidly. These changes are in terms of structure, labour composition, reward systems, economic and political developments. Competition is increasing and the global economy brings new international competition. In South Africa, small organisations are being established due to entrepreneurial explosion. Large organisations are downsizing and contracting services out. Because of stiffer competition and a less stable business environment, the organisation of the future will be increasingly under pressure to do more with less, to be more flexible, to be more effective and focus primarily on its core business.

Change has resulted in the redesign of jobs, the revision of working relationships and the redefinition of career opportunity, all of which have contributed to the massive redundancies and the demise of security of employment for many individuals. The successful charting of organisations through major changes relies heavily on managing the remaining employees. It is increasingly being acknowledged that survivors often experience the effects of major changes as deeply as those redundant.

Change has become the one certainty in business today. Mergers, acquisitions, downsizing and corporate restructurings continue to transform the South African business landscape. At the same time, emerging new technologies, the push towards a global economy and the imperative of all organisations to compete more effectively are all rewriting the rules of business engagement, altering the components of the 'psychological' contract that has long existed between employers and employees, and transforming the very nature and notion of work itself. In the midst of so much change, what can a company or organisation do to effectively compete on a sustained basis in today's marketplace? How can it develop strategic competitive

advantage and continuously reposition itself for success in a constantly changing business environment?

In a word, companies must learn how to manage and sustain change in their organisations as part of continuous process of improvement, renewal and transformation. But, as more than a few business writers have noted, many companies today don't do this. Instead, they take a short-term, next quarter approach to managing their profits and bottom lines. These are the companies that downsize and restructure, for example, expecting that the simple act of cutting costs will increase productivity. Yet we are increasingly aware that bringing about organisational change in this way does not bring the lasting long-term results we desire. Indeed downsizing is in some way the corporate equivalent of diet. It may reduce the amount of fat we carry for a while, but by itself it doesn't re-energise or revitalise an organisation or give it greater strength and stamina.

Downsizing, in fact, frequently cuts into the muscle of organisations, resulting in reduced morale and productivity, in lost 'competencies' (when highly prized employees leave of their own accord), and in diminished capacity to compete in the market place. Other companies deal with change in equally ineffective ways. In many cases, they don't act, but simply react to the business environment around them. Many of the corporate moves and manoeuvres taking place in the market place these days are fuelled more by a fear of the future than by a clear vision of how to get there profitably and through sustained growth.

The putting together of this research report has been more of a personal journey of discovery and learning than a fulfilment of an academic requirement. I say this because as a former BP Southern Africa (Pty) Ltd employee who had an opportunity to experience and survived four restructurings in four years (1999 – 2002). Some of the questions I had back then as to why those changes were necessary and the way they were carried out are in a way addressed here as BP Southern Africa (Pty) Ltd is

used as a case study for this research report. The several change initiatives over the last few years in BP Southern Africa (Pty) Ltd were aimed at addressing some of the issues identified above.

1.2 BACKGROUND OF THE RESEARCH

Today, organisations big and small, public and private, domestic and global, are engaged in another experiment. They find themselves in an era of paradigm shift when a set of assumptions no longer applies and must be replaced. The recent re-mapping of the world, the emergence of new players on the global scene, and the explosion of technology have created new circumstances to which organisations are learning to adapt. They are responding by adopting new methodologies in order to bring about organisational change.

Organisational change means moving from an old way of doing to a new one that will bring positive outcomes. Any change, but especially major change, disrupts the work environment. In order for an organisation and the individuals composing it to continue to function during the disruption, it is essential to plan the change carefully and to align the three elements that make up organisations: the product or service, the human factor, and the culture. Looking beyond the actual transition stage, industry leaders today are also aware that change and its management are not simple, one-time process but permanent upheaval to which corporations can adapt only by keeping open and in a permanent learning mode.

Following the Competition Tribunal issuing a Merger Clearance Certificate on 8 August 2000 approving the merger between BP Amoco Plc and Burmah Castrol Plc without conditions. The proposed transaction took place in the UK and entailed a full operational merger of the worldwide businesses of BP Amoco and Burmah Castrol. The primary acquiring firm was BP Amoco, which operates in South Africa through its subsidiary, BP Southern Africa (Pty) Ltd. The primary target firm was Burmah Castrol, which operates in South Africa principally through its subsidiary Castrol South Africa (Pty) Ltd.

Not only did this merger brought together two distinct organisational cultures that the new organisation had to deal with but had to streamline their operations. It was evident that for the new organisation to be profitable duplication was to be avoided. Distribution points, manufacturing, office & sales staff had to be reduced. This led to a series of changes in the new organisation over the last few years. The recent change being the one investigated in this research report.

This study will focus on one region of BP Southern Africa (Pty) Ltd for ease of access to information and people for interviews. The area referred to here is the Durban regional office. However, the results will reflect the mood nationally as BP's approach has always been national or global except for customer related issues who might be regionally focused purely on climatological reasons or geographical design of industries.

1.3 VALUE OF THE RESEARCH

In managing change, the critical task is understanding how pieces balance off one another, how changing one element changes the rest, how sequencing and pace affect the whole structure. The approach to change has been debated in the business circles and to a large extent there is a convergence on which approach is appropriate.

This work is an empirical and theoretical investigation of the links between change management theory and the actual implementation and adherence of that theory. When qualitative data collected suggests developing trends within the domain of interest, however, additional areas of inquiry are opened up or if there are any discrepancies which may need further investigation.

1.4 PROBLEM STATEMENTS

The research question that the study will attempt to answer is on the approach to change management that is in use at BP Southern Africa (Pty)

Ltd. BP Southern Africa (Pty) Ltd will be used in this study with the hope that some generalizations may be drawn at the end of the study to influence the management of change at BP.

The research question that will be answered in this paper is :

What is the change management approach that is used at BP Southern Africa (Pty) Ltd?

The change management approach chosen will determine the manner in which the entire change is managed or led. In the exploration of the question on approach to change, there will be use of the six dimensions of change, which are:

- **The goals of the change.** In this instance the trust behind the change will be looked at to examine whether it is driven by the need to produce financial results or develop the organisational capabilities. The answer to this question will give an indication on the approach and the manner in which management will handle decisions on change.
- **The leadership of change.** An examination is made on the leadership style used in the change process. This also gives some insight on the approach and the manner in which the change is managed.
- **The focus of the change.** This gives an indication on what part of the business were the changes aimed at. Was it the structures and systems or the culture of the organisation?
- **The process of change.** This addresses the process that is followed in the change programme and explores whether the change is emergent, evolving or experimenting.

- **The Reward System used in the Change Programme.** This dimension explores whether the incentives and rewards were used to lead or lag the change process.

- **The use of Consultants in the Change Program.** The level of reliance on the consultants will be explored. The level of reliance will shed some light on the approach.

1.5 OBJECTIVES OF THE STUDY

The domain of the change process encompasses fundamental but far-reaching dimensions that affect an organisation's ability to survive and thrive in an economy and marketplace where change is the only predictable constant. In this dynamic environment, leaders are moving away from the 'command and control' philosophy to a 'lead, coach, and counsel' framework. The transition is not easy, nor ever possible, for all of us. It requires a clear vision, an appreciation of behavioural challenges, an understanding of the difference between process and function, a riveting focus on the target, and a conviction that new heights of performance are possible.

Hence this study is to examine the change management approach at BP Southern Africa (Pty) Ltd. The recent transformation at BP Southern Africa will be looked at and examined. The focus will only be on the approach that was followed in managing this change. The following dimensions of change, which give an indication on the approach, will be studied:

- **The goals of the change.** Whether developing the organisational capabilities or efficiencies.
- **The leadership of change.** Whether top-down; bottom-up or participative
- **The focus of the change.** Whether aimed at structures & systems or culture of the organisation
- **The process of change.** Whether the process is planned, emergent or experimenting and spontaneity allowed
- **The Reward System used in the Change Programme.** Whether the incentives and rewards were used to lead or lag the change process.

- **The use of Consultants in the Change Program.** Whether they analyse problems and provide solutions or, analyse problem but do not provide solutions or provide support to the organisation.

Other than these dimensions of change it will also help us gain new insight into the phenomenon and to determine priorities for future research.

1.6 RESEARCH METHODOLOGY

A case study method will be used as an attempt to answer the research question on what approach was used to manage change at BP Southern Africa. The exploratory nature of the research coupled with the theoretical framework of change management necessitated a qualitative research approach.

Information for the case study will be obtained from past company records, presentations and meeting discussion. Semi-structured interviews will be conducted with Senior Managers, Middle Managers and Sales Staff. An extensive discussion of the research methodology will be dealt with in Chapter Four.

1.7 LIMITATION OF THE RESEARCH

In the concluding chapter, the limitations of this research will be discussed at length and suggestions made for improvements. It will be revealed that the limitations of this exploratory study lie both in the skills of the researcher as well as the chosen orientation (methodology) of research, i.e. qualitative methodology. The researcher is understood to be an inexperienced student who has learnt invaluable lessons through mistakes made. Access to information has been a major problem. Very often organisations are very reluctant to divulge sensitive information. As mentioned earlier that a comprehensive discussion of the limitations of this research will be carried out in the concluding chapter.

1.8 Structure of the Study

Chapter Two:

This chapter will examine the literature on change management, the types of change and the six dimensions of change mentioned. These dimensions will be used in determining the approach that is being used in the change management process.

Chapter Three:

This chapter will introduce the organisation that is going to be the subject of the study and will also discuss the history of BP in South Africa. The history of change in the organisation together with the change process of the current change will be highlighted.

Chapter Four:

This chapter will describe the methodology used to conduct the research on BP Southern Africa Pty (Ltd). The interpretation of the interviews will also be highlighted.

Chapter Five:

This chapter comprises of an extended review of the six dimensions of change discussed in chapter two that comprised the semi-structured interviews with the BP employees. An analysis of the interview responses will be carried out.

Chapter Six:

This chapter will discuss and interpret the interview responses. Parallels will be drawn between the results and the theory on change management to determine the approach used by BP Southern Africa Pty (Ltd).

Chapter Seven:

Limitations of this research will be highlighted and implications for future research identified. The chapter will conclude by highlighting lessons learnt from this change and suggestions for future restructurings by BP.

CHAPTER TWO

THE DIRECTION OF CHANGE

2.1 INTRODUCTION

Lets start with an unsettling truth. Change will never be over. We want life to be held up like the end of the movie. In reality, life is more like a serial than a movie. The show is never over in the real world. We've got to be ready to battle formidable competitor everyday, forever, without a break, and you will need to find ways to fix all flat tyres while moving. Instead of trying to relieve stress by giving people the promise of calm after some re-organisation effort, and then watch the trust take a dive when the change is announced, be honest.... "We are never going to be done. Be excited, you will never be bored again!" As Andy Grove, the Intel CEO has said "Only the paranoid survive."

This chapter will examine the literature on change management, the types of change and the six dimensions of change mentioned in the previous chapter. These dimensions will be used in determining the approach that is being used in the change management process.

2.2 CHANGE MANAGEMENT.

Change is endemic in organisations. The need for continual change in business is a fundamental imperative for organisational survival and profitability. Change requires new forms of organisations that would have a flexible and an innovative response. Changes in customer needs, desires, raw materials, production methods and other factors make change a continuing event.

Much change occurs in an unplanned fashion within organisations. Knowledge about the nature and functioning of organisations plays a vital

role. Individuals have to be able to solve problems that face organisations, both internally and externally.

Organisations all over the world are changing rapidly. These changes are in terms of structure, labour composition, reward systems, economic and political developments. Competition is increasing and the global economy brings new international competition. In South Africa, small organisations are being established due to the entrepreneurial explosion. Large organisations are downsizing and contracting services out. Because of stiffer competition and a less stable business environment, the organisations of the future will be increasingly under pressure to do more with less, to be more flexible, to be more effective and to focus primarily on its core business.

Change has resulted in the redesign of jobs, the revision of working relationships and the redefinition of career opportunities, all of which have contributed to massive redundancies and the demise of security of employment for many individuals. The successful charting of organisations through major change relies heavily on managing the remaining employees.

Beer and Nohria (2000) contend that although there is agreement among managers, consultants and academics that there is a need for change to be managed, they have different views on how this should be done. Strictly speaking, change management is the application of management discipline and rigor to process of change (Seeley, 2000).

Seeley (2000) contends that change management is an approach for planning, guiding and executing the process of changing from where you are to where you want to be. The manner in which the function of managing change is discharged has far reaching implications for organisations.

There are multiple aspects of change (Peggy et al, 1999):

- Business Process Re-engineering
- Strategic Change

- Information Technology Improvements
- Organisation structure
- Leadership
- Organisational Culture

What makes the management of change more difficult is the multifaceted of business in the modern age. This is further complicated by the fact that a combination of one or more of these can take place in the organisation at the same time.

The drivers of organisational change as identified by Anderson et al, (2001) are:

- Changes in the environment
- Inability of organisation to perform using existing strategy
- Organisational design, culture, behaviour, and mindset
- Mismatch between the organisation and needs of its environment.

2.3 WHY CHANGE IS NECESSARY

Most people have experienced change at some stage in their working lives. This might be anything from` the type of major change much reported in the media – downsizing, restructuring – to change in the job role resulting from the introduction of new technology. But is all this change really necessary?

There are some who say that change is important for change's sake. Without it organisations become complacent and stale. At the other end of the spectrum, too much rapid and constant change has its own problems, such as lack of loyalty amongst the work force, and loss of important skills and knowledge from the business when people leave. Why is change necessary?

There are many reasons. Bourne & Bourne (2002) identify the following reasons why change is necessary:

- **Increased Competition**: This means that if you do not continually analyse what is happening in your market, and change and improve what you are doing, then you will probably be out of business.
- **Customers demanding higher standards**: In most cases customers have a choice about where they buy their products or services and leads to greater expectations of both. If they do not like what you offer, they can go elsewhere.
- **Success and growth inevitably bring about the need to change**: The profitable micro business starts to employ more people, these people bring new ideas and experience which they want to use, communication becomes more complex as more people join the business, new machinery has to be brought in to cope with demand and so it goes on.
- **Market decline nearly always heralds major change**: This is not just downsizing and restructuring. It is also about the search for new and better markets, new and better ways of doing things.
- **Environmental factors beyond one's control**: The introduction of the Euro in the Euro zone will have caused significant upheaval. New legislation on working hours, health and safety, even the introduction of new tax regimes bring change in their wake.

All this means that dramatic speedy change is bound to be necessary at some stage. In fact it is a single blow that acts as driver for change – such as the loss of a very big customer.

The drivers of transformation include increasing competitiveness, customer responsiveness that require an innovative, flexible and committed workforce with vision and creativity, not one paralysed by fear (Westerly, 1990). Strategic changes are usually triggered by factors outside the company and are often required for survival (Dessler, 2001).

In today's global information age the strategy of merely building on present incremental improvements is obsolete. To remain in the global competitive

race, organisations need to commit passionately and proactively to a future dynamic vision and then start creatively working backwards to this future. To achieve the above, business leaders must get into the spirit of achieving radical breakthroughs in thinking. They must encourage the ongoing achievement of high stretch standard of performance across the value chain of organisational activities (Vermaak, 2002).

Beer (1980) states that change is likely to occur when the people involved believe the benefits associated with that change outweigh the costs. Change happens due to the need to improve productivity, which often provides the opportunity for change. Change often requires something new. Change programs not only affect companies systems and procedures but also their people (Gilgeous &Chambers, 1999).

The ever-increasing turbulence and hostility, which characterise the operating environments of public and private sector organisations, necessitate far reaching programs of strategic change (Humphreys & McHugh, 2001).

Organisations transform to align company structure with strategy, an action that can be necessitated either by a change in strategy or by a structure that has drifted away from an earlier fit with strategy. Recent organisational transformations have included the redrawing of divisional boundaries, flattening of hierarchic levels, spreading of spans of control, reducing product diversification, revising compensation, streamlining processes, and reforming governance (Bowman, Singh, Useem & Bhadury, 1999). The drive to secure these goals has been advanced alongside organisational change through restructuring, involving significant downsizing and de-layering in many organisations.

Corporations around the globe have to address cultural diversity, communication, and training barriers as they manage a more diverse workforce. In addition to the changing demographics of the workforce,

organisations are also facing radical paradigm shifts in employee values and expectations.

As the hierarchical structure of organisations gives way to a more democratised workplace, employees have become more empowered and are seeking more active participation in the outcomes of their organisations. Jobs themselves are changing as organisations downsize and rightsize. More and more telecommuting jobs and consulting needs are being created to fill the gaps caused by permanent layoffs, even among middle management jobs, which are now obsolete and have been eliminated (Haines, McCoy, 1995).

2.4 THE TYPES OF CHANGE

Linda Ackerman Anderson (1986), identifies the three most prevalent types of changes as:

- Developmental Change
- Transitional Change
- Transformational Change

2.4.1 Developmental Change

This is a change that improves on an existing skill, method or performance standards. Linda Anderson, (1986) defines developmental change as the simplest of the three types of change. In it, the new state is a prescribed enhanced of the old state, rather than a radical or experimental requiring profound change. Developmental change is usually a response to relatively small continuous need to improve current operations.

This type of change can be done through the involvement of staff that will know how best to bring about improvements (Besco et al., 1993). This change navigates a known path with a known destination. There will be very few surprises. Figure 2.1 shows a predictable path through which this kind of change would go as it moves from one point to another. The straight line shows a predictable and incremental nature of this change.

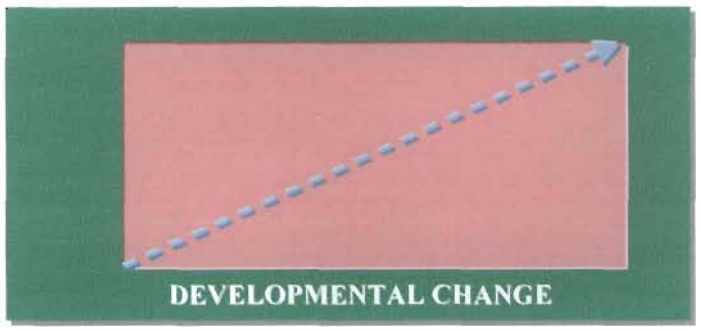

Figure 2.1, Developmental Change. *Source: Beyond Change Management, Linda Ackerman Anderson (1996)*

2.4.2 Transitional Change

This change is more complex and requires a replacement of old by new. Transitional change requires the dismantling of the old state and the creation of a new clearly designed new state, usually achieved over a set period of time, called the Transition State.

This change would have a start date and finish date, and be managed in most cases, on a project basis. There are stages in this change that can be followed and measured (Bechhard, 1987). People issues play a significant role in this change and must be considered for this type of change to be a success. Figure 2.2 shows a movement from an old state to a new one, note as with the development change there is a predictable path that the change would travel. The middle part shows the leap that would have to be made to new state.

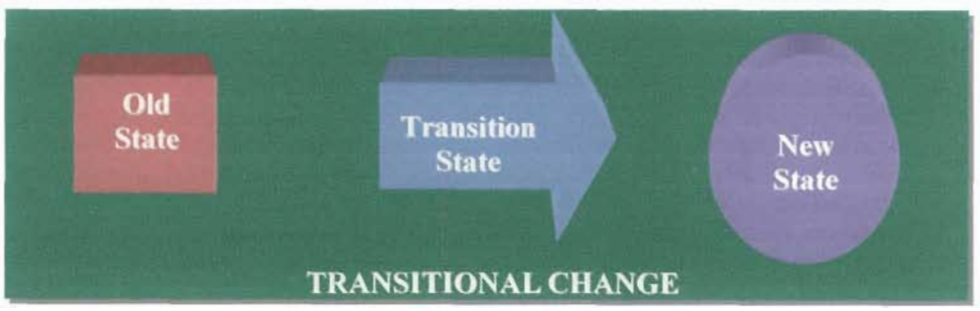

Figure 2.2, Transitional Change. *Source: Beyond Change Management, Linda Ackerman Anderson (1986)*

Transitional change strategies include:

- Communication
- Change planning
- Employee involvement
- Local control on implementation
- Adequate support for employees

Anderson et al, 2001 argue that the most important aspect of communication should be to clarify and distinguish the old from the new. In light of the fact that this change is done in stages, there is a need to keep business going while the organisation while the organisation is going through a transition.

Bekhard and Harris (1987) contend that the transition stage be managed on a parallel bases with current business. This can present a challenge to managers, as there could be confusion on what takes priority between getting on with business and implementing the change.

2.4.3 Transformational Changes

Transformational change implies the transfiguration from one state of being to a fundamentally different state of being. It is about a fundamental alteration in what the organisation is - its very identity and the way of being. It has to do with abandoning the past in order to become a completely different kind of company.

Metaphors associated with organisational transformation are, namely, awakening, uncovering, escaping, see the light, recreate ourselves anew, enlightening, returning to the core, unfolding and being reborn (Marsha, 1994).

In the transformational process management looks for enthusiasm, commitment and acceptance from employees, but gets rumours, de-

motivation and resistance (van der Wal & Ramotsehoa, 2001). Management regards this process as an opportunity to improve its success rate. Employees see change as being disruptive, intrusive and upsetting the balance (van der Wal et al, 2001).

Organisational transformation is concerned with strategic change. It is about moving to a future state, which has been defined generally in terms of strategic vision and scope (Armstrong, 1999). Organisational transformation comes with significant changes in the organisational structure of the firm, including divisional redesign and employment downsizing (Mullins, 2002).

Transformational change is very difficult to manage particularly as it will, in most cases involve the entire organisation. It is thought that this kind of change has a life of its own and at best, leaders can only influence and facilitate it (Anderson, 2001). The future state is not always known at the beginning of this kind of change and it would be emergent. A manager would therefore be able to only lead this kind of change and emphasise and facilitate the learning process.

The key challenge is on getting a paradigm shift to occur at all levels of the organisation in realising that the old order cannot work anymore. This must then be followed by an alignment from top to bottom of the organisation in terms of the desired future. As this is moving from the old to the new, cultural issues must also be addressed in this process.

The big question therefore is how you manage such, an unpredictable and emergent process. It is worth noting that the part that this change will follow is not smooth, linear or following a pattern. The process is not as clear as with developmental and transitional change, it is unpredictable. It does not conform to a pattern or stages.

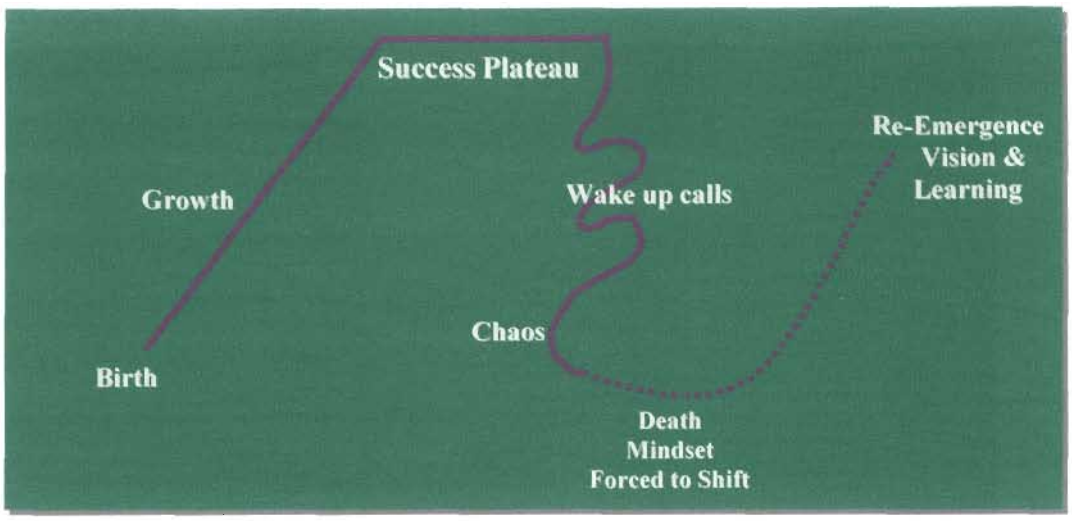

Figure 2.3 Adaptations to Changes. *Source: Beyond Change Management, Linda Ackerman Anderson (1986)*

Figure 2.3 shows a pattern of change that is not predictable. This process moves from the birth to the growth and success stage, it is at this stage that things start to change and the organisation has to adapt to a series of changes. These changes cause them to wake up from their complacent state and have a paradigm shift that will ensure that they can re-focus themselves for the change in the environment.

Anderson et al., (2001) suggest that the following must be taken into account in facilitating and influencing this type of change:

No top-down but bottom up

The Executive/Leadership team must accept that they cannot control the change process

Learning and empowerment at lower levels

- Encourage learning and build capacity to learn(consolidate learning's)
- Use lessons learned to change/correct course taken previously.

Source: Beyond Change management, Linda Ackerman Anderson (1986)

The important point is that there should be flexibility in the organisation that will ensure that the organisation is able to respond to lessons learnt and put in place corrective action.

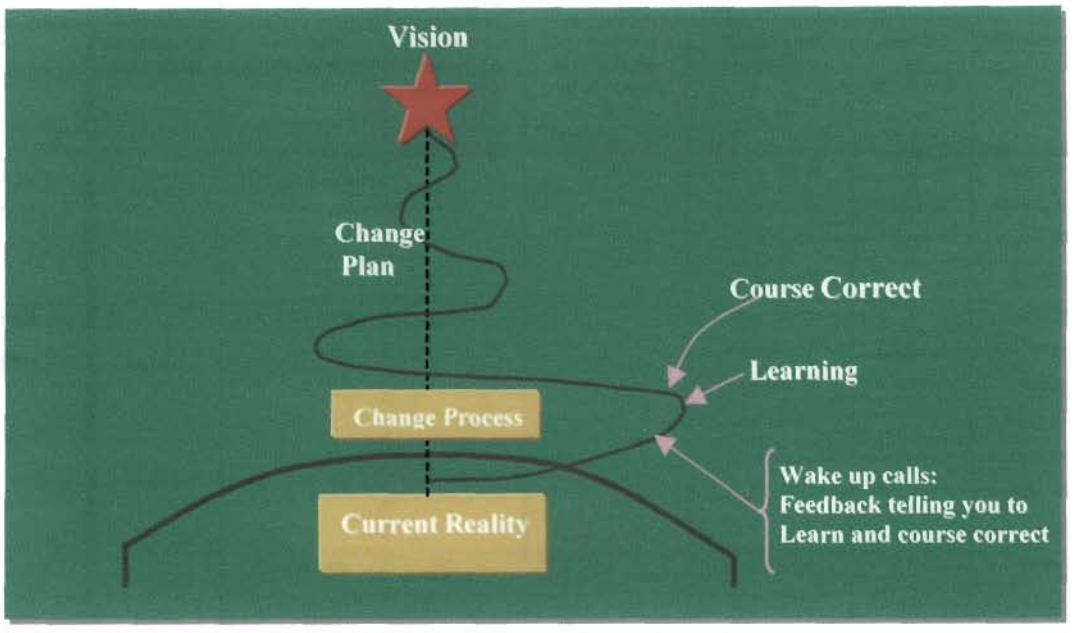

Figure 2.4 The Learning Curve. *Source: Beyond Change management, Linda Ackerman Anderson (1986)*

Figure 2.4 illustrates this journey and clearly depicts the flexibility that may be required as the organisation learns and empowers employees at all levels to adapt to change.

Irrespective of what would be going on in the organisation, it would be very important for the organisation not to loose sight of its purpose, vision and values. This is what Anderson (2001) refers to as DNA of the organisation, which must be maintained as the organisation moves on the path to the future. Leaders must keep motivational levels very high and ensure the emotional connection of staff to the organisation. Commitment must also be natured through communication and ownership of this process.

Table2.1 Matrix of the Three Types of Organisational Change.

Type	Degree of pain Felt	Primary Motivation	Degree of threat to Survival	Gap between Environm-ental Needs & Operations	Clarity of Outcome	Impact on Mindset	Focus of Change
Developme-ntal Change	1	Improvement	1	1	4 : It is prescribed against a standard	1 Little if any	Improvement of skills, knowledge, practice, and performance
Transition Change	2	Fix a Problem	2	2	4: It is designed against a criteria	1 Little if any	Redesign of strategy, structures, systems, process, technology or work practise (not culture)
Transforma-tional Change	3 - 4	**Survival:** Change or die; **Or Thrival:** Breakthrough needed to pursue new opportunities	1 - 4	3 - 4	1: it is not initially known; it emerges or is created through trial & error and continuous course correction	2 – 4 Forced to shift; old mindset and/or business paradigm must change	Overhaul of strategy, structure systems, process, technology, work, culture, behaviour and mindset

(1 Represent less and 4 represent more)

Source: Beyond Change Management, Linda Ackerman Anderson (1986)

2.5 REASONS WHY EMPLOYEES RESIST CHANGE

Whether transformation is technically or administratively perfect, employees' reactions range from acceptance to active resistance. Resistance to change is an emotional and behavioural response to real and imagined threats to an established work routine.

The resistance can be either overt or covert. Overt resistance is observable; management can see it. Covert resistance is not readily observable because it is done under the guise of working as usual (Hodgetts, 1999). Various ways how employees resist change are explored:

- **An individual's predisposition towards change**

This is personal and deeply ingrained. It is an outgrowth of how one learns to handle change and ambiguity as a child (Kreitner & Kinicki, 1999). To cope with the complexity of work and of life itself, people often rely on habits or programmed responses. Change requires new ways of doing tasks and challenges people to develop new competencies. This tendency to respond in accustomed ways may then become a source of resistance (Swanepoel, Erasmus, van Wyk, Schenk, 2000).

- **Misunderstanding and fear of the unknown**

When innovative or radically different changes are introduced without warning, affected employees become fearful of the implications. Grapevine rumors fill the void created by a lack of official announcements (Kreitner & Kinicki, 1999). Employees often resist change because they think they will lose something of value, which might also be economic. As a result, they tend to focus on their own best interest and not that of the whole organisation (Winkler, 2002).

Marshall (2000) comments that fear is the most powerful force driving our behavior. Fear drives people away from the opportunity to break through a new level of trust, speed and growth.

- **Climate of mistrust**

Trust involves reciprocal faith in other's intentions and behavior. Mutual mistrust can doom to failure an otherwise well conceived change. Mistrust encourages secrecy, which begets deeper mistrust. Managers who trust their employees make the change process an open, honest, and participative affair. Employees who, in turn, trust management are more willing to expend extra effort and take chances with something different (Kreitner et ai, 1999).

It is important to note that even though people may understand the arguments in favour of change, they may not trust the motives of those advocating the change. This is especially true in South African organisations where the history of the country has impacted dramatically on people's mindsets (Swanepoel et ai, 2000).

- **Fear of failure**

Intimidating changes on the job can cause employees to doubt their capabilities. Self-doubt erodes self-confidence and cripples personal growth and development (Kreitner et al,1999). Employees resist change because they fear they will not be able to develop the new skills and behavior that will be required of them (Winkler, 2002). They have no real marketable skills, so they fight for the status quo (Hodgetts, 1999).

- **Loss of status and job security**

Administrative and technological changes that threaten to alter power bases or eliminate jobs generally trigger strong resistance. Most corporate restructuring involves the elimination of managerial jobs. Middle managers resist restructuring programs that reduce their authority and status.

- **Peer pressure and group relationships**

Someone who is not directly affected by a change may actively resist it to protect the interest of his or her friends and co-workers. Many times people refuse to accept change because their peers are unwilling to go along with it. If there is high cohesion, resistance is even higher (Hodgetts, 1999).

- **Personality conflicts**

Whenever changes are introduced, it is possible that work groups will be broken up and social relationships will be disturbed. People usually enjoy

working with their fellow employees, and when these friendships are interrupted, a psychological letdown occurs which results to personality conflicts (Hodgetts, 1999).

- **Poor timing and Non-reinforcing rewards**

Undue resistance can occur because changes are introduced in an insensitive manner or at an awkward time. Employees resist when they do not foresee positive rewards from changing (Kreitner & Kinicki, 1998).

- **Selective perception and retention**

Perception and attribution play a major role in determining work attitudes and behaviours. There is a general tendency for people to selectively perceive information that is consistent with their existing views of their organisations. Thus, when change takes place, workers tend to focus only on how it will personally affect them or their function or division. If they perceive few benefits, they may reject the purpose behind the change (George & Jones, 2002).

2.6 HOW TO OVERCOME RESISTENCE TO CHANGE

One of the main challenges of change relates to the resistance that is often found in an organisation. Overcoming that resistance is critical, but to do so means that we first have to understand its very roots as we have done so in 2.5.

Understanding that resistance takes numerous forms, is the first step in overcoming it. The chart below summarizes some of the interventions that can be applied to address each type.

Table 2.2 Interventions to Address Resistance to Change

Resistance Type	Actions	
Lack of Context and Direction	Presentations Employee forums Newsletters Change and Vision Maps Q & A Sessions	Compelling vision of the future Special Publications Financial Information Competitor information
Emotions	Face to face communications - manager supervisor with employee - formal and informal Dialogue Conversation	Change experience courses Active Listening Acknowledgment of fear
Trust	Relationship Building Active listening Openness & Honesty	Active Listening Planned Communication Walk the talk
Personality	Relationship Building 360 Surveys	Interpersonal Skills Development

Source www.strategicconections.com

2.7 THE TRANSITION ANALYSIS

This analysis is very useful to help one understand how individuals react to change. It involves the following stages:

2.7.1 Immobilisation

Here the feeling is that of being overwhelmed, or being unable to make plans, unable to reason and unable to understand. Many people experience this as a feeling of being frozen (Saddler, 1995).

2.7.2 Minimisation

This is a way of getting out of the first stage. Minimise the change, see it as trivial. Very often one will deny that a change even exists. This is a denial of reality, which provides time for a temporary retreat from reality while as individual builds up internal strength.

2.7.3 Depression

As people become aware that they must make some changes in how they are living, as they become aware of the realities, they begin to get depressed. They are just beginning to face up to the fact that there has been a change. This is a time when it is difficult to know how to cope with problems, changes and life in general.

2.7.4 Letting go

As people become more aware of reality, they start accepting reality for what it is. Through the first three stages there is still an attachment to the past. Moving to phase four is 'unhooking' from the past (letting go). The kind of feeling may be put into words thus: here I am now, here is what I have, here's what I want. As this becomes accepted, feelings rise and once more optimism becomes possible (Robbins, 2000).

2.7.5 Testing

After letting go, an individual becomes more active and starts testing the new situation, trying out new behaviours, new lifestyles, and so on. There is a great deal of energy while a person is testing new things. At this stage individuals experiment with new workplace behaviour (Daft & Marcic, 1998).

2.8 HOW ORGANISATIONAL CHANGE AFFECTS PEOPLE

Organisations are populated by human beings and Organisational change, far from being an abstract concept, has very real effects on people's lives.

Philip Sadler (1995) suggests that the following are among the most common consequences of organisational change as it affects people:

2.8.1 Redundancy

Sadly, in many organisations, organisational change has become synonymous with job losses. When this has happened getting people to co-operate enthusiastically with change programmes has been likened to getting turkeys to vote for Christmas. There is however, a world of difference between the call for voluntary redundancies on generous terms following full consultation with the employee groups involved. Given an increasingly competitive environment coupled with technological progress it is likely that in most industries productivity growth will outstrips output growth leading to a continued requirement to shared staff. When this is done through intelligent forward planning the slack can be taken up by natural wastage and voluntary redundancy, thus avoiding damaging the morale of the workforce.

2.8.2 Change in job content.

When jobs are redefined a wide range of consequences result. For some people it means loss of traditional craft skills. For others it means having to acquire new skills, having to work with new technology, having to be retrained. It is all too easy to overlook the traumatic effects of such changes. The range of emotions that can be set in train include anxiety about one's ability to master new skills, resentment at being 'sent back to school', loss of esteem and self respect when traditional skills are no longer needed, and deep feelings of insecurity as people's sense of ownership of their jobs is undermined.

2.8.3 Changes in social groupings

The restructuring of organisations frequently results in the re-drawing of group boundaries, the breaking up of existing work groups and the

formation of new ones. People have to adjust and build new relationships, re-establish feelings of mutual trust and a sense of group cohesion. New teams take time to settle in. While this is happening performance may deteriorate rather than improve.

2.8.4 Changes in status

All hierarchical systems of organisation are status systems as well as systems for the allocation of authority and responsibility. Structural change virtually always results in unanticipated changes to people's status. Few changes are resisted more fiercely and few subjects arouse as much emotions. Anxiety about status is often a major factor in resistance to change but is difficult to resolve since it is unacknowledged. People will give any number of reasons for not going along with a set of proposed changes but keep quiet about the real reasons – loss of status – since they will be reluctant to be open about this issue. This is partly because they do indeed, feel somewhat ashamed to feel so deeply about the matter and partly because they would expect such feelings, however strong, to be given scant consideration by management.

2.8.5 Loss of earnings or earnings potential

In some instances organisational change threatens people's earning power – or may appear so to do so. Example includes changes to production systems, which will eliminate the need for overtime working, or changes to the system of remuneration, which eliminates or modifies rates for piecework.

2.8.6 Changes in location

Some organisational changes involve relocation of activities. People who are not being asked to accept redundancy may nevertheless be asked to move home and family to an unfamiliar part of the country or even to another country altogether. Less dramatic moves may mean longer journeys to work.

2.8.7 Changes in condition of employment

Under this heading falls a wide range of possible changes which affect individuals – changes in hours of work or in system of shift working, changes in the method and frequency of payment, changes in the pension scheme, changing in the arrangement for claiming sickness benefit or changes in job grading systems.

2.8.8 Changes in people's beliefs, values and assumptions

Perhaps the most profound changes which affect individuals are among the least expected – changes in things like belief, values and assumptions. For example, changes in financial services industries have led to a radically different approach to bank lending such that bank managers had to unlearn their traditional caution and become aggressive sales people. This change was not so much a change in skill as is a change in basic assumptions and beliefs about banking and the role of the bank manager.

Similarly, people brought up in large public bureaucracies who were taught above all else to stick to the rules and who had seen risk-taking and discretionary behaviour dealt with punitively during their formative years have been required, post privatisation, to operate flexibly, use judgement and take risks. Such changes turn people's values upside down.

When a chief executive alerts the organisation to impending changes, people do not at first think about the consequences for the organisation. Being human, they think about the consequences for themselves. How will it affect me? Will I keep my place in perking order? If I have to retrained, will I be able to cope? Questions such as these are in the heart of organisation change. They are questions that make people's hearts beat faster, questions that are felt in the stomach rather than formulated in the brain.

2.9 CONSEQUENCES OF TRANSFORMATION

Transformation is turning organisations upside down. Katz (1998) states that the result is that many employees are becoming so alienated that they feel no loyalty or attachment to their organisations. Their self-esteem is at an all time low level. Their potential for aggression is high. Part of the problem is that many people have attitudes about themselves and others that predispose them to behave in ways that are irrational and detrimental towards others. They are not open to other's ways of seeing, doing and understanding things. They lack information about other's beliefs values and practices, making positive co-operation difficult, if not impossible (Katz, 1998).

There are differences in reactions to changes between individuals and many expressions of anger and grief are the outward expression of deep-seated fears or frustrations (Norris, 2002).

Norris (2002) adds that any major change in work patterns can trigger a similar reaction to the 'grief cycle' in an individual-initial denial, a period of intense anger and blaming, a period of depression and lastly, a period of acceptance and readjustment. For some these disruptive changes may create further uncertainty and anxiety, while others may welcome the exhilaration that accompanies change (Vermaak, 2002).

Paige (2001) states that companies with great economic power retrench employees to improve their long-term bottom line expenses, while others use it as a desperate measure to yank themselves out of the red, or to eradicate staff duplication after mergers and acquisitions. Robbins (1997) states that most companies pursue a downsizing strategy because several high profile products suffer market declines and a sharp drop in its demand.

2.10 DEFINING ORGANISATIONAL DOWNSIZING

Cameron (1994) defined downsizing as a set of activities undertaken on the part of management, designed to improve organisational efficiency, productivity and competitiveness. It represents a strategy implemented by managers that affects the size of the firm's workforce, costs and the work processes. Robbins (1997) explained it as a practice of reducing an organisation's size through extensive layoffs. Organisational downsizing involves abolishing whole layers of organization and managing with fewer people. Downsizing increases the burden upon those who remain thus placing a premium on commitment (Drummond, 2000).

From an organisational perspective the central aim of downsizing is to improve effectiveness, efficiency, productivity and competitiveness and thus, organisational performance. It is also used interchangeably with a range of other terms such as "de-recruiting", "de-massing", "re-engineering", "re-sizing", "restructuring", "re-organizing" and "right-sizing" (Cameron,1994).

2.10.1 Downsizing Strategies

Cameron (1994) has identified three types of downsizing strategies, namely, workforce reduction, work redesign and systematic change.

- **Workforce reduction**

Workforce reduction is typically a short-term strategy aimed at cutting the number of employees, through such programs as attrition, early retirement or voluntary severance packages, layoffs and terminations. In this process the organisation loses valuable human resources. Permanently employed staff are reduced, causing a reduction in the often all important "head count" and their jobs are taken on by sub-contractors who do not appear on the payroll figures (Mishra & Mishra, 1994).

- **Work redesign**

Work redesign is a medium term strategy in which decision makers focus on work processes and assess whether specific functions, products and services should be changed or eliminated. This includes such activities as eliminating functions, groups, divisions, bureaucracies and redesigning the tasks that employees perform.

- **Systematic Change**

Systematic change is a long-term strategy that changes the organisation's culture as well as the attitudes and values of employees with the ongoing goals of cost reduction and quality improvement. It is where employers seek to maintain or improve their level of output by improving their efficiency (Cameron, 1994).

2.10.2 Consequences Of Downsizing On Employees

According to Cascio (1993), study after study show that following a downsizing, surviving employees become narrow–minded, self absorbed and risk averse. Morale sinks, productivity drops and survivors distrust management. Tomasko (1990) observed other effects, namely, the high human costs, psychological trauma experienced by the victims and survivors, reduced employee commitment, lower performance among employees due to job insecurity, greater loss of valuable employees and lower morale.

A prolonged period of downsizing creates a climate of intensified work regimes and a breakdown in the traditional career ladder, resulting in commitment based on fear rather than loyalty to the organisation.

There is the threat of future job loss, since the crisis is never really over and their positions remain endangered. There is the redesign of their work such

that they are often handling the equivalent of two to three people's work and feeling increased stress because of it. Survivor syndrome is manifested in a range of negative behaviours and attitudes that effectively cancel out the benefits anticipated from the downsizing programs (Thornhill, Saunders & Stead, 1997).

They also state that downsizing is usually not undertaken as part of a broader strategic repositioning of the firm, and some companies risk cutting "muscle instead of fat", and loose key competencies.

These can be conceptualised in terms of a sequence of intermediate effects, which may have positive or negative outcomes. In the case of organisational transformation, these positive effects could be greater employee satisfaction, reduced turnover, increased efficiencies and better communication. The negative effects include lower morale, lower commitment, de-motivation and lack of loyalty and trust Tomasko (1990). The negative effects and the impact that transformation places on employees will be explored further:

- **Impact of Transformation on Employee Morale**

Paige (2001) observed that employees in a post-retrenchment corporate culture experience an erosion of trust, a degeneration of morale and a general feeling of fear and paranoia. There is a sudden loss of colleagues, many of them long standing colleagues, and some of them close friends.

- **Employee Loyalty and Trust**

Uncertainties in the work environment coupled with little information about business strategy have created a trust gap between managers and employees in many organisations. Trust is the lubrication required from all constructive and effective relationships to be and remain operative. It is essential to the future of companies.

- **Impact of Transformation on Employee loyalty and trust**

Survivors feel a sense of betrayal that the promise of lifelong employment, still implicit in the employer and employee relationship, has been unceremoniously broken. Witnessing the painful and often undignified exit of their colleagues, remaining staff members are hardest pressed to figure out why they were so lucky to 'escape the chop'. Often they feel secretly guilty that they have survived, fearful that they may be next in line. The survivors feel rejected and abandoned by an environment they have come to think of as home (Paige, 2001).

2.11 ORGANISATIONAL STRUCTURE

This is seen as playing a crucial role in defining how people relate to each other and in influencing the momentum for change (Clarke & Dawson, 1994) as cited by Burnes 1996. 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.

The case for developing more appropriate organisational structures in order to facilitate change very much follows the arguments of the Contingency theorists, which says;

> *In essence, Contingency Theory is a rejection of the 'one best way' approach previously sought by managers and propounded by academics. In its place is substituted by the view that structure and operation of an organisation is dependent on the situational variables it faces – the main one being environment, technology and size. It follows from this that no two organisations will face exactly the same contingencies; therefore, as their situations are different, so too should their structures and operations be different. Consequently the 'one best way' for all organisations is replaced by the 'one best way' for each organisation (Burnes, 1996).*

And the Culture-Excellence school;

> *On human relations, the message being transmitted is that the new forms of organisations will treat their employees in a more responsible and humane fashion than has been the norm. Employees will be seen and treated as partners, capable of making substantial contribution to the growth of the organisation (Burnes, 1996).*

Those favouring an emergent approach to change point out that the 90s & the 2000s are witnessing a move to create flatter organisational structures in order to increase responsiveness by developing authority and responsibility. An aspect of this is the move to create customer – centred organisations with structures that reflect, and are responsive to, different markets rather than different functions. Customer responsiveness places grater emphasis on effective horizontal processes and embodies the concept that everyone is someone else's customer.

Snow *et al.*, (1993) suggested that the semi-autonomous nature of each part of a network reduces the need for and erodes the power of centrally managed bureaucracies, which, in turn leads to change and adaptation being driven from the bottom up rather than from the top down. They further argue that the specialisation and flexibility required to cope with globalisation, intense competition and rapid technological change can only be achieved by loosing the central ties and controls that have characterised organisations in the past.

2.12 ORGANISATIONAL CULTURE AND CLIMATE

The concept of "culture" and "climate" in an organisation setting have been described and defined in numerous ways. The construct "climate" was introduced in the late 60's and a number of dimensions including structure, reward, warmth and support were identified as describing the "personality" of an organisation. "Climate" as a concept was a natural outgrowth of the desire to specify environmental influences on motivation and behaviour ((Reichers & Schmeider, 1999).

The concept "Climate was used spontaneously in the field of Industrial and Organisational Psychology and developed as an indigenous concept. The construct "culture" within organisations was originally borrowed from anthropology and developed at a later stage from "climate." It is seen as a deeper, less consciously held set of meanings, and climate is identified as its manifestation.

> Schein (1995) defines culture as : a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be thought to new members as the correct way to perceive, think, and feel in relation to those problem.

Climate and culture are similar concepts in that:

- Both climate and culture are learned
- Both deal with how members of an organisation make sense of their world
- Both are the bases for action and behaviour
- Both are multidimensional constructs

However culture exists on a higher level of abstraction than climate, and climate is seen as a manifestation of culture.

The contribution of cultural anthropology to the debate is most helpful. By operating with the constructs 'organisation' and 'organisation culture' as synonyms, Bate (1994) as cited by Elsmore (2001) draws attention to two key conclusions:

1. Given that organisations *are* cultures, there can be no theoretical or logical separation between strategies aimed at achieving cultural change and strategies designed to effect organisational change. Strategies aimed exclusively at changing the culture of an organisation are based on the false notion of culture as a 'thing' and should be avoided on account of the fact they are, in effect, strategies for

something that does not actually exist – mythical strategies for a mythical entity.

2. '...The important point, therefore, is not *what* we study but the different *way* we look at the organisation: the task for culture strategist is not to think *about* culture, but to *think culturally'*.

Beer et al (1993) as cited by Burnes 1996 suggested that the most effective way to promote change is not by directly attempting to influence organisational behaviour of culture. Instead, they advocate restructuring organisations in order to place people in a new organisational context, which imposes new roles, relationship and responsibilities upon them. This, they believe, forces people new attitudes and behaviours upon people. This view, is also shared by Tom Peters (1993) who advocates rapid and complete destruction of existing hierarchical organisation structures as a precursor to behavioural change.

Some of the elements of Climate and Culture are:

- Leadership: Whether transactional or transformational
- Communication with the organisation
- Decision making process
- Cohesiveness which refers to the degree of attraction/liking for members and teams as a whole. Effective performance increases cohesion rather than vice-versa.

2.13 THEORIES OF CHANGE

Theories about organizational change implicitly or explicitly include assumptions about what an organization is and its relationship to its environment. Dooley (1997) Hage (1999:614-616), and Haveman (2000) articulate this relationship for some of the organizational theories influential in the organizational change literature. An organization may be seen as:

- An "organism" that adjusts or evolves in response to fluctuations or contingencies in the environment and simultaneously influences its environment. In stable and certain situations, mechanistic

organizational forms are appropriate, but in unstable and uncertain markets, an organic organizational form is more appropriate.

- An institution influencing and influenced by its context (Powell & DiMaggio 1991, DiMaggio & Powell 1983, and Zucker 1987).
- Defined by its ability to change their information-processing capabilities. Because of bounded rationality, heuristics are seen as dominating organizational decision-making and thus organizational change in this approach.
- Political, that is, those departments or occupations that handle the major contingency facing the organization will become the dominant coalition and exert their power to maintain dominance. A variant of this is resource dependency theory.

2.12.1 How People can be induced to Change

Theories about change at the individual level underlie much of the thinking about how change at the organizational level is accomplished. Bennis et al.'s classic *The Planning of Change* (1985:24-43) groups available change mechanisms into the strategies that reflect the different theories about how *people* can be induced to change:

- Educative/empirical-rational strategies, which posit that individuals, guided by reason, will utilize some rational calculus of self-interest to determine needed changes in behavior. Knowledge is a major ingredient of power in these strategies.
- Normative/persuasive strategies, which posit that individuals are guided by internalized meanings, habits, and values. These strategies emphasize the importance of balancing knowledge about technologies and systems with knowledge and understanding of noncognitive determinants of behavior, including processes of persuasion and collaboration.
- Power-coercive strategies, which emphasize political and economic sanctions and regulatory strategies as ways to amass political and

economic power behind change goals. These strategies include nonviolent protests, use of political institutions, and manipulation of the alignment and composition of the power elite.

Meyer et al. (1990) add mimetic strategies, which are designed to promote change by providing examples and the models. Dooley (1997:69) observes that the "prevailing paradigm of a given era's management theories has historically mimicked the prevailing paradigm of that era's scientific theories." During the nineteenth and early twentieth centuries, management theories held reductionism, determinism, and equilibrium as core principles (the organization as a machine metaphor), and accorded management near total authority over the workplace – in other words, an autocratic management model (the power-coercive strategy described above).

Although contemporary management practice remains deeply rooted in the mechanistic, equilibrium approach and an autocratic model of management, it is increasingly influenced by an organic construct of the organization that emphasizes organization-external environment interactions, teamwork and participation, worker motivation, and the dynamic aspects of change, adaptation, and learning (Morgan 1986; Wheatley 1992). The work of Mayo (1933), Likert (1961), McGregor (1960) and Trist (1981), along with many others, laid the foundation for this growing emphasis on balancing technical aspects of organizational design with consideration of the needs and interests of the workers and the constraints and opportunities presented by the external environment. Indeed, a substantial focus in the change management literature is helping organizations, and top management, change their management model and their managers' behaviors.

2.12.2 The Three-phase Model of Change

Kurt Lewin's (1951, 1958) three-phase model of change -- unfreeze2, move or change, and refreeze –provides the framework for much of the literature that deals with intentional change in organizations (Goodstein and Burke 1995; Sapienza 1995; Kotter 1998; Goss et al. 1998). An important aspect of this

framework is the centrality of changing the individuals who comprise the organization and the explicit recognition that change will be resisted, and that overcoming this resistance requires leadership (and hence the involvement of top management) and creates costs, which in the case of individuals include substantial emotional work. Conflict theory, action research, and discrepancy theory are employed to articulate and address the individual and interpersonal aspects of change (Dannemiller and Jacobs 1992). Lewin identified three ways that organizational change could be accomplished:

- Changing the individuals who work in the organization (their skills, values, attitudes and eventually behavior) – with an eye to instrumental organizational change
- Changing various organizational structures and systems – reward systems, reporting relationships, work designs
- Directly changing the organizational climate or interpersonal style – how often people are with each other, how conflict is managed, how decisions are made.

Underlying discussions of change strategies are two different models of behavioural change (Sapienza, 1995). The first views behaviour as a function of attitude, with attitude change seen as driving changes in behaviour – i.e., change attitudes and behaviour will follow (Lewin, 1951; 1958). The second views behaviour as a function of context, with changes in context seen as driving changes in behaviour – i.e., change the context and behaviour will follow. The tension between these two models and the basis for choosing one approach over another in a particular circumstance has been a key focus of change management literature and research. Although the debate continues, there is increasing recognition that a balanced approach that employs mutually reinforcing interventions, tailored to the particular circumstances and history of the organization, to change both attitudes and context is likely to be the most effective in creating the desired change (Sapienza, 1995; Beer and Nohria, 2000; Heifetz, 1994; Senge, 1990; Senge et al., 1999).

Table 2.3 Addressing the tension between Competing Change Management Strategies

Dimensions of Change	Economic Value Theory (E)	Organisational Capability Theory (O)	Theories E and O Combined
Goals	Maximise shareholder value	Develop organisational capabilities	Explicitly embrace the paradox between economic value & organisational capability
Leadership	Manage change from the top	Encourage participation from the bottom up	Set direction from the top & engage the people below
Focus	Emphasize structure & system	Built up corporate culture: employees behaviour & attitudes	Focus simultaneously on the hard (structure & systems) & the soft (corporate culture)
Process	Plan & establish programs	Experiment & evolve	Plan for spontaneity
Reward System	Motivate through financial incentives	Motivate through commitment – use pay as fair exchange	Use incentives to reinforce change but not to drive it
Use of Consultants	Consultants analyse problems & shape solution	Consults support management in shaping their own solutions	Consultants are expect resources who empower employees

Source Beer. Michael, and Nitin Nohria 2000. Cracking the Code of Change, Harvard Business Review (March-April)

Beer and Nohria (2000:133) illustrate how these two archetypes/models of change are reflected in the business world. They note that there are contradictions between the two models and the change strategies that follow from them. They argue that change managers can start with an approach based on changing the context (economic value theory, E) and then follow with changes based on changing attitudes (organizational capability theory, O), but not the reverse due to the loss of trust caused by the tough actions associated with aggressive change in context (Theory E). Because this sequential approach takes time, they advocate an integrated approach, emphasizing that success depends upon explicitly confronting the tension between the goals of creating organizational economic value and creating

organizational capability, a point emphasized throughout this literature. A graphic representation of this theory is shown in *Table 2.3* using the six dimensions of change discussed in Chapter One.

Among the other organizational change theories that play a key role in the change management literature are lifecycle and growth stage theories (Adizes 1999; Greiner 1967, 1998), which emphasize the importance of the predictable life stages of an organization that drive change and create change management demands; and cultural change (Cameron and Quinn 1999; Burke and Trahant 2000), which incorporates both learning theory and action research (Argyris and Schön 1978; Argyris 1993; Heifetz 1994; Wheatley 1992) and participation/engagement theory (Strebel 1998; Heifetz 1994; Holman and Devane 1999). Christensen and Overdorf's (1999) theory of disruptive change has had a widespread impact on change management thinking.

2.14 CONCLUSION

In summary, this literature review has covered the conceptual and contextual areas that inform this research. Manning (1997) has pointed out that while companies around the world race towards new levels of competitiveness, South African organisations are grappling with a paradox that threatens their survival as to how to become world class in their performance and local in their character.

From the literature review presented it is apparent that the goal of the change; leadership; focus; the process; reward system and the use of consultants are critical for the success of the change process. Besides being critical to the process itself it is evident that these factors are interrelated.

CHAPTER THREE

BP Southern Africa (Pty) Ltd

A Case Study

3.1 INTRODUCTION.

As mentioned above the, the researcher will use BP as case study in the study of the research question. This chapter will introduce the organisation that is going to be the subject of the study and will also discuss the history of BP in South Africa. The researcher will also cover the history of change in the organisation over the last five years.

3.2 BACKGROUND

BP is one of Britain's biggest companies and one of the world's largest oil and petrochemicals groups. BP owes its origin to one man, William Knox D'Arcy, who, shortly after the turn of the century, invested time, money and labour in the belief that worthwhile deposits of oil could be found in Persia (now known as Iran).

In the company's first six decades, its prime focus lay in the Middle East. But from the late 1960s the centre of gravity shifted westwards, towards the USA and Britain itself. However, the BP of today is an international company, having operations in over 100 countries. Its key strengths are in oil and gas exploration and production; the refining, marketing and supply of petroleum products; and the manufacturing and marketing of chemicals. It supports all its businesses with high quality research and technology.

But to do justice to a story as complex as BP's would require considerably more than these few pages. This brief account covers only some of the principal milestones along the road from BP's beginnings in Persia to its current position as one of the world's leading companies. Figure 3.1 below

illustrates the history of the four companies that today form BP after several acquisitions over the last couple of years.

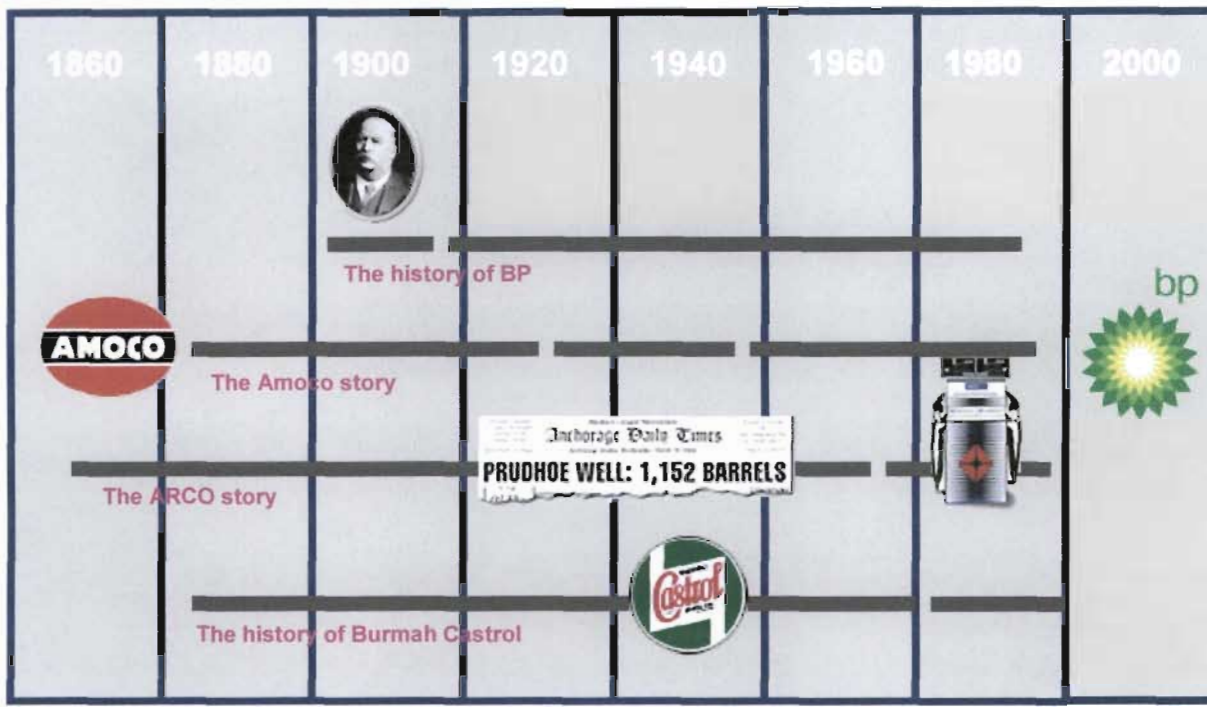

Figure 3.1: *The history of the four companies that now form BP (Source: BP Internet)*

3.2.1 BP Profile

BP p.l.c. is the holding company of one of the world's largest petroleum and petrochemicals groups. Their main activities are exploration and production of crude oil and natural gas; refining, marketing, supply and transportation; and manufacturing and marketing of petrochemicals. They have a growing activity in gas and power and in solar power generation. BP has well-established operations in Europe, North and South America, Australasia and Africa.

3.2.2 Moving The Products

After crude oil and natural gas are discovered and pumped to the earth's surface they are carried through pipelines or by ship to storage terminals, or

-in the case of oil -directly to refineries. BP's transport network criss-crosses the globe. They own or operate 25,700 miles of pipeline, much of it in the United States. They also control an international tanker fleet of more than 40 vessels, either fully owned or on long-term charter.

Natural gas can be used as a fuel with minimal processing, but crude oil needs to be refined before it becomes a fuel that can power vehicles, ships and planes, provide feedstock for the chemicals industry or be turned into heating oil for commerce.

3.2.3 Refining & transport

The enormous cost of running refineries means that each of the 24 facilities they own or partly-own must be highly competitive and extremely efficient. Today they have a refining portfolio that spans most of the globe, with significant strength in the United States, Europe and Australia, plus important interests in South Africa, China and New Zealand.

Once refining is completed, the different products are moved to storage terminals by ship, barge, pipeline or rail. From there they are usually delivered to customers by road tankers. Every day they sell and trade more than 5 million barrels of refined products - enough to supply the entire oil needs of France, Spain and the United Kingdom combined. Recently they have focused on investment in new equipment to extract more high-value products from each barrel of crude oil and to meet demands for lead-free and ultra-low sulphur fuels - as well as for reductions in carbon dioxide emissions.

3.2.4 Customers

On land, on the sea and in the air, BP's products help to keep the world moving. Each day they serve more than 10 million customers worldwide. Drawing on their combined strengths, products are marketed under the red, white and blue Amoco and ARCO brands in the United States and the green and yellow BP brand in the rest of the world.

In the United States, BP is the second largest marketer of gasoline, with about 17,150 service stations nationwide. East of the Rocky Mountains they are among the top three marketers for branded retail sales. They are also the leading supplier of premium gasoline in America. Consumers rate the Amoco brand first in quality throughout its marketing area in the United States based upon nationwide surveys, while the ARCO brand is typically the leading gasoline marketer in the western US.

Outside North America they have a network of 11,850 service stations. In all, their products are on sale in about 100 countries. In Europe they hold a pan-European leadership position. Their family of lubricants is headed by the Castrol brand. Acquired by BP in 2000, Castrol products are sold in more than 50 countries.

The brand is world leader in motor vehicle and motorcycle lubricants and services. Other products include engine oils, transmission fluids and brake fluids. Castrol is also world leader in the supply of specialised products and services to metalworking industries such as transport and metal component manufacturers. BP has also developed extensive products and services for on and off road vehicle fleets.

Lubricants and fuels underpin a flourishing retail business. But all their latest outlets, such as the Split Second and am/pm networks in the United States, also sell food and other convenience goods. Some have in-store bakeries. They are now building alliances with others. In the United States they work closely with McDonald's, in Europe with Safeway and Sonae, and in Japan with the retail group Iseya Kosan. At some of their sites more than half their revenue comes from non-fuel sales.

BP is also one of the world's largest marketers of aviation fuel and a major supplier of fuels and lubricants to the global shipping industry. Customers can call on their fuelling services at more than 900 ports and 1,400 airports.

3.2.5 Chemicals

In terms of operating profits, BP is the world's third largest petrochemicals company based on a highly integrated product portfolio and strong marketing positions in North America, Europe and the Far East. The company operates large-scale chemicals manufacturing plants in the United States, Britain, Belgium, France and Germany. Joint-venture projects in seven countries give them a powerful platform for expansion in Asia, including China, Indonesia, South Korea, Taiwan and Malaysia.

At present the group holds leading positions in a number of core products including acetic acid, acrylonitrile, aromatics, purified terephthalic acid (PTA), alpha-olefins, purified isophthalic acid (PIA) and polypropylene, polyethylene and oxygenated solvents. They are the world's largest producer of PTA, which is used to manufacture polyester, fibres and resins for use in bottles and containers. They also produce raw materials for plastics such as polystyrene and polyethylene - the versatile polymer used in products from food packaging to gas pipes. Another of their strengths, polypropylene, is the source of a variety of everyday products.

Other BP chemical products are used for applications as diverse as pharmaceuticals, cosmetics, detergents, packaging, coatings, adhesives, fuel additives, cable insulation, microfilm, cassette tapes and synthetic rubber. In addition, they own a portfolio of proprietary technologies. Among them is a new process for producing butanediol, leading technologies in acetyls, and Innovene which is a technology for producing polyethylene that has licensees in 16 countries. More than 95% of the world's manufacturing capacity for acrylonitrile uses the BP process.

3.2.6 BP In South Africa

The BP group's history in South Africa reaches back to the early 1920s. Today BP Southern Africa (BPSA) has its head office in Cape Town and is the third largest of seven oil companies operating in South Africa. There are 790 BP branded service stations, 26 depots and other distribution sites, including three coastal installations.

The company processes its crude oil through, and has a 50% stake in, the South Africa Petroleum Refineries (Sapref) at Reunion, 16 kilometres south of Durban on the East Coast of South Africa. It also has a 50% holding in the South African Lubricants Manufacturing Company (SAMCO), and a lubricating and oil blending plant at nearby Island View.

BP employs some 1 300 people in South Africa, excluding those employed by Sapref, SAMCO and the blending plant. Employees come from a wide variety of racial and cultural backgrounds incorporating over 10 distinct home languages.

3.3 THE BP SOUTHERN AFRICA AND CASTROL MERGER

The proposed transaction took place in the UK and entailed a full operational merger of the worldwide businesses of BP Amoco and Burmah Castrol. The conclusion of the transaction was subject to two pre-conditions, one of which was already met, namely that the Federal Trade Commission in the USA and the EC Competition Commission approve the transaction and subsequent to this, that all the regulatory authorities in the various countries in which BP Amoco and Castrol operate, including South Africa, must approve the transaction.

The primary acquiring firm was BP Amoco, which operated in South Africa through its subsidiary, BP Southern Africa (Pty) Ltd. The primary target firm was Burmah Castrol, which operated in South Africa principally through its

subsidiary Castrol South Africa (Pty) Ltd. The transaction involved the purchase of all the issued share capital in Burmah Castrol by way of a public offer to all of the shareholders of Burmah Castrol. The parties aver that the reason for the transaction was primarily that BP Amoco perceived the marketing and brand management skills possessed by Burmah Castrol Group as complementing BP Amoco's existing lubricant product development and production capabilities, with a result that the worldwide competitiveness of the BP Amoco Group will be enhanced.

3.3.1 The relevant market

The relevant product market is defined narrowly as the market for:

- Automotive lubricants used in petrol and diesel engines, gearboxes, axles and brakes.
- Industrial lubricants such as hydraulic fluids, industrial gear lubricants and compressor lubricants, etc.
- Marine lubricants used in marine engines.
  Aviation lubricants used in turbofan engines and piston engines.
- Chemical cleaners such as detergents and degreasers.

Lubricants are generally used to lubricate moving parts to reduce friction between them, thus reducing wear and preventing undesirable heat build up. Lubricants may be sold in solid, semi-solid or fluid form, and depending on the additives added to the base oil, lubricants are sub-divided into the above-mentioned product types between which there is little substitutability.

3.3.2 The impact on the competition in the relevant market

Table 3.1 below shows the market share of the South African Oil Market. The market shares are based on sales by volume because the turnover figures of competitors are not available. There are also approximately 80 small producers that are active in this industry that are not included in the 1999 Lubrizol Survey from which the above figures were taken.

The 6 largest producers that are the most prominent in South Africa are:

Table 3.1 The South African Lubricants Market Share

Producers	Automotive Lubricants	Industrial Lubricants	Marine Lubricants
BP	**13%**	**8%**	**23%**
Castrol	**16%**	**18%**	**4%**
Engen	20%	18%	20%
Shell	16%	28%	15%
Total	8%	10%	
Caltex	13%	9%	10%

Source : 1999 Lubrizol Survey

3.4 ORGANISATIONAL STRUCTURE

Figure3.2 shows the structure of the company after the merger with Castrol before the current change being discussed in this research.

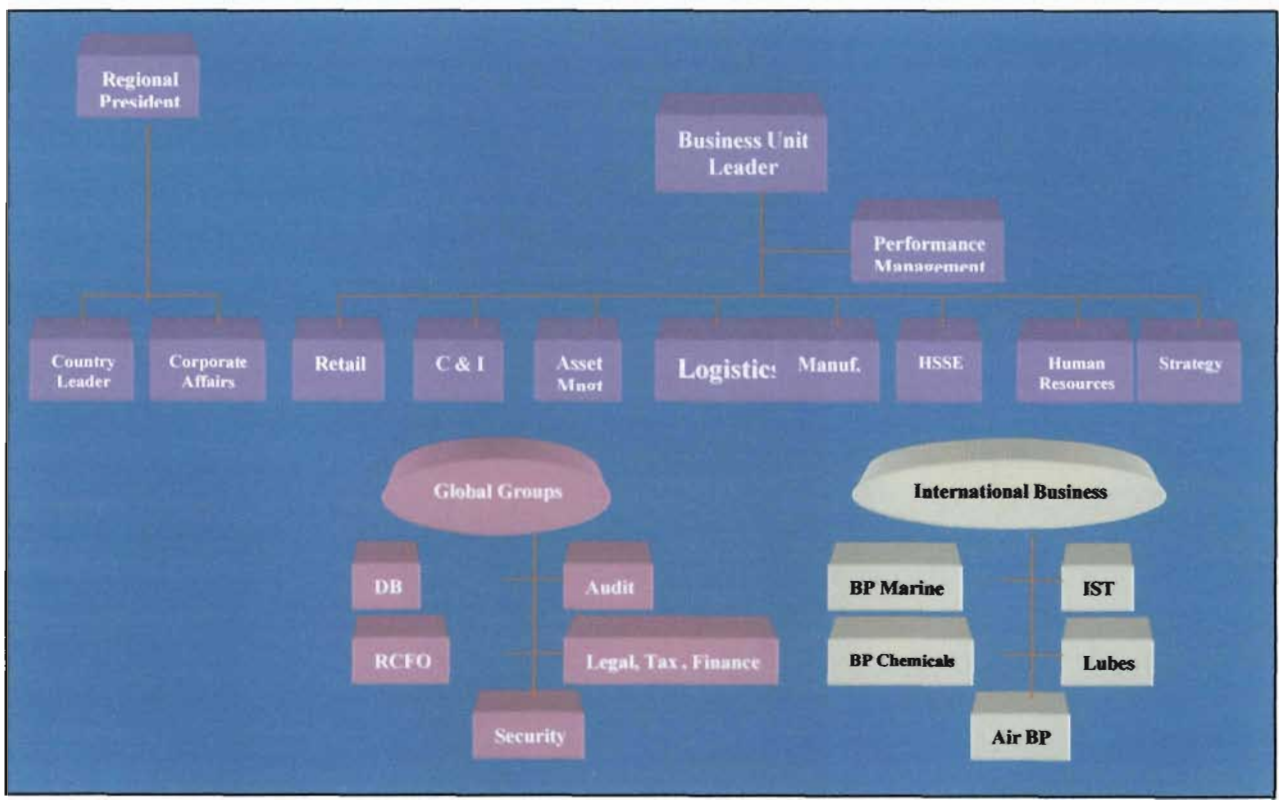

Figure 3.2 BP Southern Africa structure after the merger with Castrol

Source: BP Southern Africa Pty (Ltd)

3.5 THE HISTORY OF CHANGE AT BP SOUTHERN AFRICA (PTY) LTD

Over the last six years BP has been involved in changes for various reasons. These have been minor changes except the merger with Castrol.

3.5.1 Pre – Castrol Merger 1999 – Downsizing

This change was as a result of a "Pareto Principle" and this analysis was done in 1998 to be effected in early 1999. BP realised that there were 'trivial many' and ' Vital few' that affected their overall performance as a company. This was simply a fact that 80% of their revenue was coming from 20% of their customers and 80% of their customers accounted for a 20% revenue.

Most of the customers that were in this 'trivial many' that is 80% were transferred over to resellers [third party agencies that handle small accounts and do the business for BP and will be paid a handling fee or buy the products from BP to sell to such customers). This was to ensure that the 'vital few' that bring the 80% revenue were given the necessary attention as a valuable customer of BP. This led to excess staff in the company as more than 70% of the customers were no longer in BP's books and so should the sales team, support function be relative. This led to a downsizing and a learner organisation was realised.

3.5.2 Castrol merger Restructuring Fall of 2000

This was after BP, which operated in South Africa through its subsidiary, BP Southern Africa (Pty) Ltd primary acquired Burmah Castrol, which operated in South Africa principally through its subsidiary Castrol South Africa (Pty) Ltd. This led to a duplication of facilities and operations as well as the support function as they have similar operations.

This was a major restructuring as the two companies were oppositions before the merger and had similar operations except retail in the case of

Castrol South Africa as they were mainly, a Lubricants company unlike BP Southern Africa who was involved in retail as well.
People lost their jobs but mainly the people that were closer to their retirement age were given early retirement. Those that were not placed were retrenched.

3.5.3 Ama - Africa Restructuring end 2001

This restructuring was mainly to integrate the BP Africa Business unit that operated outside South Africa into BP Southern Africa Business Unit. Before *amaAfrica* BP was four fragmented business units. Joined as one, they now wanted to have the critical mass to grow their business successfully in sub-Saharan Africa.

There was a long process selecting suitable candidates and those that were not placed in the new structure were given severance packages. They were provided with a comprehensive outplacement support including counselling.

3.6 THE CURRENT CHANGE 'Fit For Growth Strategy'

In November 2002 Stephen Bessley the BP Southern Africa business unit leader announced that there was going to be changes and hinted that there will be job cuts. Only about ten months later that this was only effected. Below is the strategy behing the change.

3.6.1 The Process

BP's leadership in the Africa BU proposed:

- Changes to the way in which the BU is organised in sub-Saharan Africa
- A restructuring process to move from the existing organisation to one that supports a new business model for the region

Employees will be consulted on both aspects.

The purpose of the consultation was to describe these proposals and explain how the employees can participate in the process.

This consultation had three sections:

1. The proposed changes to the organisation and the reasons for these changes
2. The proposed restructuring process
3. How can employees meaningfully participate and give feedback on the proposals

3.6.2 The proposal

With this restructuring coming it will be best if we start by looking at BP's future vision for having this change:

- **Future Vision**

BP's goal is to be the leading player in the fuels markets of substance in sub-Saharan Africa. They have been on a journey these past 10 years to strive for greater focus and efficiency in their business. They will now walk down a path that leads to the very best customers, and build their future on them.

- **Firstly**, they will be very clear about where they directly participate in the region. They already have excellent competitive positions in attractive growth markets. Where markets are not attractive enough for them to service them profitably, they will think of different ways of serving them or exit them altogether.
- **Secondly**, they want to place their future investment in people and capital in those offers that they believe are the best competitive offers to their customers; for example their Convenience [Service station shops] offer in Retail and their Commercial Transport offer to truckers. They want to equip their staff, dealers and distributors with the skills to win.
- **Finally**, they need to organise themselves so that they are aligned around their new business footprint and the customers they serve.

Over the past few months BP has been evaluating their business across Africa to determine the most attractive markets. These markets make up the bulk of the profit potential available from selling fuels in Africa. They believe that by focusing on these markets they will create a winning platform that will be unassailable in the long-term.

This strategy is about getting "fit for growth". As they get fitter, so they will invest to build and sustain their lead in the African markets in which they choose to do business.

- **Proposed location of the BU**

A design principle of the new organisation is to position leadership closer to the customer. As the centre of gravity of their targeted customer footprint in South Africa is Gauteng, it is proposed to locate a number of positions in their customer-facing businesses in Johannesburg. In the African associates, they are proposing that the PUL accountable for operating contribution in Zambia, Malawi, Tanzania and Kenya is located in Dar-es-Salaam. The PUL accountable for the other African cluster would ideally be located in Harare. Until Zimbabwe is normalised, it is proposed to domicile this position in Johannesburg.

- **Where does *amaAfrica* fit into the strategy?**

amaAfrica formed the foundation for the strategic work they are implementing now. Before *amaAfrica* they were four fragmented business units. Joined as one, they now have the critical mass to grow their business successfully in sub-Saharan Africa in line with the "Fit for Growth" strategy.

3.6.2.1 Section 1 - The proposed changes and reasons for them

- **The case for change**

  - **Leading player in Africa**. BP's strategy aims to make them the leading player in the markets that matter in Africa.

- **Customers.** The strategy builds the company around the prime customers.
- **Offers & Capabilities.** The strategy aims to invest in the best customer offers and in the skills of their people.

- **Design Principles**

The company proposes the following principles to govern the design of a new organisation that will address the above needs.

- **Simplified business.** They intend to focus on the most profitable customers in the region who will provide them with sustained growth. This will entail a geographic reduction of the customer footprint as they focus the business on core areas.

- **Customer-facing.** They aim to produce a customer-facing organisation, focusing on selected markets and served by highly skilled staff. Employees interested in filling the new key customer facing positions will be expected to attend an Assessment Centre to ensure the right fit between person and position.

- **High-performing.** They believe that any new organisation they create must pass both transparency and accountability tests. Centres of Expertise must cover the whole organisation to ensure they maximise scale advantage and build in a capacity to grow their business over the next 10 years.

- **Linked to BP global.** While BP is creating a new business in Africa, they are only part of the region that makes up the Group's businesses in Africa and they need to retain strong links to both the International Businesses and the Global Groups in London. Therefore they are aligning with the emerging thinking on organisation structure in the Group.

Below is the existing structure at BP with the existing number of employees, which is followed, by the new structure with an indicated number of people for the new organisation.

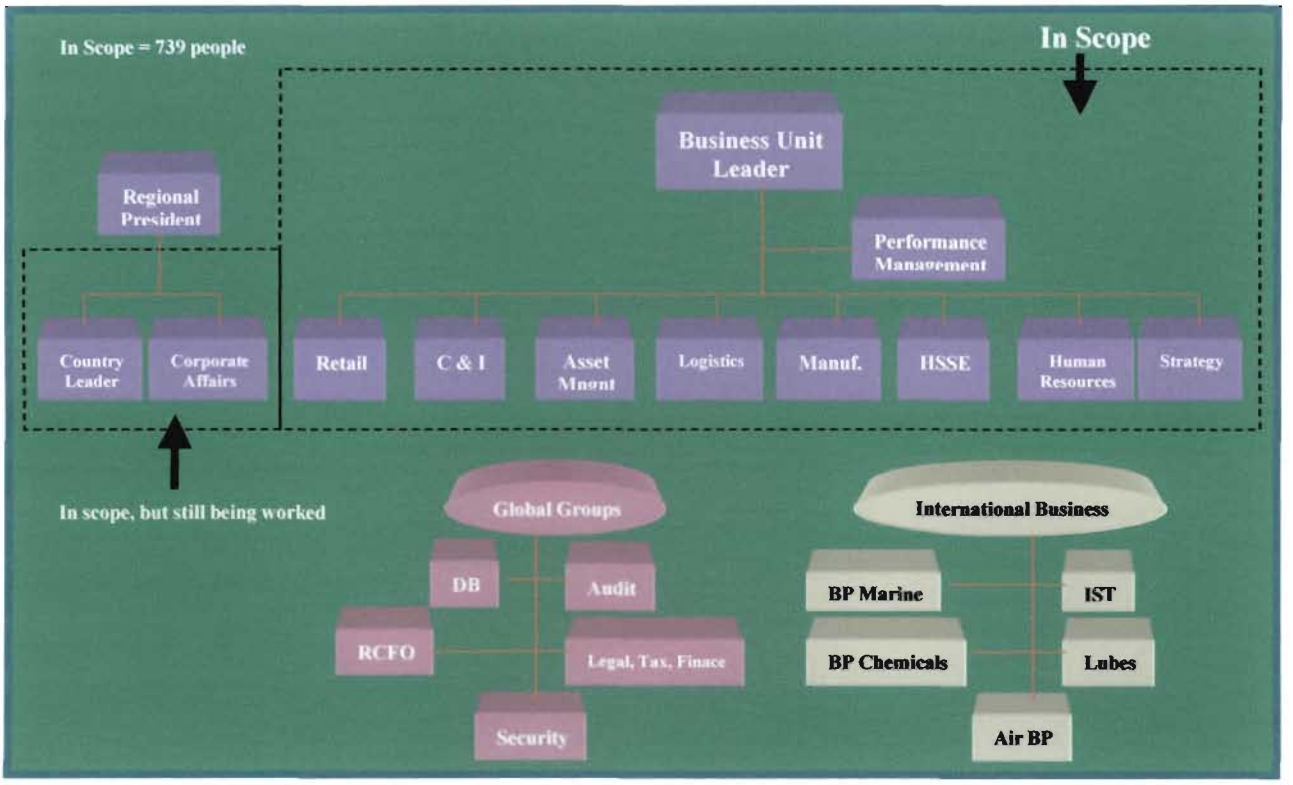

Figure 3.3 BP Southern Africa Old structure

Source: BP Southern Africa Pty (Ltd)

Figure 3.4 shows the new organogram with the new changes in the reporting lines

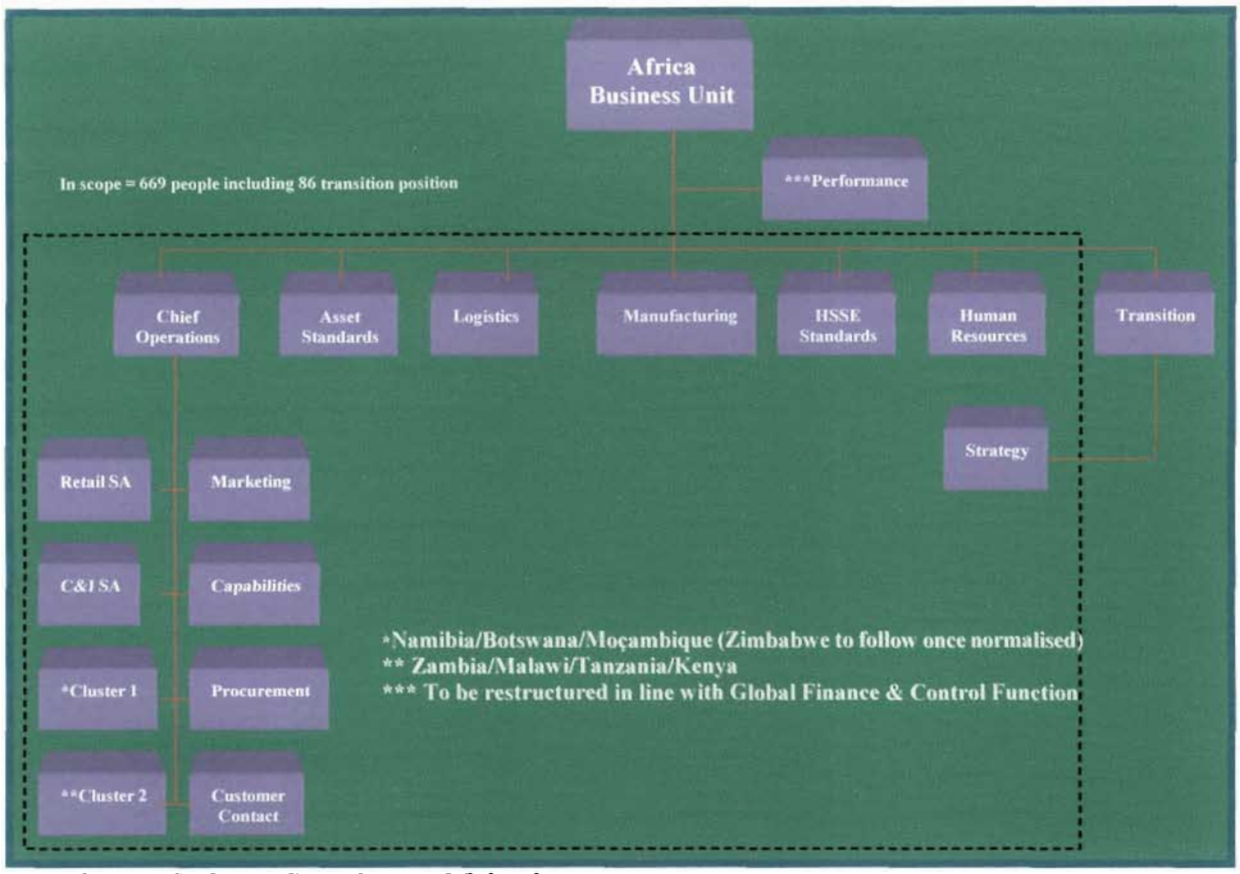

Figure 3.4 BP Southern Africa's new structure

Source: BP Southern Africa Pty (Ltd)

The units are:

Business Unit Leader, supported by a Performance Manager, Chief Operating Officer, Manufacturing Manager, Logistics Manager, Assets Standards Manager, HSSE Standards Manager, HR Demand Manager and Transition Manager.

Reporting to the **Chief Operating Officer** will be four Performance Unit Leaders and four Centre of Expertise managers.

The **Performance Units** are:

- Retail South Africa
- Commercial and Industrial, South Africa
- Cluster 1 – Namibia, Botswana, Mozambique and Zimbabwe*
- Cluster 2 – Zambia, Malawi, Tanzania and Kenya

* Zimbabwe will remain outside of the Cluster 1 organization until such time as the political and economic situation there normalises. Until then, the MD will remain accountable for reputation and performance.

The following Centres of Expertise, reporting to the Chief Operating Officer, will support the PUs:

Centres of Expertise

- Marketing
- Capabilities
- Procurement
- Customer Contact Centre (CCC)

Regional President, Country Leaders and Corporate Affairs

This area is still being worked and a separate proposal for this grouping will emerge during the consultation process.

Global functions. Global functions other than HR are not included in the scope of this BU restructuring. They are:

- Digital Business
- RCFO
- Internal Audit
- Legal, Finance and Tax
- Security

International Businesses. International businesses are not included in the scope of this BU restructuring. They are:

- IST
- Air BP
- BP Marine
- BP Chemicals
- Lubricants

3.6.3 Transition Organisation

BP proposed that the Business Unit create a Transition Organisation as a separate Performance Unit to manage the business outside the focus market. The Transition Performance Unit, with roles varying from 6 - 24 months, will comprise of in-country Project Transition Teams, both in South Africa and in the clusters, who will manage and transition the assets and customers impacted by the new business footprint. The teams will be accountable to the BU Transition Team Leader who reports directly to the BUL. In addition to these roles, other transition roles have been identified in the Logistics, Asset Standards and PU organisations. These roles will not reside in the Transition Performance Unit.

The roles in the Transition Organisation will be made available for staff to express interest using the same process as with other roles in the new organisation. However, as these transition roles are of varying durations, the terms and conditions for these transition roles will become apparent closer to submitting CDSs.

There are two possible routes when the term has ended: either a permanent position in the company, or retrenchment, depending on the business need. As BP would like people with extensive corporate knowledge and deep professional competencies to be part of this unit, the company will either try its best to find alternative employment within the company once the term has been completed, or will offer a retrenchment package in line within what is presently being offered according to the policy.

3.6.4 Outsourcing options

BP proposed to outsource the Facilities unit that is presently part of Assets, for the following reasons:

- It has been identified as non-core in the strategy analysis
- It is the most efficient way to manage this part of the business

- It is a BP global practice and Africa is one of the few regions that has not followed the global trend.

The services presently being rendered by the Facilities unit include mailing, archiving, building maintenance, cleaning, security, office accommodation, canteen services, reprographic services and the chauffeur service.

Present facilities staff members are eligible to participate in the restructuring process.

3.7 Section 2 - The proposed restructuring process

BP is proposing a set of principles and policies to govern the transition

3.7.1 Proposed principles:

These principles are not new; they are aligned with BP standards and values:

- BP aspires to transform the organisation to reflect the markets in which he operate
- BP will treat employees with dignity and respect
- BP will comply with local legislation and group values
- BP will build a high-performing organisation with highly skilled teams

3.7.2 Proposed restructuring policies:

- Consult on all significant decisions in all countries even where the law does not require consultation
- Reappoint individuals who are presently incumbent in roles, which are unchanged in the new organisation, in terms of job content and skills requirements. Reappointed individuals will not be entitled to take part in the placement process associated with the restructuring.
- Use representative and diverse panels to place people, supported by independent assessors/observers

- Give priority to permanent employees, but allow direct contractors* who have been employed by BP for longer than 12 months to participate
- Employees will be able to request to be considered for voluntary severance packages, which could be granted depending on operational requirements.
- Where positions change location only, but not job content or skills requirements, present incumbents will be consulted on whether they are prepared to relocate. If agreeable, the person will be reconfirmed. If not, the position will be made available. The incumbent will be eligible to express an interest in other roles as set out in the principles.
- Where "preferred" appears next to a location on the organisation chart, it means that although this is the preferred location of the job, it is not business critical in the short term.
- Where job levels have changed due to decreased dimension in line with the reduced geographic footprint, but the content has remained the same, the present incumbents will be consulted on whether or not they want to retain the position. If not, the position will be made available. The incumbent will be eligible to express an interest in other roles as set out in the principles.
- If the number of similar unchanged roles is reduced, the present incumbents will be given equal opportunity to express an interest in these or other roles in the organisation.
- Present incumbents in jobs that do not exist anymore in the new organisation, are eligible to express an interest in the available positions as set out in the principles.

***Direct contractors** can be defined as staff who have a contract with BP and are not contracted to BP via an agency.

Parts of the BU organisation not included in this phase of the restructuring process

Zimbabwe: Zimbabwe is excluded from this phase of BU restructuring as it has just gone through a reorganisation. This means that employees in the new Zimbabwe organisation may not express an interest in the positions that become available during BU restructuring.

Lesotho and Swaziland: Lesotho and Swaziland are not in scope. Separate conversation will be held with staff in these countries in due course.

RCFO and Performance: To keep performance management processes on track during the upcoming change, and recognising that the Performance function will be combined with the RCFO function as part of global restructuring of RCFO in the near future, the Performance function will not be restructured at this time.

However, in recognising the imminent disestablishment of the Performance function, it was proposed that employees in Performance will be given the opportunity to use up to two of their three choices during the restructuring. Should they not be successful, the remaining one or two choices can be used to apply for positions in the new RCFO organisation when that takes place, probably in the first half of 2004.

Logistics depot and fleet staff: As changes within the depot network are dependant on the pace at which the customer footprint is reduced, depot staff and fleet teams will be unaffected until such time as or when decisions are made to close particular depots.

Human Resources: It was proposed that HR staffs are included in the process but will only assume their new roles after the BU has made the transition to its new organisation.

3.7.3 Proposed process for the transition

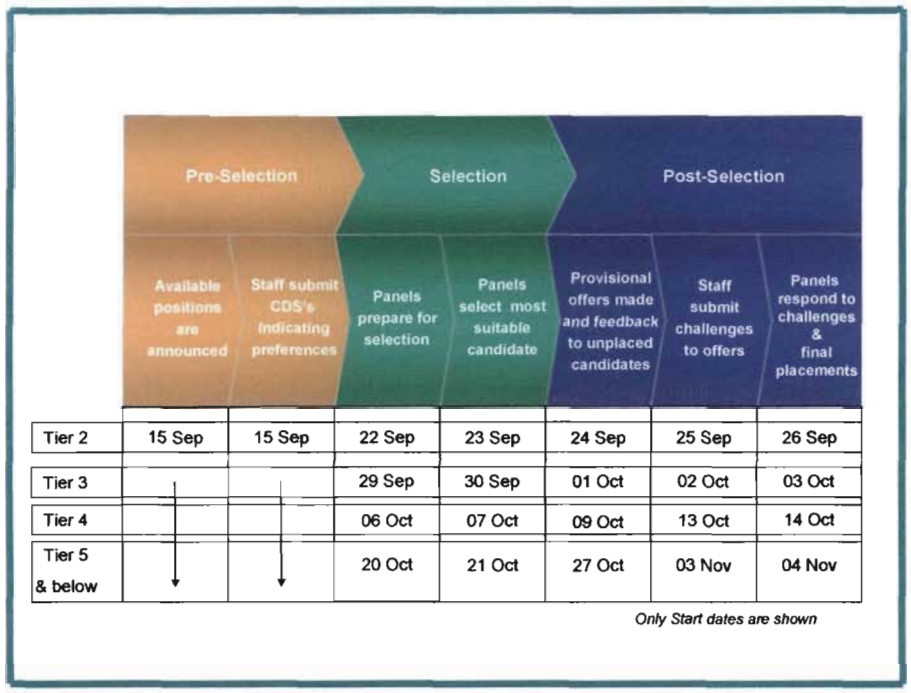

Figure 3.5 The transition Process *(Source) BP Southern Africa*

It was proposed that all positions that have changed in the new organisation be made available for all staff that has not been reappointed into unchanged positions to express an interest.

The positions will be made available in line with the timetable above, and it was proposed that they would be filled on a tier-by-tier basis:

The company proposed the following three phases to place employees in the relevant positions.

1. **Pre-selection**
   - Available positions are announced
   - Employees submit a simplified Career Direction Statement (CDS), including their job preferences

2. Selection

- Each job is discussed and the panel selects the most suitable candidate.
- Employees who are not placed in the tier in progress will go into a pool and be considered for placement when the next tier is placed.
- Should an employee not be placed in either of the two tiers, retrenchment may be considered once other options for alternative placement in the organisation have been exhausted
- An assurance process will be followed

3. Post-selection

- Provisional offers are made for each job
- Provisional offers are accepted or rejected
- Provisional placements can be officially challenged
- Unplaced staff will be given feedback
- Staff at risk receive letters confirming this status
- Placements are confirmed
- Alternative positions in the company are investigated for unplaced staff
- A retrenchment process is followed for those not offered jobs
- A relocation process is followed for those who accept jobs in new locations

Pre-selection

It was proposed that the pre-selection phase would proceed along the following steps.

- The available positions are announced and made available following consultation.
- Employees complete a Career Direction Statement (CDS). This describes recent job history, qualifications and competencies,

achievements, aspirations in the organisation and the positions in which the employee is interested. The selection panel may call for more information on the candidate to make an informed decision.

Employees may express an interest in up to three of the available positions

- The first preference should be at your present job level, one level higher or one level lower, preferably in your present PU/FU or related function in the new organisation.
- The remaining two should be at your present job level, one level higher or one level lower and can be in any applicable unit in the new organisation.

Notwithstanding the above, the company could propose and consider an employee in any position should such an employee qualify.

It was proposed that the following staff be eligible to express an interest in available positions:

- Permanent full-time employees of the Business Unit, including expatriates
- Africa staff on overseas assignments
- Direct contractors. This excludes contractors employed via agencies

Grandfathering: All placements at a level lower than the present level will be "grandfathered" for the entire extent the incumbent remains in that role. This means that benefits commensurate with the present level will apply for this period. For instance, if a person is level F in the current organisation and gets appointed to a level G role in the restructured organisation, then the person is "grandfathered" for the period the person is in that role. Should the person thereafter moves to another role and that role is again at a G level, then the person takes on a G level and all the benefits that go with it.

Employees are encouraged to have career counseling and obtain advice before submitting the CDS and should contact their HR Advisor for more information.

Further guidance on preparing Career Direction Statements will be provided to employees before the CDS submission stage begins.

Selection

Proposed Selection Criteria

Staff will be placed in the new organisation based on the following criteria:

- Skills/Qualifications/Capabilities
- Potential
- Experience
- Diversity
- Permanent/temporary status. Permanent employees will be given priority over contractors

Proposed Selection Principles

- All placements across the BU will be considered in the following priority order:
    - Geography
    - PU/FU or related functions
    - Levels

- Employees will be considered for each of the positions listed in the CDS in order of the employees' preference.

- The Company may consider cross-border postings, but the opportunities for such postings are very limited. Any such placement will be based on the following criteria:
    - Application and transfer of critical skills not available locally.
    - Technology transfer including local professional development
    - Personal development of high-potential staff
    - Further integration of new business into BP

- Key leadership positions
- All such cross-border placements are subject to the Group Vice-President's approval

- Where positions are not suitably filled during the placement process, these positions will be advertised and placed using the Company's standard recruiting procedures.

- Staff who reject an **equitable*** offer will not be entitled to a severance package.

- Staff can submit a request to be considered for retrenchment, but the company reserves the right to accept or decline the request based on the business needs.

**Equitable offer: same job level, same location, similar or related content*

Proposed Selection Panels

A panel placement process is proposed.

Tier 2. There will be one panel for the placement of all positions in Tier 2 across the BU comprising the Regional President, Business Unit Leader, respected peer from outside the BU, HR Demand Lead, and Ombudsman/Observer.

Tier 3. The newly placed Tier 2s will constitute the panel selecting Tier 3s. This panel will comprise the Business Unit Leader, Tier 2 appointees, HR Demand Lead, respected HR peer and an Ombudsman/Observer.

Tier 4. There will be a number of panels for the placement of all positions in Tier 4 representing the proposed business groups across the BU. The newly placed Tier 2s and 3s will constitute the panels selecting Tier 4s. These panels will comprise the Tier 2 and Tier 3 appointees, HR Reps and an Ombudsman/Observer.

Tiers 5 and below. There will be a number of panels for the placement of all positions in Tier 5 and below representing the proposed streams within the business groups across the BU. The newly placed Tier 3s and 4s will constitute the panels selecting Tier 5 and below. These panels will comprise the Tier 3 and Tier 4 appointees, HR Reps and an Ombudsman/Observer.

For each Tier placement an Assurance Team will ascertain that the placements and the process followed have been fair, inclusive and transparent.

Proposed steps to be used by the panels:

- Convene the placement panels outlined above.
- If sufficient information is contained in the CDS, the panel makes provisional placements based on the mentioned key principles and criteria
- The Assurance Team reviews provisional placements with the panel
- The panel makes provisional placement offers
- Employees respond to the provisional placement offers
- Unplaced employees receive feedback
- Publish provisional placement offers
- Panels receive challenges to the provisional placements
- The panel reviews, considers and responds to the challenges
- Confirm placements

Assurance Team

For each Tier placement there will be an Assurance Team who will consider the placements and provide assurance that all key criteria, including diversity and transformation, have been taken into account during placement.

Besides the Assurance Team, there will be an Ombudsman to ensure a fair and transparent process has taken place during the entire restructuring process.

The names will be provided closer to the selection phase of restructuring.

Post-selection

It was proposed that the post-selection phase proceed as follows:

- **Provisional placement offers and acceptance.** Written provisional placement offers will be made and sent via email or fax. Employees will have 48 hours to accept or reject the provisional placement offers, again via email or fax, should the employee not have access to email.
  Provisional placement offers do not contain details on terms and benefits, for the following reason:
  - Reviewing employees' terms and benefits is always done in relation to a number of factors, like the market competitiveness as well as internal equity. This is not an exercise that can be concluded within the timeframe currently envisaged for concluding the placement offers. Therefore the details on terms and benefits will be contained in the employment contracts that will follow once the placements have been confirmed.

- **Employment Contracts.** Once employees have accepted the provisional placement offers and the placements have been confirmed, contracts detailing terms and benefits will be sent out.
- **Unplaced employees.** Employees will receive feedback, stating the reasons why they were not placed. Unplaced staff will be considered during the next tier placements.
- **Challenges.** Once the provisional placements have been published, contenders may challenge the placements, based on insufficient information available to the panel at the time of selection. The employee can submit additional information, which, in his/her view, qualifies

him/her better for the position. The panel will consider each case and make a final decision. The Assurance Team will ratify this decision.

- **Managing the Transition.** Staff who will be moving to new positions in the new organisation will be expected to complete the hand-over process to ensure business continuity. It is strongly advised that staff taking up a new role should spend sufficient time with his/her successor to accomplish this. Appropriate supporting documents will be made available later.
- **Retrenchments.** Employee can request to be considered for retrenchment, but the company reserves the right to accept or decline any such requests depending on business needs. Employees who cannot be placed in the new organisation will be paid a severance package. It is proposed that the company's present severance policy in each of the countries is used - which in each case is higher than the minimum that labour legislation requires. Although legislation in South Africa changed on 1 July 2003, BP has applied to the Department of Labour to consult with staff in the region on the implications of the changes before implementing them, as the company's present policy is significantly better than what is proposed in the new retrenchment legislation, but does not meet all the legal requirements. These consultations will begin early early in 2004. The detail on these policies is available on the ***Fit for Growth*** intranet site, or from Human Resources.
- **Outplacement.** The company will provide links and contacts to outplacement agencies to help and support staff exiting the company. This support will include counselling, finding alternative employment, interview skills training and business planning.
- **Future re-employment.** The company proposes that it will offer preferential re-employment to any employee who is retrenched for a period of 12 months after the retrenchment date.
- **Unfilled positions.** Once the placement process has been completed, staff who have not been placed can express interest in the remaining vacant positions. Should any vacancies still exist once the process has been completed, they will be advertised using the standard HR process.

Section 3: Consultation – how employees can participate

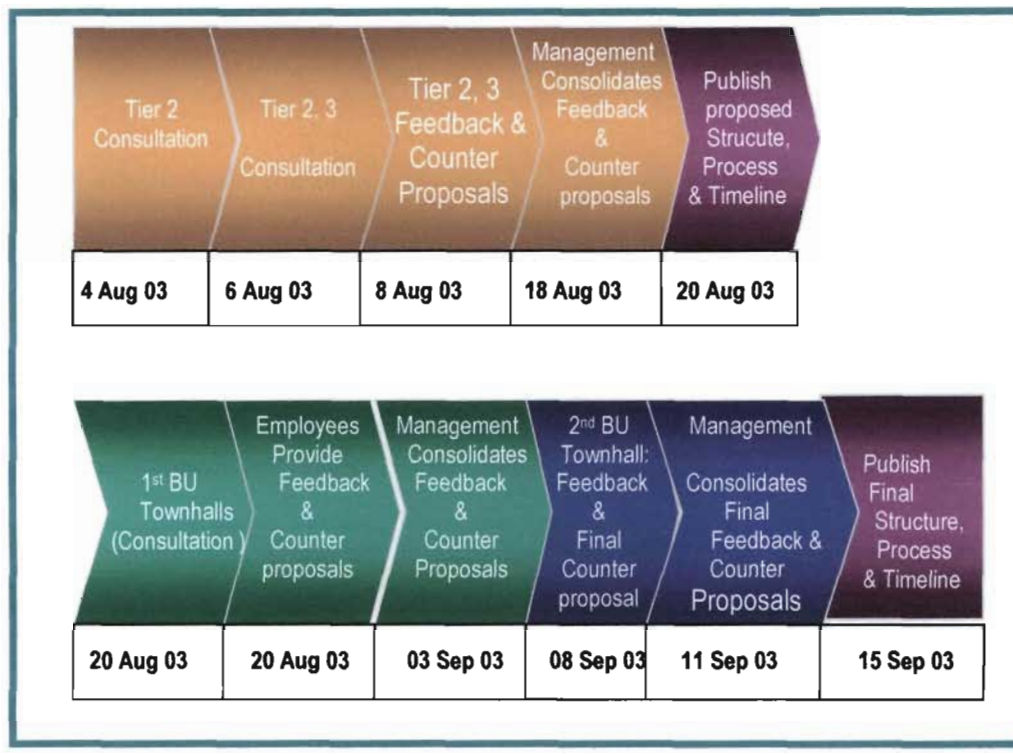

Figure 3.6 Consultations – Timing and Key Activities

Source: BP Southern Africa

The purpose of consultation was to inform staff of the proposed changes and attempt to reach consensus on the need, consequences and implementation of restructuring. The project team will consider feedback from staff for the final design. Consultation is required by law in South Africa and is a value to which BP subscribes. Accordingly, BP in Africa was going to extend this scope to include all the affected Associates in the region. They urged all employees to participate meaningfully in consultation, as this was going to contribute to determining the proposed new organisation.

Consultation topics

BP was going to cover, amongst others, the following topics during the consultation sessions:

- Context, principles, policies and processes, including:

- reasons for restructuring
- affected areas, the number of employees affected, and the affected positions
- the proposed selection process
- timing of restructure
- severance packages and assistance offered, and the possibility of future re-employment
- Organisation design

Consultation process

➢ **First consultation:**

The first consultation session was going to cover the details of the company's proposals relating to the proposed change, and the proposed process. The senior team was going to present the proposals, consult on them, and clarify issues on employees' request. Counter-proposals could be submitted via the website or at the townhalls. Staff who did not have access to a computer would give their comments and proposals to the local HR manager who would ensure that it was submitted via the website.

➢ **Second consultation:**

During the second consultation session, the team would respond to issues raised in the first forum and consult fully on any proposals that employees may have. Further feedback could be given using the official feedback form on the *Fit for Growth* website.

Company's response to staff feedback:

Response to the feedback and counter-proposals from the second consultation forum would be made via the *Fit for Growth* intranet site. The document, incorporating changes emanating from the feedback, would be

published and would represent the company's final decision regarding the strategy for, and structure of the new organisation.

Feedback and counter-proposals

People were urged to use the feedback form on the *Fit for Growth* intranet site for feedback and counter-proposals. Feedback and questions would also be recorded at the town halls.

3.8 CONLUSION

In summary, BP has undertaken to go through a restructuring of their business and the manner in which they have dealt with this change has been that of consultation with all the stake holders involved. This was to ensure that all legal requirements have been attended to. This chapter introduced BP Southern Africa as an organisation that is going to be the subject of study. The history of BP was discussed.

The history of change in BP Southern Africa was discussed in this chapter and they seem to have attended to every detail in the book pertaining change management and have adhered to the theory principles governing change management. This will soon be revealed in the subsequent chapters.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter describes the methodology used to conduct the research for this study on BP Southern Africa Pty (Ltd). The research problem stated in chapter one focused on the evaluation of the change strategy at BP Southern Africa. Following the research identification, the dimension of change management derived at the end of the literature review, was based on the analysis of the following constructs:

- Goals
- Leadership
- Focus of the change
- The Process of the Change
- The reward system used
- Use of consultants

4.2 RESEARCH METHOD

For this research study, a qualitative research method was used. In order to evaluate the change management process at BP Southern Africa Pty (Ltd) it was necessary to understand how the change was implemented, that the constructs defined and what was there before and ofter the change. To provide this base line an exploratory study was conducted using a case study method. The case outlines the process of change at BP Southern Africa. Information was gathered from different stakeholders in the change process thereby highlighting the range of benefits and limitations introduced by the change strategy.

4.3 SAMPLE

The sample frame comprised of one senior manager in BP Head Office, three Middle Managers in the KZN region and eight Sales Staff (Account Managers)

that are based in the Durban office, table 4.1. These are all employees that are affected by the change process.

Table 4.1 Sample Size

Level In The Organisation	Number of Employees
Senior Manager	1
Middle Manager	3
Sales Staff	8

The sample method used was non-probability sampling, using a purposive sampling technique. This often called judgemental sampling, because the researcher picks up the sample they think will deliver the best information in order to satisfy the research objectives in question. To this end a specific group of team members were chosen because the researcher wanted to choose the sample that would be best be able to evaluate the research question. For this study the sample was divided according to the management levels and different research methods and procedures were used for the different levels.

4.4 QUALITATIVE RESEARCH APPROACH

The exploratory nature of the research coupled with the theoretical framework of change management necessitates a qualitative research approach: a methodology which is seen to be preferred when "attempting to uncover and understand any phenomenon about which little is known" (Van Maanen, Dabbs & Faulkuer, 1982, p.53).

The are few empirical investigations of South African change management approach, and this suggests that an exploratory approach is suitable.
The two-fold goal pursued is:

- To gain new insights into phenomenon and
- To determine priorities for future research.

Exploratory studies often lead to insight and comprehension rather than the collection of replicable data. Hence these studies often use in-depth interviews, analysis of case studies and use of informants. Hypothesis are often developed as a result of the research rather than guiding the research (Mouton & Marais, 1990, p.43).

It is suggested by Van Maanen(1979) that a definition of qualitative work is difficult and that an understanding is more easily gleaned by considering the organising principles of qualitative research:

- Specific features are sought as a data base from which generalisation may be built "ground up"
- Concrete episodes rather than reports are advocated
- A sensitivity to historical incidents which influence current events is developed
- Human actions are regarded as intentional and are mediated by what people think they are achieving
- Qualitative work involves ontological enquiry, meaning that the research has an object to be clarified; the research is to answer questions such as "What is going on here", which is difficult to answer when there are many perspectives to be heard; it aims to disclose and reveal, not merely to order and predict
- Qualitative work is more concerned with commonality and things shared in the Social World than with differentiation and things not shared.

Qualitative data are attractive for many reasons: They are "rich, full, earthly, holistic, real, appear to offer sound face validity; require minimal construction of complicated instruments and reduce the researcher's incapacity, bias or narrowness and arrogance; their results have a quality of undeniability" (Miles, 1979, p. 117).

Miles further holds that qualitative data have serious weaknesses, and the researcher should beware of vast reams of information which are not

coherent. The sheer volume of data overloads the research worker and analysis is time-consuming. However, the most serious difficulty in the use of qualitative data is that methods of analysis are not well formulated. The process is a creative art form with the writing up of the data being a discovery process; it is open ended and change may be introduced at any phase; the discovery of the unexpected being the crux of the method. This allows for insight as it initiates a search for resolution. An interpretive, rather than a hypothetico-deducto process is used and one which uses eclecticism to resolve the incongruities.

Lastly, multiple sources of data contribute to the richness of this strategy. As explained by Van Maanen (1979, p.9), "Qualitative methods have no precise meaning – it is at best an umbrella term of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency of naturally occurring phenomena in the social world."

In summary "the qualitative paradigm is based on induction, holism and subjectivism; the researcher attempts to understand a situation without imposing pre-existing expectations on the setting." (Mouton & Marais, 1990, p.204). They continue that induction refers to the gathering of specific observations and building towards general patterns; holism suggests that data should be gathered from numerous sources to construct a complete picture of the social dynamic, and subjective in that the focus is on the experimental states of actors and their perceptions of the situation.

The researcher is required to interpret the "real" world from the perspective of the subjects of the investigation. He/she is required to "get close" and represent participants in their own terms in order for the "audience" to be able to project themselves into that point of view.

The data of qualitative research will be in all likelihood connotatively richer, while those in quantitative studies will be denotatively more specific.

4.5 SOURCE OF EVIDENCE

Company documents and the interviews conducted with the BP employees were the main source of internal information.

4.5.1 Documentation

Information for the case study was obtained from past company records, presentation and meeting discussions. Information from past company records included information on history of the company prior the change being implemented. The presentations were done on the roll out of the strategy from management's perspective. The company also has guidelines in place for change implementation and dealing with change, which was made available by the researchers contacts within the company. Finally key issues discussed in what they refer to as town-hall meetings where the change is discussed with employees and minutes of these meetings were made available to the researcher. This provided information on the reaction of the employees to the change process.

4.5.2 Interviews

Semi structured interviews were conducted with senior and middle management and the sales staff. Some questions were open ended while others required much shorter and precise answers. The questions tried to bring out respondents opinions on the change strategy revolving around the constructs defined earlier. The interview questions followed a focused interview style, where the respondents were interviewed for short periods of time, interviews were open ended and took on a conversational manner, but the interviewer followed a set of questions.

All respondents added their inputs and it was much easier to work with a small group and they were all open in answering, as they were all the interviewer's former colleagues.

4.6 Measuring Instruments

Interviews were conducted and what follows is the set of questions the interviewees were subjected to.

4.6.1 Middle and Senior Management Interviews

The interview questions dealt with the six constructs identified namely, i) Goals of the change, ii) leadership during the change, iii) focus of the change, iv) the process of change, v) the reward system used in the change program and vi) the use of consultants in the change program. The key stakeholders interviewed were senior management, middle management and the sales staff (Account Managers).

The questions asked were quite general and appropriate for all stakeholders being interviewed. The questions asked to individuals are as follows:

- **Construct One: The Goal Of The Change**

The question posed had to define whether the change is driven by the need to produce financial results or develop the organisational capabilities.

  - What were the factors driving the need for the change?
  - What type of strategy was used?
  - Do you think there was sufficient time spent on planning the change?

- **Construct Two: Leadership (How was the change managed)**

This construct will examine the leadership style used in the change process. This will also give some insight on the approach and the manner in which the change was managed.

  - Did you understand the change before it was implemented? Did you understand the change after it was implemented? And do you understand why the change had to be implemented?

- Do you thing the communication during the change process was effective and transparent?
- Was there support for staff through this process? If not. What do you think in your opinion could have been done differently?

- **Construct Three: The Focus of Change**

This gives an indication on what part of the business were the changes aimed at. Was it the structures and systems or culture of the organisation?

- Were the objectives of the change clearly defined?

- **Construct Four: The Process Of Change**

This addresses the process that has been followed in the change programme and explores whether the change is emergent, evolving or experimenting

- How was the change process managed?

- **Construct Five: The Reward System used**

This construct explores whether the incentives and rewards were used to lead or lag the change process.

4.7 Were there any change related incentives introduced during the change? If the were any were they introduced before the change or after the change?

- **Construct Six: The use of consultants in the change programme.**

The level of reliance on the consultants is explored. The level of reliance will shed some light on the approach?

4.8 Do you have any knowledge as to what extent were consultants used in this change programme.

General:

4.9 Considering what has been achieved thus far, would you change anything if you had the opportunity to go through the process again? Would you consider the strategy as being a success?

4.6.2 Sales Staff Interview

Here the questions were more open ended and once again revolved around the Six Dimensions of Change discussed in Chapter Two. Here the sales staff in the Durban Office were asked for their views on the:

1. Do you think there was a need for the change? (Construct One)
2. Did you understand the reasons given by management as to why the change was necessary? (Construct One)
3. In your opinion do you think the communication during the change was satisfactory? (Construct Two)
4. Was there support for staff through this change process? If not, what do you think in your opinion should have been done differently? (Construct Two)
5. Were the objectives of the change clearly defined? (Construct Three)
6. How was the change process managed by the company? (Construct Four)
7. Were there any change related incentives introduced during the change? If there were any were they introduced before the change or after the change process? (Construct Five)

4.7 INTERPRETATION

The results of the study will be interpreted using the grounded theory. The grounded theory approach is based on the idea that a group or groups share specific problems that are not necessarily articulated. It is a form of field-studies that systematically applies procedural steps to develop an exploration about a particular phenomenon.

An open-minded view will be taken in looking at the results. Patterns and explanations will be identified and these will be compared with existing theory.

4.8 CONLUSION

In summary, this chapter described the methodology used by the researcher for this study on BP Southern Africa Pty (Ltd). The exploratory nature of the research coupled with the theoretical framework of change management necessitated a qualitative research approach.

The tool used here is that of interviews with the BP Southern Africa employees. The interview questions followed a focussed interview style, where the respondents were interviewed for short periods of time and the questions and the questions concentrated on the constructs discussed.

The results of this study will be interpreted in subsequent chapters using the grounded theory. Patterns and explanations will be identified and these will be compared with existing theory.

CHAPTER FIVE

ANALYSIS OF EVIDENCE

5.1 INTRODUCTION

The format of this chapter comprises an extended review of the six dimensions of change discussed that comprised the semi-structured interviews with the BP employees. Then, further to increase the coherence of the study, each of the discussions of each interview question concludes with a summary account that analyses those responses.

5.2 RESPONSES TO THE INTERVIEW SCHEDULE

All the direct questions in this section of the study are numbered, in order to facilitate ease of reference in the subsequent chapters of the work. Square brackets are used. *Viz.* [ ] to assist in conveying the meaning intended by the respondent. In each of the set of sets of responses there are a number of analytical remarks; these are intended to act as signposts for the analysis provided in this chapter. For the present purposes, the reported data is not complete. It amounts to approximately half the full set of responses. This editing is designed to convey the gist of the meanings that emerged from the interviews without overburdening the reader with unnecessary detail.

Also, for the present purposes, a significant number of responses have been reduced in length. This, typically, is where the respondent chose to elaborate a particular point with an example. Other responses are omitted altogether, where a degree of overlap with other responses is discernible.

The *raison d'etre* that governed the selection and formatting of each of the following items is the extent to which it indicates the 'flavour' of the interview response at an individual level or aggregate level. In the process overall, the priority was to maintain the integrity of the meanings that the respondent was perceived to have wished to share with the researcher, during the

interview. Of course, the items first entered, as verbatim responses below, are themselves transcripted from raw notes taken contemporaneously with the conduct of each interview. Again, there, as in the present editing, the priority was to maintain the integrity of the meaning of each response as well as to maintain a realistic insight into the data – set overall.

5.3 CONSTRUCT ONE: THE GOAL OF THE CHANGE

BP's goal is to be the leading player in the fuels markets of substance in sub-Saharan Africa. They have been on a journey these past 10 years to strive for greater focus and efficiency in their business. They will now walk down a path that leads to the very best customers, and build their future on them.

It emerged from the discussion with the middle and senior management that the goals of the change were clearly communicated and there was a general understanding why the changes were necessary.

The responses from the interview ranged over the theme of goal of the change, which were to determine whether the change was driven by the need to produce financial results or develop the organisational capabilities, in more general terms. The comments from a question of whether the factors driving the need for a change were known were:

1.1 "Market change – SASOL's re-entry into fuels market."
1.2 "Government policies on pricing (IBLC vs. BFP)."
1.3 "Strategic focus to our top end customers."
1.4 "A desire to be customer focused and create an organisation that is customer responsive. (Hence the flat structure)."
1.5 "Core market emphasis."
1.6 "Getting rid of non performing assets."

When asked, the managers generally felt that there was sufficient time spent on planning the change.

Turning to sales staff in the organisation. The sales staff commented on the question, whether they thing there was a need for this change and if so. Why? This was characterised by mixed responses, where it soon emerged that those that were negatively affected by the change had views different from those that managed to secure positions after the change. Their responses ranged from:

1.7 "I don't think there was a need at first since we had one in 2001 which was still in the process of taking off."

1.8 "Yes, over the past couple of years with various mergers and acquisitions it has become increasingly important to refocus our energies on how to manage and grow the resources we have without loosing focus on customer service and thereby loosing the market share.

1.9 "YES, the environment has changed, so is the way of doing business."

1.10 "Yes, there was a need. My opinion is that, this change was to redress the blunders they have made in the last restructuring in 2001, where people were given positions they did not apply for or did not deserve. Most of these people failed to deliver, and this was to try and redress those mistakes..."

1.11 "Poor track record of management which has used transformation as a tool to 'downsize,' 'retrench' and remove 'problem.'

1.12 To reposition the organisation in a changing environment and ensure that we become proactive towards the global changes as opposed to being reactive to them."

When asked whether they understand the reasons given by management as to why the change was necessary. The comments from this question, which is still on 'the goal of the change', were:

1.13 "Yes, the company is repositioning itself to be a market leader and also trying to manage the vast resources it has to ensure that lost market

share is gained and at the same time have an organisation where individuals that have the potential for growth may develop."

1.14 "I really do not understand the reasons given by management, they do not make sense to me."

1.15 "Yes, change in legislation-introduction of the Basic Fuels Price, and of Sasol's Supply Agreement and Black Economic Empowerment requirements."

1.16 "No, the dream of where the organisation wants to be is never translated into anything specific, I cannot align their strategy and what they are actually doing on the ground." (Downsizing)

5.3.1 Summary of Evidence: Construct One: Goal of The Change

The questions on the goal of the change were designed as a 'low threat' and conversational opening issue, which simply sought information. The intention was to provide an opportunity for each respondent to 'clear his/her throat'. Yet, most respondents interpreted the question as an opportunity to comment in a supportive or critical way on how well or bad the goals were outlined.

The responses here reflected a noticeable level of understanding in the middle management though some of those interviewed were actually negatively affected by this change but still see reason in the strategy. Whereas in the sales staff only those that were positively affected are showing understanding of the reasons given by management as opposed to the ones that are negatively affected by this change. The overall impact of responses from those negatively affected seems to be one which emphasises the anguish respondents felt at the organisational change they were experiencing.

However, it emerged from discussions that in general the goal of the change was to introduce efficiencies and organisational capabilities by streamlining

processes, improving service delivery and equipping the organisation on the new business architecture for the business.

5.4 CONSTRUCT TWO: THE LEADERSHIP OF CHANGE

The interviewees were asked to make a general reply if they so chose, in responding to a question about how the change was led in respect of communication and support to staff. Another wide range of responses resulted. The replies are subdivided into the three categories that hierarchically split the respondents. This is an attempt to illustrate the different concerns of respondents based on their individual definitions of the situation in which they found themselves. Of course, these perceptions were inevitably informed by their personal and professional experiences within the organisation as well as the information to which their level in the organisation gave them access. So, the senior and middle management group's response to a question whether their understanding of the change now is different from their understanding of this change before it was implemented.

Some of the responses to this question (question 2) were as follow:

2.1 "I Understood exactly why there was a need for change, and what drove the change. My understanding of it post implementation has not changed either. So in terms of communicating the changes the BP has done extremely well."

2.2 "I did understand the change before it was implemented, but now difficult to say as we are still in transition."

Commented one middle manager that:

2.3 "My understanding I guess is overcrowded by my strong belief that this exercise was to correct past restructuring mistakes. Whatever information communicated to us is just a smokescreen."

There was a general agreement about how effective and transparent the communication was during this change process.

Views of the managers ranged from:

2.4 "It was indeed very effective and transparent: various town-halls were held to engage staff on the changes and people were given an opportunity to challenge the proposals."

2.5 "A website was set up to allow people to post questions and receive responses and feedback on their concerns."

2.6 "If the is a counter proposal to the one we have suggested, we would together with the project team discuss and a feedback would be communicated to the entire BP Southern Africa community. If the proposal is found to be of sound strategic value, it would be implemented, there are quite a few of those that were changed and have been implemented."

In response to a follow up question whether there was support for the staff throughout this change process. It emerged that there was a general consensus that there was sufficient support given to employees throughout this change process.

The manager's responses to this question were as follows:

2.7 "There was plenty support staff, firstly there was the strategy team that provided clarity on any murky issues on the changes. Secondly there was the Employee Assistance Programme (EAP) aimed at helping people who found it difficulty to deal with the imminent changes, or even possibilities of retrenchment.

Other responses to this effect contained more or less the same content as the one above, hence no other comments are noted.

The sales staff opinions on how this change was led with regards to whether it was led from 'Top-Down', where senior management was making all decisions, or 'Bottom – Up' (participation by staff, setting the direction of the change) or direction set from above but people at the bottom engaged. There was quite a wide range of answers.

These are some of the responses from sales staff:

2.8 "I thing the direction was set from the top and they engaged us at the bottom."

2.9 "The senior management made all the decisions with very little flexibility to change their plans."

2.10 "They know where they are taking the organisation and whatever input we have will not change things. So everything is decided by the senior management."

About the effectiveness and transparency of the communication during this change, responses again varied across a wide range of answers, which were:

2.11 "It was satisfactory, although various staff, members wanted clear cut answers it is always not practical to give straight forward answers when there's so much to consider and as well as dealing with a vast number of proposals from people both within and outside the organisation."

2.12 "No. Often management did not have answers to question posed by staff."

2.13 "They were transparent to a certain extent, but again they already decided what they want to do."

2.14 "They did not tell us the whole truth about how many people will loose jobs at the end of this exercise. They treat us like children."

When asked whether there was support for staff throughout this change. It emerged that all employees were in general agreement that there was support given by the organisation to employees; though they differed as to what extent BP was supportive.

Some of the comments from the employees are as follows:

2.15 "Support was there but it could have been more especially with regards to assisting individuals market themselves within an organisation and write comprehensive CDS's (Career Direction Statement:- process of applying for positions)."

2.16 "Yes, there was support. Some counselling agents were called upon to sort out the psychological part."

2.17 "Yes, Not enough. The process was drawn too far. The change could have been done in 3 to 6 months at the most."

2.18 "Even if there was sufficient support, a year is too long a period to be faced with uncertainty, as the process dragged for too long from the first day it was announced in October 2002."

5.4.1 Summary of Evidence; Construct Two: The Leadership of Change

After the more factual opening question, this was intended to set up an opportunity to offer opinion on the subject matter indicated, the leadership of change and in particular how the change was led in respect of communication and support for staff. The question permits speculation about the existence of any gaps between the leadership level of interpretation of organisational priorities and that of the respondents.

The overall impact of responses from those negatively affected seems to be one which emphasises the anguish respondents felt at the organisational change they are experiencing. There was however agreement amongst the management and sales staff that the leadership of this change was one that the direction was set from the top and people at the bottom were engaged and that there was sufficient support given to staff throughout this change process.

However, some of the selected respondents took the opportunity to share criticism of their senior management when some of the questions were put to them. For a question that was not an obvious chance to be critical, it seemed that surprisingly many people took this to be so. Some of the responses seemed to offer subtle reinterpretations of the officially promulgated aims of the organisations.

5.5 CONSTRUCT THREE: THE FOCUS OF THE CHANGE

The aim of this question here were to determine on what part of the business were the changes aimed at. Responses will give an indication whether they were aimed at structures and systems, or culture of the organisation, behaviour and attitude focused. When asked whether the objectives of the change were clearly defined and if so, what are they? The replies here were not hierarchically split, as in previous questions. The reason being that there is no attempt to illustrate different concerns of the respondents based on their position in the organisation. The questions were not phrased differently for senior & middle management to sales staff.

There was a general agreement to what the focus of the change was and the comments from question 3 were:

3.1 "Yes they were clearly communicated, and they are as follows;

a. Fit for growth
b. Customer focused
c. Profitable
d. Geared for the changing market."

3.2 "Improve on Return on Average Capital Employed (ROACE), Core market emphasis and getting rid of non-performing assets."

3.3 "Yes-Fit for GROWTH (Wheel we want to be in 3 years time and how)."

3.4 "Yes, to provide an organisation that has fewer levels in structure and therefore decisions can be made quicker. Structural change, I would say."

3.5 "Right sizing and be in global practice and putting the right people in the right position."

It soon emerged that the researcher either was not understood as to what his intentions are or the ambiguity of the question led to the responses that are not relevant to the aim of the question. However follow-up questions soon revealed the desired intentions of the researcher by asking the question,

which is whether the focus of the change was on structures & systems or culture of the organisation.

5.5.1 Summary of Evidence: Construct Three: The Focus of The Change

This question was designed to reveal to us whether the changes at BP Southern Africa (Pty) Ltd were aimed at changing Structures, Systems, Culture of the Organisation or Behaviour & Attitudes. It emerged from the discussions that the focus of this change was on structures and it was hoped that culture would be addressed as a result of the teaming concept during the change. There was however no active strategy to change the culture of the organisation.

5.6 Construct Four: The Process of Change

This question sought to address the process that has been followed in the change program and explored whether the change was planned, emergent (no specific plan but adaptive), evolving or experimenting and spontaneity allowed.

Again here there was no hierarchical splitting of the questions as the same question was asked to both senior and middle management and sales staff. There was a general agreement about the professionalism and transparency showed by BP in this change program.

Some of the comments with regard to this question were:

4.1 "I would say, the process was carefully planned and you could see it was forced by market changes."

4.2 "Various town-halls were held and at these meetings the staff would be engaged on the change and were given an opportunity to challenge the proposals, in a way I would say it was planned, but again to a certain extent emergent at it allowed changes to original plan, adaptive..."

4.3 "Management had an idea of what needed to be changed, but adopted an emergent approach to the change."

4.4 "It was managed in a satisfactory manner, and this change was a consultative process, with view of the employees taken into consideration."

4.5 It was carefully planned, and whatever changes made to the plan as a result of the consultative process, were in uncritical areas to the BP strategy. This I think is a ploy to make people feel part of the process and making decisions."

5.6.1 Summary of Evidence: Construct Four: The Process of Change

The purpose of this question was to attempt to seek factual information rather than to seek opinion. The matter itself also, of course, has substantive importance, as it seemed to be significant enough to impact upon member's understanding of the change process in their organisation. This question was designed to reveal the process that was used at BP Southern Africa in the change program.

It emerged from the discussion that the process was carefully planned from the top and very little room for changes and spontaneity. The plan was communicated to stakeholders through the consultative process of town-hall meetings. All changes were coordinated from the top and decisions were made the project team and senior management.

5.7 CONSTRUCT FIVE: THE REWARD SYSTEM USED

This construct was used to determine the use of incentives in this change program and if there were any incentives, whether they led or lagged the process. The responses from the interview were all in agreement that incentives were used and what follows is a list of some of the responses from the interview:

5.1 "Yes, since the change would result in job cuts, BP encouraged those willing to take lucrative severance packages, which were of course much higher than the government legislated ones."

5.2 "... Some were encouraged to accept transitional roles with contract periods of between six months to two years with transitional allowances of 9% incentive on their salaries."

5.3 "Yes, some roles became redundant in the new organisation, but in order to properly manage this process and ensure continuity and market focus some of these positions became transitional."

5.4 "People in the transitional teams were guaranteed retrenchment packages should they not be able to land a different role in the wider organisation...."

5.5 "A grand-fathering process was used for staff who moved from bigger roles to smaller jobs. This basically means that the terms and conditions of their employment remains for the next eighteen months."

5.6 "Yes, higher positions were established, giving the chosen few a chance to occupy higher position with better remuneration..."

5.7 "Yes, upgrade of KAM's (Key Account Managers) to sales Managers. This means changing the titles and increase their salaries or moving up of their grades..."

5.8 "...These were combined with pressure to meet various 3rd quarter targets so that we do not loose focus as a result of this change."

5.7.1 Summary of Evidence: Construct Five: The Reward System Used

The purpose of this construct was to give respondents an opportunity to reflect whether the incentives used were used to lead or lag the change. It should be noted that a number of respondents at both junior and middle management level were satisfied with the incentive related to this change.

It emerged through the discussion that the incentive provided by BP Southern Africa (Pty) Ltd were used to reinforce the change. The transitional roles were given a nine percent increase in their salaries and Sales Managers were now called Regional Sales Managers with a bigger area with more Sales Staff under him. The Account Manager's status was elevated to that of Sales

Managers with more responsibilities than just being a sales rep and these changes were coupled with more benefits.

5.8 CONSTRUCT SIX: USE OF CONSULTANTS

The aim of this construct here was to determine the level of reliance on consultants. This will shed some light as to whether consultants were used to analyse problems and shape solutions, or were used to analyse problems but do not provide solutions, or were used as expects to facilitate learning.

Below are some of the comments received (question 6):

6.1 "Consultants were also used for skills empowerment for those employees who will take retrenchment packages by giving them skills of looking for employment or business skills should they wish to pursue that angle..."

6.2 "Psychologist were at hand to deal with whatever psychological problems employees might have as a result of the imminent changes in their lives."

6.3 "... They relied in expects within the strategy division at head office and no outside consultants were used as far as strategies surrounding the actual change strategies."

6.4 " They used the Employee Assistance Program to deal with a whole range of psychological problems, which sometimes extends to family members that might be affected by the changes that are about to happen to their family members..."

5.8.1 Summary Of Evidence: Construct Six: The Use Of Consultants

The purpose of this construct was to determine the level of reliance on consultants. It emerged from the interview discussions that consultants were used as expects in so far as in other areas related to employee welfare not necessarily the actual change itself. They provided professional services like counselling, job seeking skills and imparting business skills to those that might pursue that route as a result of retrenchment.

The use of consultants in this fashion is by no means a less important part of a change process, as employees and everybody else in the organisation needs to stay focused and be able to deliver on existing performance agreements without being overly distracted by the changes.

5.9 OTHER ASPECTS OF CHANGE

Having covered all the constructs, which are in essence the pillar of this study, the final section of the interview covered general questions about the respondent's view on whether they view this strategy as a success and considering what has been achieved thus far, whether they would change anything if they had an opportunity to go through the process again. Also, if there is anything that they felt was critical to this change program implemented by BP Southern Africa (Pty) Ltd that was not covered by the question posed by the researcher.

This perceptually rooted question was included at the end of the interview schedule in the hope that the respondents may by then have been in a position to attempt a summary view of their response to the changing state of their own organisation. It was intended that this question would provide a suitable vehicle from which such summary could be encapsulated.

The actual responses are of course, what follows and it was interesting that, this area produced perhaps the widest range of responses of all the areas of the foregoing interview schedule.

Starting with the senior & middle manager's views:

7.1 "I think the strategy has been very successful in that all aspects relating to change have been looked at and people had an opportunity to comment..."

7.2 "People are by nature resistant to change, and once we get over the fear of the unknown we will be on our way to success..."

7.3 "Too early to assess if the strategy is a success or not and I would not change anything if I were to go through the change again."

7.4 "Reorganisation keeps us on our toes..."

7.5 "This re-org is a plus, because our roles after the merger with Castrol South Africa (Pty) Ltd were confused..."

The following are some of the responses from sales staff:

7.6 "This change has meant multi-skilling for many; this is probably good for the business but has put the remaining ones under considerable pressure."

7.7 "Too early to say, if the strategy is a success or not, we had our failures and success in our previous re-org..."

7.8 "Uncertain, as I will not be around to assess..." (Retrenched)

7.9 "I would say partially successful so far, at least this time around people are given positions that they applied for and non performing people or unsuitable are retrenched..."

7.10 "Some restructurings have hindered. The moving around of the Technical Department for instance. It moved from C&I (Commercial and Industrial) as a support function to Technology after the last re-org. Again before this re-org they were moved from being an Independent Unit to fall under Marketing as Lube (Lubricants). Firstly they did not have accounts to run. They were changed, and were given accounts to. This was taken away again when they were in Technology doing a technical support function. All of a sudden again they are now having accounts as sales reps. Please!"

7.11 "What was not covered by your questions that I would like to share, is in fact my own observation and opinion on some of the strategies that BP has used in handling some of the issues relating to this change. By this I mean, BP has created panic amongst the employees by making an early announcement of the pending restructuring. This created a lot of panic. As a result of this a lot of people have since resigned or were dismissed by BP for one reason or another..."

7.12 "The last re-org was a cock-up, they are trying to sort out that mess..."

The above comment 7.11 will be explored further as it contains information that reveals another angle to this whole change at BP Southern Africa.

According to information forwarded to the researcher, which revealed the number of people that have left the company from February 2002 to July 2003. The list provided to the researcher contained names of people but does not state the reason of the termination of employment. Upon investigation it came to the researcher's attention that during this period 115 people as per the graph below have left the company either by their own accord or were dismissed.

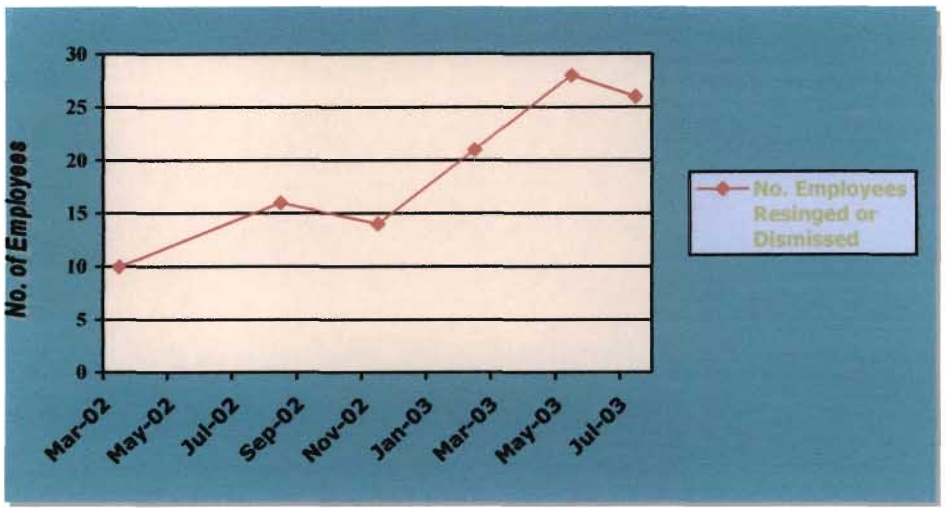

Figure 6.1 Termination of Employment with BP Southern Africa (Pty) Ltd
Source of Data: BP Southern Africa (Pty) Ltd

As it can be seen from the graph the exponential growth of the number of people that leave the company, which is a combination of dismissals as a result of misuse of company property and people resigning through lack of trust, being despondent, that they don't see future in the company and the uncertainty as a result of the four restructuring over the last four years.

5.9.1 Other Aspects of The Change Summary Of Evidence

This multi-layered question was designed to be one of the key insights into the organisation. The plan was to move through the three layers as seemed

appropriate in each interview with each respondent. The subject of re-organisation was a 'hot' one at the time of the research. The responses reveal a great deal of pain and anguish at both the manner in which the change was carried out and their continuing subsequent impact upon members concerned.

The critical responses were sometimes, in the common sense judgement of the researcher, for example. "The last re-org was a cock-up...." [7.12]. Other critical responses were much more analytical. "Multi-skilling people is good for business, but it has put the remaining people [after large scale redundancies took effect] under great pressure" based on [7.6].

The clearest overall impression of responses is that they show the difficulties, often unnecessary ones, under which organisation members were asked to labour during the times when their senior managers felt there was no alternative but to change the previously accepted ways of doing business and delivering new business objectives.

5.10 The Summary Of Interviews

Construct One: Goal Purpose

- Efficiencies and organisational capabilities

Construct Two: Leadership Of The Change

- Direction from the top, but people at the bottom are engaged

Construct Three: Focus Of The Change

- Structures and Systems

Construct Four: The Process Of Change

- Planned

Construct Five: The Reward System Used

- There were rewards and were used to reinforce the change

Construct Six: The Use Of Consultants

- Used as expects for mainly the welfare of the employees

5.11 CONCLUSION

In summary, this chapter which is an extended review of the six dimensions of change discussed in chapter two further analysed the responses to the interview schedule. The summary of evidence for each construct is discussed and analysed.

It soon emerged that the summary discussions will bring us closer to the model discussed in chapter two about the Theory of Change. This will soon be evident in the following chapter where it will conclude by summarising the findings where parallels will be drawn with the model developed in the literature review.

CHAPTER SIX

DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter draws together the analyses of evidence that have emerged in the immediate preceding chapter, which itself is the result of empirical work elaborated earlier in this study. This chapter also attempts to interpret the results obtained. A discussion on each construct identified will be done to get a full view of the approach to the management of the change at BP Southern Africa (Pty) Ltd.

The findings will also be evaluated against theory and published work on the subject of Change Management discussed in Chapter Two. This chapter will also attempt to explore the similarities and differences with the theory where possible.

6.2. EVALUATION OF THE GOAL OF THE CHANGE

The aim of this construct was to examine whether the change is driven by a need to produce financial results or develop the organisational capabilities. It then emerged from the discussion that the goal of the change was to introduce efficiencies by streamlining processes and improving service delivery.

There appears to be a combination of Theory E and Theory O being utilised at BP Southern Africa (Pty) Ltd during this change process. It is worth mentioning that that to a large extent there is bias towards theory E as confirmed by interviews.

6.3 EVALUATION OF THE LEADERSHIP OF CHANGE

Becoming an effective leader for change is perhaps the most important thing executives can do for their personal development and for the companies they direct. Without continuous, committed, active leadership, organisational change does not succeed.

The aim of this construct was to do an examination on the leadership style used in the change process, which will give some insight on the approach and manner in which the change was managed, whether was it from Top-Down (senior management making all the decision); Bottom-Up (participation by staff) or direction set from Top but people at the bottom are engaged.

There were few people from all the affected regions in the Southern Africa that were built-in into the project team that handled the change. The staff was not involved in the planning phase but were involved in the implementation stage and were able to make minor changes. The indication from the interview discussion is that the leadership of this change was one that direction was set from the top and people at the bottom were engaged and that there was sufficient support given to staff throughout the change process.

It can be concluded that the combination of Theory E and Theory O was used in the leadership of this change. The combination of the two theories states that direction is set from the top and people at the bottom are engaged as per our findings through the interview discussion.

6.4 EVALUATION OF THE FOCUS OF CHANGE

The aim of this construct is to determine the part of the business that the changes are aimed at whether the structures and Systems or culture of the organisation. There is a clear indication from the interview discussion that

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the focus of the BP Southern Africa change was on structures and systems. Though some of the respondents in the interviews indicated a combination, it should be noted that the majority still felt that the structures and systems dominated.

It further emerged from the discussion that, there was no active strategy to change the culture of the organisation. Some of the respondents felt that there was a need to address culture of BP Southern Africa following the merger of Castrol South Africa (Pty) Ltd and BP Southern Africa (Pty) Ltd.

These two companies had two distinct cultures where BP Southern Africa is viewed as believing in dynamic, young, educated and diverse group of people and has embraced affirmative action without any reservations. Whereas Castrol South Africa was viewed to be a white male dominated company that believed in experienced employees rather than educated. They were also viewed to be cautious in embracing affirmative action and very few good examples to quote.

It also emerged during the discussion that the company hoped that through the teaming concept (creating diverse teams) culture would be addressed.

It became clear from the discussions that the focus of the change at BP Southern Africa (Pty) Ltd is Theory E, which emphasizes on changing the structures and systems in an attempt to get quick financial results. The argument above seems to be indicating that for any substantial Strategic change, structures must be changed. Proponents of Theory E support this view and will focus on the structure and systems in implementing any change initiative.

6.5 EVALUATION OF THE PROCESS OF CHANGE

Any organisation with planned approach to change has to address the critical factors, which are:

- Creating a vision of where it wants the organisation to go and building people's commitment to that vision and the change that will bring it about.
- Mapping a strategy to make the business process change work
- Providing an environment for continuous improvement to sustain the change

Without addressing these factors above when making a change in any organisation, it sure will have shortcomings. Hence it emerged from the discussions in the previous chapter that the process was carefully planned from the top and very little room for changes and spontaneity. Though some of the respondents indicated that this change was both planned and emergent, but the majority of respondent's views were towards the direction of planned as opposed to emergent.

The literature review in Chapter Two indicated that Theory E is predicated on the view that no battle can be won without a clear, comprehensive, common plan of action that encourages internal coordination and inspires confidence among customers, suppliers, and investors. It can be safely stated then that the process of change at BP Southern Africa (Pty) Ltd was that of Theory E where the change was planned from the top.

6.6 EVALUATION OF THE REWARD SYSTEM USED

The purpose of this construct was to give respondents an opportunity to reflect whether the incentives provided by BP Southern Africa (Pty) Ltd were used to lead or lag the change. It soon emerged through the discussion in the interviews that the incentives used by the company were used to reinforce change.

The theory on leading and lagging incentives states that, if incentives lead, the organisation might find itself committing too soon to rewarding a set of behaviour that might not want to encourage in the future. On the other

hand there is a view that incentives are not real motivators based on a well-known writer Hertzberg.

In the new BP Southern Africa (Pty) Ltd structure, Sales Managers were now called Regional Sales Managers with a bigger area with more Sales Staff under them. The Account Manager's status was elevated to that of Sales Managers with more responsibilities than just being a sales rep and these changes were coupled with more benefits.

It became evident from this discussion that a combination of Theory E and Theory O are being used by BP Southern Africa (Pty) Ltd, where use of incentives is to reinforce change rather than drive it.

6.7 EVALUATION OF THE USE OF CONSULTANTS

The aim of this construct was to determine the level of reliance on consultants. The information received shed some light as to whether consultants were used to analyse problems and shape solutions (Theory E), or were used to analyse problems but do not provide solutions (Theory O), or were used as expects to facilitate learning which is a combination of Theory E and Theory O.

One of the reasons why organisations use consultants is because they do not have the capacity to do the work themselves. To address this BP Southern Africa (Pty Ltd took a special initiative to put in place and developed a team of internal consultants who work in the strategy unit within BP Southern Africa (Pty) Ltd. This Strategy Team work closely with external consultants and develop the required skills within the organisation.

However, it emerged that consultants were used as expects, but in other areas related to employee welfare not necessarily the change itself as discussed in the previous chapter. We can therefore safely conclude that BP

Southern Africa (Pty) Ltd used a combination of Theory E and Theory O in addressing the use of consultants for this change program.

6.8 SUMMARY OF FINDINGS

Table 6.1 is a summary of the findings as per discussions held.

Table 6.1 Summary Of Findings

Dimensions of Change	Economic Value Theory (E)	Organisational Capability Theory (O)	Theories E and O Combined	FINDINGS
Goals	Maximise shareholder value	Develop organisational capabilities	Explicitly embrace the paradox between economic value & organisational capability	**Embracing the paradox between economic value and organisational capabilities. (Theory E & O)**
Leadership	Manage change from the top	Encourage participation from the bottom up	Set direction from the top & engage the people below	**Set direction from the top & engage people at the bottom (Theory E & O)**
Focus	Emphasize structure & system	Built up corporate culture: employees behaviour & attitudes	Focus simultaneously on the hard (structure & systems) & the soft (corporate culture)	**Emphasize Structures and Systems (Theory E)**
Process	Plan & establish programs	Experiment & evolve	Plan for spontaneity	**Carefully planned (Theory E)**
Reward System	Motivate through financial incentives	Motivate through commitment – use pay as fair exchange	Use incentives to reinforce change but not to drive it	**Incentives used to reinforce change and not to drive it (Combination of Theory E & O)**
Use of Consultants	Consultants analyse problems & shape solution	Consults support management in shaping their own solutions	Consultants are expect resources who empower employees	**Consultants were used as expects to facilitate learning (Combination of Theory E & O)**

Source Beer. Michael, and Nitin Nohria 2000. Cracking the Code of Change, Harvard Business Review (March-April)

The findings here clearly indicate that there was use of the combination of the two theories E & O in the majority of the six constructs used in this study. It should be noted however that in the implementation of this change when it comes to the focus of the change and the process used in this change, there is an indication that Theory E was used.

Again, the counter argument during the interview discussions further shows that theories in literature cannot be applied in their pure form, because of unique circumstances each organisation experiences.

CHAPTER SEVEN

CONLUSION

7.1 INTRODUCTION

In this concluding chapter, the limitations of this research are discussed and suggestions made for improvements. The implications for future research which arise out of this study. Final conclusions are highlighted which are in effect the essence of the investigation, and their implications for the future success of the company are explained.

7.2 RESEARCH LIMITATIONS

The limitations of this research lie both in the skills of the researcher as well the chosen orientation (methodology) of research, i.e. qualitative methodology. The researcher is understood to be an inexperienced student who has learnt invaluable lessons through mistakes made; timeouts and laborious procedures were used which could have been short circuited; Interview techniques were, initially, unprofessional but improved during the process, and in general, it is acknowledged, that the first experience in a learning process is the least elegant.

Intense training in interview techniques would counter researcher effects, training would also help in preventing the inaccurate noting of subject responses, coding errors and with data analysis problems.

7.2.1 Qualitative Research Methodology as a Research Limitation

The exploratory method used in this research, to make a certain limited number of observations and then see what general laws emerge, cannot necessarily be generalised to the BP affected population.

Calder (1977,p.351) states: "There is a concern about the subjectivity of the technique and a feeling that any given result might have been different with different setting".

Moreover, qualitative research methods involve a small number of respondents who provide descriptive information about their thoughts and feelings that are not always easily projected onto the population as a whole (Dillion, Madden & Firtle, 1987). The usefulness of research is nevertheless facilitated by its exploratory purpose although its applicability to a wider population is not known.

From a practical point of view, however, there are serious weaknesses in the use of the qualitative method. Collecting and analysing data is a highly labour intensive operation, generating stress. It greatly overloads the researcher at almost every point, also the method of analysis are not well formulated, with few guidelines for protection against 'self delusion' or the presentation of unreliable or invalid conclusion to scientific audiences.

7.2.2 In-depth Interview As A Research Limitation

The interview is still regarded as the best instrument available for sounding people's behaviour, future intentions, feelings and attitudes, yet it has specific requirements if it is to be used as a reliable tool in research.

The semi structured interview method used in this research is open to potential source of subjectivity and bias. To achieve reliability the interviewer must be trained and questions need to be pre-tested and revised to eliminate ambiguity. The reliability of the data derived from the interview will depend upon four variables, the researcher, the subject, the interview itself and the research context.

Since observations are clearly influenced by the expectations, orientation and beliefs of the researcher. The researcher attempted to acquaint himself

with his own prejudices, ideology, attitudes and expectations in order to limit systematic approval responses and role expectances; however, it is likely that the data was still influenced by these effects.

As far as the nuisance factors associated with the subject are concerned, these are:

- The effect of memory decay
- Unreliable recall
- Superficial response (due sometimes to overexposure to market survey)
- The role the subjects decided he/she should play
- And his/her motivation to respond.

These influence the quality of the data.

Since the questions and discussion were semi-structured and open in format the tendency for a response pattern to develop was avoided. The data from in-depth interview is derived from a combination of respondent's expectations of what the appropriate answer is.

7.3 IMPLICATION FOR FUTURE RESEARCH

The present study conducted aimed to explore the change process at BP Southern Africa (Pty) Ltd and to gain new insights in the phenomenon of Change Management through interviews with a survey of people who are at the heart of this organisational change process and who have had practical experience of the issues being studied.

The qualitative data collected does not provide clear, absolute answers but rather suggests developing trends within the domain if interest. However, additional areas of inquiry are opened. Questions that have been raised within this research, which may warrant further investigation, include:

- The perceived justice, equity and fairness of downsizing, may moderate the levels of trust and customer commitment by employees.

- The impact of downsizing upon customers in an industrial context. For example the relationship between organisational buyers and sales personnel may be affected dramatically with the loss of key individuals, who are victims of convergent downsizing.
- Managing survivors in a downsizing organisation and helping individuals and organisations accommodate the reality.

The breadth or the scope of this research is also cause for caution since detail and focus have been sacrificed for a wide integrated perspective. For more conclusive results many of the suggested questions require a more disciplined approach, which could be accomplished through more rigorous enquiry within that specific domain. Quantitative research using a more traditional scientific method would be suitable to investigate particular hypothesis that might have arisen from this qualitative and exploratory study.

The utilisation of multiple methods, i.e. quantitative and qualitative or triangulation (Multiple methods of data collection), relate to the use of a variety of methods, which as a result of their complementarity, may be employed to correct their individual shortcomings.

7.4 CONCLUDING REMARKS

Not every change is for the better. While it is true that every improvement is the result of change, not every change is an improvement. The past has value, and it will continue to have value. At the same time, the past shouldn't have a veto. You need to take the best from the past and best from the future to forge your way into the next century; hence change will never be over (Paulson, 2000).

The efficiency through which change is led in organisations is to a large extent also determined by the approach that is adopted by the organisation.

As mentioned earlier in our study that, there are three theories that operate in organisations today. (Beer & Nohria, 2000) which are:

- Theory E whose focus is on delivering economic value
- Next is Theory O who's focus is on delivering organisational capabilities
- And finally, a combination of Theory E & Theory O in an attempt to overcome the negative consequences of using a pure form of Theory E and Theory O.

Much of the literature in this area has looked at change in a generic sense and assumes that these principles will be applicable in most industries. The assumption might be true, but there is a contention that there are differences in industries and organisation, which make application of these principles more challenging.

7.4.1 Lessons Learnt From This Change

What follows is a list of some of the lessons learnt while conducting this study through the interviews and discussions the researcher had with the BP Southern Africa (Pty) Ltd employees.

- Thought processes and relationship dynamics are fundamental if change is to be successful.
- Change only happens when each person makes a decision to implement the change.
- People fear change it happens to them.
- Given the freedom to do so, people will build quality into their work as a matter of personal pride.
- Traditional organisational systems treat people like children and expect them to act like adults.
- 'Truth' is more important during periods of change and uncertainty than 'good news'.
- The intrinsic rewards of a project are often more important than the material rewards and recognition.

- A clearly defined vision of the end results enables all the people to define the most efficient path for accomplishing the results.
- The more input people have into defining the changes that will affect their work, there more they will take ownership for the results
- To change the individual change the system.

7.4.2 Suggestions For Future Restructuring at BP Southern Africa (Pty) Ltd

Creativity and innovation that results in a benefit to a company occurs in an environment of trust and excitement. Poorly handled changes of any nature described in this study undermine that trust. Most individuals within organisations complain that there isn't enough communication within their organisation. Ever notice how much less communication you need when you trust someone?

Change is an essential part of life within organisation, so it is critical, it should be managed well. If needs be, BP Southern Africa must hire expects in the psychology of change and follow their advice from start to finish in their projects. BP must select changes carefully and be committed to completing the project. BP must be realistic about the resource requirements for any change project. They must fully implement them before moving on to the next big change. Incomplete projects are the bone of corporate life. They are de-motivational, waste time and energy and destroy credibility.

Before making a major change regardless of whether is a structural, management, or process change, BP should be honest about what the change really offers the organisation and be realistic about the costs to productivity and moral within the organisation. For instance, many 'structural' changes are made to accommodate one manager or side step another. If the new structure doesn't enhance the working life and

contribution of the individuals in the structure or process, it's being done for the wrong reasons.

Research has shown that in a variety of types of organisations and with a variety of types of employees, downsizing has produced negative rather than positive results. For example, Allan H. Church in his study of The Role Of The Practitioner: From Both Sides Now Organisational Downsizing, he found the following negative outcomes to be associated with the effects of downsizing:

- Increased centralization of decision making,
- The adoption of a short-term, crisis mentality,
- Loss of innovativeness,
- Increased resistance to change,
- Decreased employee morale, commitment and loyalty,
- The escalation of politicised special interest groups and political infighting
- Loss of trust among customers and employees,
- Increased interpersonal conflict,
- Restricted communication flows and less information sharing,
- Lack of teamwork, and
- Loss of accessible, forward-thinking, aggressive leaders.

Despite this track record, downsizing remains a strategy of choice for organisations faced with excess capacity, bloated employee ranks, sky-high costs, and declining efficiency. Most observers simply see no other choice available. One recent survey found, for example, that two-thirds of companies that downsize do it again a year later.

In many researches on several hundred organisations that have engaged in downsizing, about two-thirds did it poorly, according to Allan H. Church. That is, these companies were worse off at the end of the downsizing effort than at the beginning. This is mainly because expectations were violated,

commitments were not kept, human dignity was bruised, secrecy and politics predominated, and long-term scarring occurred in the firms.

The following is some of the prescriptions for effective downsizing that BP Southern Africa Should consider in their future restructuring programs:

Approach

- Approach downsizing as a long-term strategy and a way of life rather than as a single program or target to be completed and abandoned.
- Approach downsizing as an opportunity for improvement rather than as merely a reaction to a threat or crisis.
- Approach the human resources in the organization as assets rather than as liabilities, and plan to invest in their development and ideas.

Involvement

- Involve employees in identifying what needs to change through downsizing and in implementing those changes rather than driving downsizing from the top down.
- Hold everyone accountable for downsizing goals rather than treating it as only top management's responsibility.
- Involve customers and suppliers in designing and suggesting improvements in downsizing strategies rather than focusing entirely internally.

Leadership

- Ensure that the leader(s) is visible, accessible, and interacting freely with those affected by the downsizing instead of succumbing to the temptation to avoid confrontation, pain, and discomfort associated with managing downsizing.
- Associate downsizing with a clearly articulated vision of a desired future for the organization, not merely as an escape from the past.

- Project positive energy and initiative from the leader(s) in order to motivate the workforce in a downsizing organization instead of adopting a defensive or paranoid perspective.

Communication

- Ensure that everyone is fully informed of the purposes of downsizing, the strategies to be pursued, the costs involved, the time frame, and so on, rather than revealing only "need to know" information and keeping sensitive information at the top.
- Over communicate as the downsizing process unfolds so that information is provided frequently, consistently, and honestly to all employees on the progress and processes in downsizing rather than reporting only decisions and results or allowing rumors and ambiguity to flourish.
- Generate on-going analyses and feedback from participants in the downsizing process rather than completing the process before an evaluation is done.

Preparation

- Prepare for the downsizing before it is mandated or crucial for survival rather than waiting until time for advanced analysis is gone and a "ready- fire-aim" approach is required.
- Identify the future mission of the organization, its core competencies, and an organizational structure that will most effectively accomplish the mission via the core competencies as the way to develop downsizing strategies, as opposed to formulating strategy based merely on headcount targets.
- Establish targets, deadlines, and objectives for downsizing independent of the mandated downsizing goals from parent organizations in order to prepare the organization to view downsizing as an improvement strategy rather than as the cause of a loss of discretion.

Support

- Provide equal attention to and support for those who stay in the organization and those who leave the organization rather than focusing all benefits on leavers.
- Provide safety nets (adequate lead time, financial benefits, counseling, retraining, outplacement services, etc.) for those who leave the organization in order to smooth the transition to another position, rather than letting people go without the required severance pay and advanced notice.
- Provide training, cross-training, and retraining in advance of downsizing in order to help individuals adapt to downsizing, rather than relying merely on post hoc on-the-job training.

Cost Cutting

- Institute a variety of cost-cutting activities (such as restricting overtime, providing leave without pay, eliminating redundancies) rather than limiting downsizing to headcount reduction
- Focus on attacking sources of fat in the organization that often go unnoticed and unmeasured, such as data fat (excess information), procedure fat (excess meetings), time fat (excess response time), and launch fat (excess new programs) rather than on cutting only the noticeable and measured features of the organization
- Map and analyze all processes in the organization to eliminate inefficiencies, redundancies, non-value-added steps and resources, and to redesign work, rather than assuming that old processes must be maintained

Measurement

- Measure speed and time use in the organization, not merely headcount, in looking for ways to downsize.
- Develop specific measures of all activities and processes that directly relate to the key products and services provided by the organization in

order to determine how improvements can be made, rather than measuring only outputs.

- Assess the skills, experience, and relevant attributes of all human resources to help improve decision making regarding personnel and assignments when downsizing and restructuring occur.

Implementation

- Implement a broad array of downsizing strategies, including redesign strategies and systemic strategies (e.g., culture change), instead of relying narrowly on headcount reduction strategies.
- Administer downsizing equitably and fairly by ensuring that adverse impacts are not experienced unevenly by unempowered people (e.g., minorities, certain age groups) rather than implementing strategies based on power.
- Provide opportunities for personal growth and development for individuals in the midst of downsizing rather than ignoring everything except profits and the financial bottom line.
- Form cross-level and cross-functional teams to plan and implement downsizing with no required hand-offs, rather than implementing downsizing using only a chain of command.
- Change the appraisal, reward, selection, development, and communication systems to reflect the new goals and objectives of the downsized organization rather than keeping those systems that reflect the old, larger organizational form
- Implement downsizing by beginning with small wins--i.e. changing things that can be changed quickly and easily--that, when celebrated, create inertia toward desired results rather than attacking downsizing as a large, complex, indivisible task."

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Appendix 1

Middle & Senior Management Questionnaire

Managing Change at BP Southern Africa Pty (Ltd)

This questionnaire relates to the change program that has been implemented at BP Southern Africa recently.

Note: The questions are for Academic research purposes only.

Questions:

1. How many years/months service do you have with BP?

2. What is your position in the organisation?

3. What was your position before the change?

THE GOAL OF THE CHANGE

Questions 4, 5 & 6 will help define whether the change was driven by the need to produce financial results or develop the organisational capabilities.

4. What were the factors driving the need for the change?

5. What type of strategy was used?

6. Do you thing there was sufficient time spent on planning the change?

THE LEADERSHIP OF CHANGE

Question 7, 8, 9 & 10 will examine the leadership style used in the change process. This will also give some insight on the approach and the manner in which the change was managed.

7. Did you understand the change before it was implemented? Did you understand the change after it was implemented? Explain the discrepancy if any.

8. How was the change led?

Top – Down (Senior Management Making All the decisions).	
Bottom – Up (Participation from staff).	
Direction set from above but people at the bottom engaged.	

9. Do you think the communication during the change process was effective and transparent? If so/If not. How so?

10. Do you know of any view different from yours perhaps from a colleague in relation to question 9 above?

11. Was there support for staff through this process? If there was how supportive? If not, what do you think in your opinion should have been done differently?

12. Do you know of any view different from yours perhaps from a colleague in relation to question 11 above?

THE FOCUS OF THE CHANGE

This will give an indication on what part of the business were changes aimed at. Was it the structures and systems or the culture of the organisation, behaviour & attitudes focused?

13. Were the objectives of the change clearly defined? If they were. What are those objectives?

THE PROCESS OF CHANGE

This addresses the process that has been followed in the change program and explores whether the change is planned, emergent (no specific plan but adaptive), evolving or experimenting and spontaneity allowed.

14. How was the change process managed?

THE REWARD SYSTEM USED IN THE CHANGE PROGRAM

This dimension explores whether the incentives and rewards were used to lead or lag the change process

15. Were there any change related incentives introduced during the change?

16. If there were any. What were those and were they introduced before the change or after the change?

THE USE OF CONSULTANTS IN THE CHANGE PROGRAM

The level of reliance on the consultants will be explored. This will shed some light as to whether consultants were used to analyse problems & shape solutions. Or were used to analyse problems but do not provide solutions or were used as expects to facilitate learning.

17. Do you have any knowledge as to what extent were consultants used in this change program? If you do to what extent were they used?

GENERAL:

18. Considering what has been achieved thus far, would you change anything if you had the opportunity to go through the process again? Would you consider the strategy as being a success?

Appendix 2

Sales Staff Questionnaire

Managing Change at BP Southern Africa Pty (Ltd)

This questionnaire relates to the change program that has been implemented at BP Southern Africa recently.

Note: The questions are for Academic research purposes only.

Questions:

1. How many years/months service do you have with BP?

2. What is your position in the organisation?

3. What was your position before the change?

THE GOAL OF THE CHANGE

Questions 4, 5 & 6 will help define whether the change was driven by the need to produce financial results or develop the organisational capabilities.

4. (a) Do you think there was a need for the change? And if so. Why?

   (b) If you think there was no need. Why so?

5. Did you understand the reasons given by management as to why the change was necessary? If you do what are those?

THE LEADERSHIP OF CHANGE

Question 6,7, 8, 9 & 10 will examine the leadership style used in the change process. This will also give some insight on the approach and the manner in which the change was managed.

6. How was the change led?

Top – Down (Senior Management Making All the decisions).	
Bottom – Up (Participation from staff).	
Direction set from above but people at the bottom engaged.	

7. Do you think the communication during the change process was satisfactory and transparent? If not. How so?

8. Do you know of any view different from yours perhaps from a colleague in relation to question 7 above?

9. Was there support for staff through this process? If there was how supportive? If not, what do you think in your opinion should have been done differently?

10. Do you know of any view different from yours perhaps from a colleague in relation to question 9 above?

THE FOCUS OF THE CHANGE

This will give an indication on what part of the business were changes aimed at. Was it the structures and systems or the culture of the organisation, behaviour & attitudes focused?

11. Were the objectives of the change clearly defined? If so. What are those?

THE PROCESS OF CHANGE

This addresses the process that has been followed in the change program and explores whether the change is planned, emergent (no specific plan but adaptive), evolving or experimenting and spontaneity allowed.

12. How was the change process managed?

THE REWARD SYSTEM USED IN THE CHANGE PROGRAM

This dimension explores whether the incentives and rewards were used to lead or lag the change process

13. Were there any change related incentives introduced during the change? If there were any. What were those and were they introduced before the change or after the change?

GENERAL:

14. Would you consider the strategy as being a success?

15. Is there anything that you feel was critical to this change program implemented by BP that is not covered by the questions above and you would like to share?