

**AN INVESTIGATION INTO HOW POST OFFICE  
MANAGERS PERCEIVE THE EFFECTIVENESS OF  
CHANGE**

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of  
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## **DECLARATION**

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

This dissertation is being submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the University of Natal, Durban.

The dissertation is a result of my own independent work except where otherwise stated.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

A handwritten signature in black ink, consisting of several loops and a vertical stroke, positioned over the signature and date lines.

## **ACKNOWLEDGEMENTS**

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# CHAPTER 1: INTRODUCTION

## 1.1 INTRODUCTION

The 19<sup>th</sup> century brought about many changes in South Africa. Democratic sentiment and action started breaking down the walls of division that separated rulers from citizens and nation from nations. The first democratically elected government of South Africa symbolised fundamental changes in political thinking, such as changes to laws and politics that govern the country. South Africans also witnessed the unfolding of economic and political liberation in other African countries. Although it was exciting to watch these processes taking place in Africa, it will probably take us a number of years to fully grasp the nature and consequences of these changes.

Another change that this democratic process brought about was the restructuring and the privatisation of State Owned Companies (SOC) in order to improve efficiency and reduce the deficit of the country. Government undertook to either fully or partially privatize state owned companies. Government remains the main shareholder in partially privatized state owned companies (e.g. Telkom) or retains full control (e.g. South African Post Office). Those companies that are still left under government ownership are, however, going through a change process. They all have to restructure to fulfil their new objectives.

This research study looks at the change process in the South African Post Office services. The South African Post Office is a state owned company, which is active in the communication, distribution, retail and financial services market. The company is faced with many challenges, amongst which are the following:

- The diminishing public revenue is no longer sufficient to subsidise the large operational losses of the company.
- Mail volume and postal revenue have declined.
- Productivity has decreased and other internal inefficiencies have caused numerous problems.
- Customer needs have changed.

It is this change process that will be evaluated in this research study. The following goals were mentioned as restructuring goals in the White Paper on Postal Policy:



- Addressing inequalities in accessing postal services as perpetuated by past policies.
- Ensuring equitable distribution of postal services.
- Addressing the cost and service inefficiencies characteristic of the present system.
- Providing a responsive, flexible and reliable level of service to its customer base.
- Recapturing the confidence and support of its clients.
- Providing customers with an efficient postal service that is cost effective and affordable. (White Paper, p9)

## 1.2 DESCRIPTION OF STATE OWNED COMPANIES (SOC)

State Owned Companies are organisations which are controlled by government. They have the following distinguishing characteristics:

- Government is a main shareholder;
- They must engage in the production of goods and/or services for sale;
- They are mainly financed by revenue and Government;
- Their revenue should bear some relation to cost.

Government ownership of organisations has far reaching implications. Asset ownership is more diffused than in the private sector, and as long as individuals remain taxpayers, asset is non-transferable and compulsory. This will reduce the system where the rich becomes the richest and the poor the poorest. Government has the responsibility of ensuring that everybody, irrespective of race, age, gender, income group, or social class, receives the basic needs of life. Access to basic postal services is the right of all South African citizens. The South African Reconstruction and Development Programme (RDP) and constitution demand that certain criteria influence the formation of service delivery to ensure basic human rights (White Paper, p7).

**Richard Zeckhauser and Murray Horn** in their book entitled *The Control and Performance of State Owned Enterprises*, define state owned enterprise as an extreme case of separation and control. The main focus is on management, the incentive it faces and the conflict to which it is subjected. The ownership is diffused

and non-transferable in public enterprise, which impairs the mechanism that helps align the interest of management and those of the shareholder.

Paul MacAvoy and George Mclsaac report on their investigation into the operation and structures of four major severally sponsored enterprises: Conrail, Amstract, The US Postal Services and Tennessee Valley Authority. Comparisons were drawn between state owned enterprises and private sector firms that operate in the same market. The performance of state owned enterprises was analysed in terms of price and cost increases, capital formation and employment levels. The authors found that these state owned organisations have done relatively poorly in terms of growth, price stability and cost containment.

The authors examine the state owned companies and managerial structures from broad composition to employment contracts, arguing that these factors explain why the performance of state owned companies lag behind that of the private sector firms. Their finding is that only by restructuring their internal organisations in a way that makes the state owned companies virtually identical to private sector firms will improve the performance of the state owned companies.

It is usually assumed that private sector organisations survive because they represent the lowest cost ways to meet the market demands of consumers. They normally deliver what consumers or customers want at the lowest possible cost.

The main difference between state owned companies and private sector companies is that the state owned company is protected from competition in one way or another. A 25 year license to operate was given to the South African Post Office Limited in 1998 by the Minister of Posts, Telecommunications and Broadcasting who also issued a license to delegate monopoly operations. This monopoly will always be reviewed every three years. They receive subsidies in the way of cash or by means of cheap or free resources. They are also relieved of many tax and regulatory obligations that private sector firms are obliged to pay.

State owned organisations represent most notably contracting costs, inefficiency, poor control and in securing property rights. Political concerns also play an important part, loading on to these organisations many additional responsibilities beyond the efficient production of goods. The South African Post Office is, for example, obliged to supply postal services in areas where it makes economic losses because of the

Restructuring and Development Programme (RDP). "A license will be issued by the Minister of Posts, Telecommunications and Broadcasting to the monopoly provider, in this case the Post Office, in terms of which a Universal Service Obligation will be imposed" (White Paper, p11).

This makes the task of state owned companies more difficult to perform and to judge. Due to RDP, therefore, state owned organisations should be given real economic advantages if they are to survive.

On 1 March 1999, the South African Post Office was given a target by the South African Government to be self-sustainable within three years. This means that as from 1 April 2002, the Government should not subsidise the South African Post Office. "The financial mandate has been formulated for the Post Office to reach break-even within three years and to then operate on a profit basis. Should the Post Office exceed its target during this period, the excess will be injected back into the company for re-capitalization or infrastructure development" (White Paper, p25).

The reality is that as of now (2001) the company is still running at a loss.

# **CHAPTER 2: BACKGROUND**

## **2.1 POST OFFICE BACKGROUND**

This chapter will look at the background of the South African Post Office. Many changes have already been managed by the Post Office and these were all implemented successfully. The background provided is information about the South African Post Office, that is, where and how it started.

## **2.2 SOUTH AFRICAN POSTAL HISTORY**

The Post Office industry in South Africa has its own history. This history starts from 1501 and continues to 1991. It is divided into the following topics:

- Change in transport modes
- Network extension
- Restructuring
- Product or service change
- Mechanisation
- Globalisation

### **2.2.1 Change Of Transportation Mode**

During 1501, a Portuguese ship captain, Petro D'Ataide, placed a letter in a milk wood tree at Mossel Bay. In the letter, he referred to the tragedy that had hit their fleet. Three months later, the fleet found the letter.

During the period 1500 to 1652, crews of ships on their way to or from the East, around the southern coast of Africa, placed letters under postal stones, hoping that they would be found and delivered by other ships. On these stones, the necessary information such as the date, the name of the ship and the captain, etc. was chiseled.

The letters were sometimes wrapped in a sailcloth covered in pitch and regardless of the address, the letters DGG, standing for "Door God Geleyd" (Led by God) appeared on the letter.

In 1781, Poshouders handled the official postal articles in Simonstown, Saldanha Bay and Ruben Island, while also keeping an eye on enemy ships. During 1806, the Cape was once again under British rule and Sir David Baird had letters and small parcels transported by Hottentot runners. Farmers along the way earned five rixdollars a month to supply the runners with board and lodging.

In 1807, mail orderlies on horseback replaced the runners on the routes between Stellenbosch, Paarl, Tulbagh and Swellendam. From Swellendam, the Hottentots then took the mail further on foot to Graaff-Reinet and Uitenhage. Matthew Gall was appointed as Postmaster General for the Cape.

In 1815, a mail ship service between England and the Cape was introduced. Fast ships transporting mail, passengers, and a light freight for the Cape Colony, Mauritius and India, departed monthly from England. The first mail ship, the Eclipse, reached Cape Town 114 days later. The first steam ships were commissioned in 1825 and travelled the same distance in 58 days.

On 20 September 1848, the National Assembly of Transvaal decided to appoint postmen to transport official mail. Private mail was usually sent as the opportunity presented itself or by special messenger. These letters were a large source of information and were read all along the way, until in 1857, the Transvaal Government imposed a fine of 500 rixdollars for this offence.

On 8 June 1860, the first postboxes were created in the Cape. Today, one of these postboxes can still be seen in Worcester Street in Grahamstown. It was manufactured by Smith and Hawkes of Birmingham in 1857.

During this year (1857), the first railway line was officially introduced in Natal between the Point and Durban. This resulted in mail being transported by train from boats to Durban.

In 1862, the railway line from Cape Town to Wellington was completed and soon afterwards mail was transported by train over this distance.

During 1867, diamonds were discovered at the Orange River. The prospectors and dealers were provided with a regular and effective mail and passenger service. The

red star mail coach service provided a mail coach service from Wellington - the railway terminal at that time to Kimberley.

In 1883, the mail train was introduced. Railway wagons especially equipped for the purpose were used as travelling post offices between Cape Town and Hutchison, where the railway ended at that stage. This service was provided in the remote regions of our country up to 1950.

In 1886, the main gold reef was discovered on the Witwatersrand and it ushered in one of the most colourful periods in our postal history. The coaches of George Heyes and Company travelled between Matjiesfontein and Kimberley, and between Kimberley and Johannesburg. At that stage, Matjiesfontein was the terminal of the railway. CH Zeederberg maintained coach services between destinations in the Transvaal, Northern Transvaal and then Rhodesia.

During 1896 mail delivery by messenger was introduced in Durban. Messengers were transported to and from their delivery points by tram. In the Post Master General (PMG) report for the same year mentioned that the population in Johannesburg has increased so much such that the crowd at the poste restante section was so immense that to prevent accidents and disruptions, the police had to be called, which at such occasions had the greatest trouble to restore order. The South African (ZAR) government, therefore, agreed that mail delivery messengers also be introduced to Johannesburg. They started their services in November of that year and were already delivering 200 letters a day by December.

In 1899, mail deliveries in the Gordonia district of the Cape Colony caused problems owing to the barren terrain. In June 1899, four camel cows were purchased. The trip to Zwartmodder and Driefontein over the distance of 100 miles took four days.

During 1911, mail was transported by car for the first time. The first mail transported by car in South Africa was between Kenilworth and Muizenberg. In 1929, this service was introduced on a permanent basis.

Owing to maintenance costs, the three wheel automobiles were replaced by motorcycles with sidecars in 1913. Maintenance costs were reduced considerably.

Over the years, the camel mail was totally suspended because of a number of problems, such as the increasing weight of postal articles and the death of camels. In 1912, additional camels were imported from Egypt. Towards the end of 1912, there were a total of fifteen camels. Disease and ageing made quite a few unusable and the last twelve surviving camels were sold to the Department of Defence on 1 April 1914. This service was then terminated permanently, and was replaced by an ox wagon service. During 1914, the motorcycle with sidecar service was extended to Durban, Port Elizabeth and Pretoria.

Towards 1919, the vehicle service was expanded to 73 vehicles and after that vehicle transportation was used so extensively that it was not mentioned again in the PMG report. In 1969, motorcycles delivered mail more quickly.

### **2.2.2 Change In Price**

Until October 1991, the South African Post Office was a state company that did not strive for profit (non-profit organization). There were times, however, when they had to increase their prices to cover costs. Prices were changed in the following ways:

On 2 March 1792, the acting governor, Johan Isaac Rhenius, issued a proclamation that a post office would be opened in a room next to the pantry in the Castle. Adriaan Vincent Bergh was appointed first postmaster and Aegidius Benedictus Ziervogel first postman. The letters were to be received between 9:00 and 10:00 every morning, upon which six stuiwers were payable. Failing this, the postman delivered the letters the following day for an extra two stuiwers.

In 1853, the first stamp in our country, the Cape Town triangular stamp, was introduced. Sir George Cathcart requested that the Cape stamps be totally different in appearance from the English stamps. The tedious, and often unfair, system of postage calculation based on distance was finally discarded.

The triangular stamp appeared in two values, namely the four pence blue and the one penny red. The stamps were not perforated and had to be cut with a pair of scissors. Stamps were only applicable to inland postal articles and postage for foreign post had to be paid in advance in cash.

In 1925, cash on delivery (COD) parcels were implemented to enable the public to order goods by mail and pay when the items were delivered. On 1 April 1971, after 10 years of a fixed postal rate of 2,5 cents for an ordinary letter, the postal rates were increased to 4 cents a letter. Although the value of the stamp changed, the design remained the same.

From 1991, the South African Post Office was known as a commercialised government department. The main aim was to ensure that they were financially independent from the government. As inflationary price increase is inevitable, today each item is priced differently depending on the cost involved to deliver that product.

### **2.2.3 Network Extension**

When a service is started, it normally starts in one place and then extends to other places, as the need requires. The postal service operates in the same way - today there are post boxes all over the country. The idea of using a post box to deliver mail started in 1803 when Lieutenant General Janssens was appointed governor of the Batavian Republic. He immediately attended to the improvement of the postal service and introduced the first postal service between Algoa Bay and False Bay. Farmers transported mail under contract between the two points.

### **2.2.4 Restructuring**

When one talks about change, everybody thinks of restructuring and retrenchment. These buzzwords seem new to South Africans, but they are, in fact, not new, since at the establishment of the Union of South Africa on 31 May 1910, the four Head Post Office administrators amalgamated and were placed under the central control system. Three of the Postmaster Generals retired immediately after this and the Postmaster General of the Cape of Good Hope, Mr WT Hoal, was appointed Postmaster General of the Union.

Change in the Post Office is currently inevitable, where the Post Office may find it necessary to restructure and eventually retrench some employees and create new positions. With the new technology in the market, the South African Post Office may need new skills and new blood.



## 2.2.5 Product or Service Change

Customers' needs change all the time. Below, a history of the South African Post Office and its products is given. These products were introduced mainly to improve the service in the Post Office. Since 1991, the South African Post Office has introduced many products with the aim of improving the service and the financial status of the company.

During 1875, the Government Bank, under the jurisdiction of the Treasury, was introduced. However, the new bank showed poor growth and it was decided to link the savings bank with the Post Office.

In January 1884, according to the Postmaster General, Mr. GW Atchison's report, the first Post Office Savings Bank was founded. At the end of that year, there were already 125 Post Office Savings Banks where savings business was conducted.

In 1931, more postmen had to be appointed, as a result of the expansion of the larger delivery areas in the still growing suburbs. Under normal circumstances, this would have been a satisfactory state of affairs, but the number of postal articles had unfortunately declined. A special investigation indicated that much time was wasted, since postmen had to walk great distances between gates and front doors and then had to knock and wait before postal articles could be handed over. Also, much time was wasted due to the absence of addresses. Postal articles had to be taken back to the post office to be delivered again later. It was then decided to implement the new system already used in the country, namely that residents put "receptacles" at their front door or gates. The residents were not too happy about this, but this facilitated delivery significantly.

In October 1935, the Post Office in Jeppe Street in Johannesburg was opened. There was also a tunnel and conveyance belts between the railway station and the Post Office and handling of bags was therefore restricted to a minimum.

The parcel insurance service, providing for insurance against damage, came into effect on 1 October 1940. The number of insured parcels dispatched in this way started to increase dramatically and reached a total of 693 391 during the period 1945–1946. Since then, this service has continued to be important to the public when

dispatching valuable goods. Springbok Airways started functioning between the Union and Britain. Simultaneously, an airmail parcel service was instituted in 1945.

On 16 September 1953, an airmail transfer office was opened at Jan Smuts Airport, the aim of which was to deal with airmail with as little delay as possible. During the latter part of 1953 the number of Comet planes flying between Johannesburg to London was increased to four.

The first picture airmail letterform (aerogram) with sketches of South African scenes and flowers, and the words "Greetings from South Africa" – "Groete van Suid Afrika", was introduced in December 1958. A 6d (6 penny) stamp was printed on it and the selling price was 7d. Since then, these types of aerograms have become very popular. During 1991, a competition was launched by the South Africa Philatelic Services with the theme "Nature and Animal Life of South Africa", of which the winning designs were issued by the Post Office as a new series of aerograms.

One of the most important events in the field of airmail service was the introduction of an airmail parcel service on 1 May 1959 in South West Africa and the United Kingdom. In 1971, this service was expanded to a worldwide basis.

The first definitive series of postage stamps of the Republic of South Africa was issued on 31 May 1961. To post ordinary letters cost 2,5 cents. The front gable of the historic Cape Dutch home, Groot Constantia, appeared on these stamps.

On 1 April, the mail certificate service was expanded to the general public. The service was welcomed by professional people, especially since proof of delivery was provided. However, the service had been provided to government departments and the Provincial Administrations since 1 April 1964.

On 6 October 1973, postcodes were introduced to facilitate automatic mail sorting. During that year, for the first time, two self-service offices were opened in Rondebult and Verwoerdpark. These self-service offices offered residents the convenience of a private post office box for each household where mail could be collected any time of day or night. In addition, they also provided stamp vending, change machines, and facilities for posting letters and parcels, and public telephones. Since then, this service has expanded extensively, especially in suburbs.

On 1 April 1974, the Post Office accepted full responsibility for the Post Office Savings Bank. Previously these services had been operated on an agency basis for the Treasury. The computerization of the Post Office Savings Bank was completed on 1 October 1974.

Inter Southern African Philatelic Agency (Intersafa) was founded in 1976 with a view to expanding its service to stamp collectors and to assist the neighbouring states in promoting philately.

The priority postal service was instituted with effect from 1 April 1976 to promote a rapid service for dispatching extremely urgent postal articles. At a minor additional cost, urgent postal articles could be collected as early as 8:00am the following morning at the office of destination with this overnight service.

During 1978/79, special cardboard containers for the packing of parcels were sold at a number of Post Offices on an experimental basis. These containers, which do not have to be wrapped, are designed in such a manner that virtually no further packing material is necessary. Due to the success of this experiment, containers of various sizes have since been sold on a permanent basis at Post Offices.

To meet the still growing demand for international postal service, a priority mail service was introduced on 1 October 1979 from the eight major cities in the country to Britain and Hong Kong. The South African Post Office concludes a contract with the sender in which it is guaranteed that an article handed in before or on a certain time will be delivered to the addressee at a predetermined (approximate) time. This service has expanded to such an extent that it is now available to approximately 50 inland and 30 international destinations

On 11 October 1983, a guaranteed courier service was introduced in terms of which the department undertook to transport bags containing commercial documents of certain firms in both directions. This service was offered between Johannesburg, Cape Town, Durban and Pretoria and also between Durban and Pietermaritzburg.

Today the South African Post Office has subsidiaries, which offer almost the same products at a higher cost and quicker delivery.

## **2.2.6 Mechanisation**

The South African Post Office is a labour intensive company. To change from sorting letters manually to machine sorting was the first major change process that the Post Office encountered. For this process to be implemented, it needed large capital outflow to purchase the machines and the know-how.

The installation of the first mail-sorting machine in Pretoria, took place during 1967. However, in 1962 and 1963, a study was undertaken at the Johannesburg Post Office aimed mainly at comparing the cost between manually sorted and mechanically sorted mail.

The first mail-sorting machine was commissioned in Pretoria. During 1967, the Post Office also obtained financial autonomy.

Standardisation of envelope sizes, resulting from the mechanisation of mail sorting processes, was introduced in 1973. These standard sizes were determined by the World Postal Union.

During that year (1973), four fully automatic letter-sorting machines were installed in Pretoria, Johannesburg, Cape Town and Durban.

On 14 August 1986, the first public mail-franking machine, similar to those used by overseas postal administrations, was commissioned on an experimental basis in Pretoria. These machines issued a gummed postal label with the same validity as a postage stamp. This was so successful that a further 10 machines were installed in other centres.

Today the South African Post Office has these mail-franking machines, but they are expensive to maintain. The spare parts of the machines are Dollar-denominated. If the Rand loses value against the Dollar, these costs go up daily.

### 2.2.7 Globalisation

The buzzword in the 20<sup>th</sup> century is globalisation. Every company that needed to grow, penetrated globalised market. The Post Office was one of those companies to follow suit.

In 1900, the Union Castle Mail Steamship Company was formed. This company handled the transportation of South African sea mail to England until 1977. In 1932, the overseas airmail postal services was instituted.

The sea mail service contract between South Africa and Union Castle Mail Steamship Company, which over the previous hundred years had ensured a regular weekly sea mail service between Cape Town and Southampton, expired at the end of September 1977. The mail boat, the South Africa Vaal, departed for the last time in September 1977 from Cape Town to Southampton. Since 1 October 1977, mail has been transported by container ship or aeroplane only.

On 1 October 1996, South African Post Office Limited was officially established.

From the given history of the Post Office, it is evident that change occurred as and when there was a need to change. It is also interesting that the South African Post Office obtained financial autonomy in 1968 when the company started to mechanise. Could mechanization be a solution to the company's financial problems?

A new study needs to be done, since the last time one was done in 1962. This means that to undergo a process of change is not a new concept in the South African Post Office. The only aspect that is different, is the people who are in the South African Post Office. Do these people have the courage and the strength to turn the Post Office around? Do they have positive attitudes towards change? We have learnt that it was the first time the Post Office had to issue early retirement to its staff. Surely, if the change process is managed properly, the company will again achieve its financial autonomy.

# **CHAPTER 3: CURRENT ISSUES OF THE POST OFFICE**

## **3.1 INTRODUCTION**

The history of the Post Office was discussed in the previous chapter. In this chapter, current issues such as the challenges facing the South African Post Office, mission, vision, objectives of the South African Post Office and Postal Act and strategies will be discussed. It is important that the direction that the Post Office intends to take to transform the whole organisation is understood.

## **3.2 THE DEVELOPMENT OF THE SOUTH AFRICAN POST OFFICE (SAPO)**

SAPO is faced with two challenges: they need to change their financial status (economic change) and the need to change their culture (social change).

### **3.2.1 Economic Change**

In order to become more economically viable, the South African Post Office needs to:

- Adopt more efficient work habits
- Organize work and people
- Eliminate all forms of waste
- Find ways to break-even and to become more profitable.

### **3.2.2 Social Change**

Social change is possibly the most difficult type of change to bring about. To achieve it, however, the South African Post Office should implement:

- Affirmative action
- Affirmative contracting
- The redeployment of outlets in disadvantaged areas
- The development of a culture to celebrate diversity.

### **3.3 MISSION OF THE POST OFFICE**

A mission is a statement of the organization's purpose; it gives clarity on what the organisation seeks to achieve and why it exists. The mission of the South African Post Office is to connect people through the distribution of information, goods and financial services; building on the Post Office strength as a provider of postal services and by embracing change, technology and innovation, thus ensuring the creation of shareholder's value and deliver high levels of customer, employees and community satisfaction

### **3.4 VISION OF THE POST OFFICE**

A vision is a statement where the organisation states its aspirations or dreams. The vision for the South African Post Office is to be the leading provider of postal and related services in Africa.

### **3.5 VALUES OF THE POST OFFICE**

The South African Post Office strives to be an organisation that the whole country can be proud of. In order to be successful in a rapidly changing environment, the Post Office needs to:

- Develop strategies on a continuous basis to compete against electronic substitution and to exploit any opportunity;
- Grow the market share of SMME's; currently this sector holds less than 50%;
- Create and stimulate value added mail service.

### **3.6 CORPORATE OBJECTIVES OF THE SOUTH AFRICAN POST OFFICE**

#### **3.6.1 Financial Focus**

- Reduce cost
- Break-even and profitability

### **3.6.2 Business Focus**

- Increase market share
- Increase service level
- Reduce waste
- Change the current image

### **3.6.3 People Focus**

- Development of core competencies and skills
- Affirmative action (80/20)

### **3.6.4 Stakeholders Alignment Focus**

- Redeployment of outlets
- Black economic empowerment
- Good relationship with unions and government

## **3.7 THE POSTAL SERVICE ACT**

The Postal Service Act was signed by President Nelson Mandela on 2 December 1998. The act creates a framework for the South African Post Office to become a world-class operator in the market, which is becoming increasingly competitive.

South African Post Office's previous monopoly applied to all letters of up to 2 kg. That was, however, reduced to 1kg. The Act mentions the establishment of a postal regulator by the Minister who will monitor and protect the exclusive right of the South African Post Office. The regulator will also ensure that the South African Post Office does not abuse its monopoly position in the market and has respect for its customers. Rate increases will be regulated through a price cap methodology that limits tariff increases to the rate of inflation.

## **3.8 SHAREHOLDER'S EXPECTATION**

The South African Government requires the Post Office to provide a universal postal service which will serve as an accessible communication medium for all South



African citizens irrespective of race, gender, religion, location, and financial status.

The following are the key issues to be addressed by the transformation process:

- To improve delivery standards
- To rebalance the Post Office network
- To secure the Post Office growth, investment and employment
- To support the economic empowerment of the previous disadvantaged group
- To train and develop human resources
- To assist in combating the threat of HIV/ AIDS
- To protect and increase the market share
- To improve the image as the trusted service provider
- To reduce and/or eliminate post crime and corruption
- To restore public confidence in the integrity of the mail service.

### **3.9 CHALLENGES**

The following challenges face the South African Post Office:

- To meet the shareholders' expectations and to satisfy customers' needs. A study has not been done to determine customers' expectations.
- The company also needs to improve the quality of management information channels for effective decision making which will benefit all stakeholders. Communication is a major challenge in the company. A study was done by V Nair (2000), an MBA student who is also an employee in the company. He concluded that communication is a major challenge for the whole company. The company also needs to find ways to improve its communication, so that all the stakeholders (especially the employees) will have a positive attitude towards the transformation process.

### **3.10 FUTURE STRATEGIES**

The Post Office has the following future strategies.

#### **Renew the Core**

Performance excellence

Personal Development

Money management

**Expanding the core**

Customer growth

**Creating a new core**

Future wealth

The above discussion explains the future direction for the South African Post Office. It does not, however, stipulate as to when they intend to achieve all these objectives and expectations. Does the company have the capability to cope with all these change challenges? If not, something has to be done by the company to ensure that before they implement any plan of action, the company has been prepared for the anticipated changes.

# CHAPTER 4: LITERATURE REVIEW

## 4.1 SUCCESSFUL CHANGE PROCESS

According to Cummings and Werley in French and Bill Junior (1995), there are five key activities that have been identified which produce effective and successful change. These are as follows:

- Motivating change
- Creating a vision
- Developing political support
- Managing the transition
- Sustaining the momentum.

### 4.1.1. Motivating Change

Most of the time, management will be the first to realise that there is a need for change. It is important that staff, who are the implementers of any new plans/strategy, also realise that they should change the way they do things. This will make them committed to and co-operative of any changes that are taking place.

In dealing with specific individuals or group of individuals, managers can employ a number of tactics to implement organisational change. These tactics include:

- Persuading people of the merit of change
- Forcing or coercing people to accept the change without resistance
- Offering some terms of compensation in lieu of what they will lose as a result of change
- Supporting people emotionally with education and training
- Scaring people to accept the change
- Asking people to participate and help in the process
- Co-opting people, making them feel as if they are participators.

The appropriateness of these tactics varies significantly in different change efforts (Kotter, Schlesinger & Sathe 1979). It is now obvious that staff need to be informed and convinced that there is a need to change. They also need to know that change might come with good and bad news. The company should assure those who will be affected negatively that every effort will be made to minimise the loss from their side.

Employees should realise that the change process will also have a negative impact on management. They should not feel that the change is about reducing the number of employees or reducing their benefits, but should understand that the change is for the better and for the survival of the organisation.

Transparency and communication (top to bottom and bottom to top), therefore plays a major role in the process of change.

The company can use different modes of communication, which might include verbal communication such as workshops and meetings; written communication modes such as company memos and mails; and the most important one, action communication. Management should learn to walk the talk and practice what they preach. It is important that management commits themselves to anything they have promised to do. Because of all the outside forces, organization's leaders have had to become more specifically differentiated in how they are doing business.

If the company has done this first step properly, employees should be prepared for change and be positive that change is the only option.

#### **4.1.2 Creating a Vision**

A vision is a statement from the company that informs all stakeholders what the dreams of the company are and where the company sees itself in the future. It is important that the company creates a clear strategic vision.

Effective cultural change should start from a clear vision of the firm's new strategy and of shared values and behavior needed to make it work.

The clear vision of the company might help other employees, including senior management, to decide whether they want to be part of the organisation's future or not. If they realise that they will not fit in, they will prepare themselves for their exit.

If the company wants to focus on its core competence, for example, they might need to outsource certain services, such as cleaning. Employees who are involved in the field might decide to go to other companies or change their careers.

Martin Luther King's famous speech in Washington personifies this as "I have a dream." He did not say, "I have an idea." It is important, therefore, that the company's vision does not become an idea but a dream.

Communication plays an important role here because everybody should share in the company's vision for an organisation. For the vision to be shared, it needs to be communicated to the staff. Behind every change, every innovation, every development project, there must be somebody with a vision who has been able to communicate and tell that vision to other people.

#### **4.1.3 Developing Political Support**

It may be idealistic to say or believe that individuals within an organisation are supportive of each other, and work in a harmonious and cooperative fashion. Such a non-political perspective portrays employees as always behaving in a manner consistent with the interests of the organisation.

Unfortunately, in a real world, there is no place for idealism. Robbins mentioned that a political view can explain much of what may seem traditional behaviour in organization, such as withholding information, restricting output, or attempting to build empires. You will find a tendency in organisations where employees pursue courses of action which promote their interest regardless of the organisation's formal goals and objectives.

It is important that we get a clear definition of power and politics. Power is the capacity to influence decisions, while politics is the actual process of exerting this influence.

It has been found that political activities are likely to be most prevalent during periods of change. This means that the process of organisational change is inherently a political one. It is important, therefore, that the organisation develop political support.

#### **4.1.4 Managing The Transition**

The change process tends to go through stages, that is, the current transitional stage and the desired stage. It is important that the transitional stage be managed properly to ensure that the desired results are achieved.

The transitional stage goes through the following phases:

- Objective and outcomes. It is important for the organisation's objectives and outcomes to be realistic and to take into account the organisation's current resources and its ability to obtain other resources. In many cases, change projects fail because their original objectives or desired outcomes are poorly thought out, inconsistent and unrealistic.
  
- Planning. Once it has been established that there is a need for change, it is important that the change is planned so that the desired objectives and outcomes will be achieved. The process comprises six inter-related activities:
  - Establishing a change management team
  - Managing structures
  - Actively planning
  - Commitment planning
  - Audit and post audit
  - Training
  
- People. This topic has been covered as the first step towards change. The following activities have been mentioned:
  - Creating a willingness to change
  - Involving people
  - Understanding people's fear
  - Top-down and bottom-up communication channel

#### **4.1.5 Sustaining The Momentum**

The last stage is sustaining the momentum. It is normal that the initial enthusiasm for change wanes as progress becomes slower. However, in organisations where change did not take off well, there will be no momentum even from the beginning. If

you have motivated your employees to have positive attitudes about change, there will be momentum.

It is important that momentum is maintained. It can be maintained by doing the following:

- Providing resources for change
- Giving support to the change agents
- Developing new competencies and skills
- Reinforcing desired behaviour.

## **4.2 COMMUNICATION**

The issue of effective communication during the change process has been mentioned. Since this process deals with people, they need to be updated as to what is taking place, what stage the change process is in, and they also need a channel where they can express their fears.

The purpose of communication should be to avoid uncertainty. It should be a regular rather than a once-off exercise. This involves not only providing information, but also listening to responses and taking them seriously. This has a number of benefits because the change management team can quickly pick up any worries and concerns, and act immediately to calm the staff down. They will also be made aware of any aspects which have been overlooked that need to be taken into consideration.

## **4.3 CONTROL**

Change is not a once-off occurrence. It is a continuous process. The change process should be properly managed, so that if the planned strategy does not go well, it can be changed timeously before major problems occur.

If there is a need to change objective/s, action should be taken timeously to do so. Even if there is a need to change the vision, it should be affected immediately.

Change is precipitated by situations outside the company, that is, situations beyond the control of the company. A change process can, therefore, be continuous. Employees should be made aware that change is not negotiable, but there should be proper communication modes. The company should establish a culture of change so that when change is necessary, employees will be less resistant.



## **CHAPTER 5: ASSESSING THE EFFECT OF CHANGE**

In their book entitled *On the Edge* (1995), Piet Human and Frank Horwitz developed a framework by which South African managers can determine if they are coping with change. Human and Horwitz initially worked with one hundred and fifty factors, but these were reduced to twenty-two and then four final factors. They also developed models (descriptive and explanatory) which can be used to assess to what extent companies are coping with change. In this study, however, only the descriptive models will be dealt with.

The twenty-two factors will be discussed in this chapter and then the four summarised factors will be looked at.

### **5.1 HUMAN AND HORWITZ'S FRAMEWORK**

The twenty-two factors as identified by Human and Horwitz are as follows:

- High factors: attitude to change, customer orientation, strategic leadership, financial control, product, hands on management and strategic implementation
- Medium factors: financial performance, corporate image, dynamic culture, people orientation, black empowerment, industrial relations and social responsibility
- Low factors: structure, pay and work conditions, internalisation, strategic alliance, competitiveness, employee participation, relationship with the state

### **5.2 FACTORS AFFECTING CHANGE**

#### **5.2.1 Attitude To Change**

Any company that wishes to handle change successfully must look at their employees' attitude to change. Change of any kind involves two fundamental aspects of strategic management, namely, the future and the environment, since the reason for change is invariably based on these aspects.

Knowledge is based on the present and the past; we can, however, use this knowledge to give us direction for the future. A company, for example, that has

experienced losses because of production problems, could invest in a new production system to ensure that similar problems do not occur in the future.

A company should not only focus on the knowledge it has; rather, it looks to stakeholders and the environment to gain new knowledge. If your direct opposition buys a new machine to improve productivity, quality and customer satisfaction, your company may need to spend money upgrading or purchasing new equipment in order to survive.

### **5.2.2 Customer Orientation**

A customer is someone who buys goods and/or services from a company. The Post Office's customers may be bulk mail customers, or people who post and receive mail. A company such as the Post Office must rank its customers in terms of their importance, that is, whether they are short-term or long-term customers, and give them the attention they deserve.

"Customers differ in various respects – according to age, sex, name, geographic area, buying attitudes, buying habits, etc. Each of these differences can be used to segment a market" (CIMA Study Text p6). This emphasises the importance of the external environment. A company's business goal, its purpose and reason for existence are defined outside the business. A company that wants to survive must strive to satisfy customers' needs, that is, not give the customer what you can afford to produce, but what the customer needs. "An organization can only sell its products or services if there are customers who want to buy them at the price offered. It, therefore, follows that success in selling depends heavily on providing goods or services that satisfy the needs of the customers" (CIMA Study Text, p6). The customer is king and is always right.

### **5.2.3 Strategic Leadership**

The word "strategy" comes from the Greek word *stratagem* meaning the destruction of one's enemies through the effective use of resources. This term is related to war, but the concept can be applied in business since it is business related. Managers must be able to take full advantage of any opportunity by making effective use of existing resources. This is called quality management.

The Post Office is a state-owned organisation and so had all the resources it needed. Things have, however, now changed. The Post Office is expected to produce and use its own resources, which means that it is essential that it use its limited resources very carefully.

Quality in management thus means managing both the "here" and "now", and the "there" and "then". Strategic leadership means having "chameleon" eyes, watching the external aspects of organisational life and understanding the inside operation; being able to understand what it takes to ensure the long-term success of the company, in an often hostile and mostly uncertain environment, and at the same time, translating strategy into actions.

Early investigations into leadership tended to concentrate on factors such as personal qualities, but more recent efforts, however, have tended to see leadership as a process; leadership is now seen as the interaction between leaders and followers. Leaders do not always need to have the vision, but they do need to have the capacity to turn those visions into reality. The Post Office thus needs managers and leaders. One does need to ask, however, if it is possible for an organisation to have a manager and many leaders.

#### **5.2.4 Financial Control**

A company is always dependent on thorough financial control, because without proper control of the financial side, the business dies. It is important that the company knows where money is being utilised in the business, how strong its monetary reserves are and how efficiently their financial resources are being used.

Financial control is essential for the following two reasons:

1. Companies must insist on thorough financial reporting, that is, actual expenditure must be reported in terms of a realistic strategic budget.
2. A company must have a high degree of structure and tight financial control. It is important that the company has a waterproof system that controls spending of money. Reporting is an effect. Spending needs to be controlled, so when it is reported, all legitimate expenditure or transactions are reported.

Tight financial controls come first, then reporting; which can also improve financial control.

### **5.2.5 Product**

What is a product? When Toyota sells a Toyota Corolla, for example, is it merely selling an engine with a certain number of nuts and bolts? Engine and four wheels? What about South African Airways which sells flights to Cape Town? Is this company merely selling wear and tear on the aeroplane? The answer to these questions is no.

A customer who buys a car wants a reliable car that looks good. In the same way, passengers on a flight to Cape Town want a comfortable, safe trip - they do not really care about the wear and tear on the plane or how hard a trip is on the crew.

A product, therefore, means the need-satisfying offering of the firm. The idea of a product as a potential customer satisfier is very important. Many managers in the production side of business get wrapped up in the technical details. They think of products in terms of physical components. Components, however, have little effect on the customer. What they want is the product that satisfies their needs. Because consumers buy satisfaction, not just parts, the marketing manager should be the main role player by being constantly concerned with product quality. From the marketing perspective, quality means a product's ability to satisfy a customer's needs or requirements.

We can link this with customer orientation. Customers are the people who buy the product and all customers prefer a quality product. The marketing department cannot determine what product should be produced, but the customer will determine it. The quality of the product will be determined by the customer. If sales go up, it means the quality is acceptable, but when sales goes down it shows that there is a problem with the quality of that product. Quality is in the mind of the customer and is not the exclusive knowledge domain of the engineer designing the product, the producer making the product or the marketer selling it.

Therefore, the quality product is what the customer deems good enough. The task of management is to interpret what the customer wants and to design, produce and market products, which will satisfy those wants.

### **5.2.6 Hands-On Management**

To design a product that will satisfy customer's needs is not sufficient, but there is a need to ensure that the organisation has hands-on management. Hands-on management refers to efficiency, attention to detail and a strong operations orientation. This is where the importance of operational controls comes in. The marketing manager will do his or her job of determining the customers' need and the product that must be produced to satisfy those needs. The operational manager should take over and ensure that the output (product) produced by his or her department is per the specification. If not, all those outputs will be regarded as rejects and they can be sold at a lower selling price than expected. This will cause unnecessary financial loss to the company.

### **5.2.7 Financial Performance**

A successful organisation is normally the one that is ahead of others when it comes to its financial performance. This is the most important factor in a company; a leader's worth is determined by his or her ability to keep the company on a good financial footing. Monetary measures include: profit, revenue, costs, share prices and cash flow.

"Financial performance can be seen as the result of doing things right. To have a strong financial base, to perform well in terms of profitability and cash flow, and to pay good dividends, are consequences and not inputs in themselves", Human and Horwitz (1995, p23).

A company that operates at a loss will not survive in the competitive environment. It can only survive if the shareholders are prepared to finance that loss. However, once the shareholders decide to no longer finance the loss, the company will collapse unless it changes quickly and starts financing and being responsible for its own expenditure.

### **5.2.8 Corporate Image**

An image is the representation of the character or reputation of a company. This is the way the public interprets the existence of the organisation or its mission. The company might have a different image than that which it would like to have.

Therefore, it is important that the company should portray exactly what it wants to portray to the public. This factor can be seen as part of the strategic leadership.

### **5.2.9 Dynamic Culture**

According to the respondents in the research undertaken for this report, dynamic culture was rated relatively unimportant. What is important, however, is that the organisation has a range of characteristics including capability of coping with change, high level of entrepreneurship, innovation and willingness to take risks.

### **5.2.10 People Orientation**

The respondents in the research undertaken for this report ranked this factor as moderately important, which is surprising if one considers the socio-political sensitivity of this issue, particularly in a company that is so labour intensive.

### **5.2.11 Technological Competence**

The company that needs to compete in a global market will need to be technologically aligned with the world. Companies that want to survive the change process, therefore, need to look at this factor.

### **5.2.12 Structure**

In the study carried out by Burns and Stalker (1961), two basic or ideal forms of structure were identified: mechanistic and organic. Their data showed that mechanistic structures were more effective in a stable environment and organic ones work better in less stable, less predictable environments.

Structure is the way to coordinate activities within an organisation, and between itself and its environment. Organisations exist to get the work done. The organisation

itself is the entity, which is there for a purpose. The process of organising can be described as the design, development and maintenance of a system of coordinated activities in which individuals and groups of people work cooperatively under the authority and leadership of management towards commonly understood and accepted goals.

Management should be involved in the design and development of the structure. They should base their contribution on their understanding of the business. To do this, they need tools which will help them to analyse and appreciate what is happening.

### **5.2.13 Pay and Working Conditions**

This factor was also rated as necessary but not vital by respondents in the research undertaken for this report. Although they did not propose that successful companies are those that pay people less, it is the norm that companies should at least pay market-related salaries so that they will be able to keep their employees and have a low rate of staff turnover. There are different salary structures that an organisation can apply. These include the following: grade system, individual job range, job family system, spot rates, pay spine and rates for age. The organisation may use more than one type of pay structure as long as it suits the organisation and its objectives.

### **5.2.14 Internalization**

When Human and Horwitz did this research study in 1992, globalisation was not that important. South African companies should adjust to internationalization. We need to benchmark our companies with international companies for us to be able to compete internationally. International companies are joining our country and they will defeat us if we are not able to compete with them. That this factor was not important creates some concern. South African companies need to be internationally focused.

### **5.2.15 Strategic Alliance**

While few firms can pursue their strategies alone, it is becoming increasingly common for companies to pursue their strategies in collaboration with suppliers, distributors, makers of complementary products, and sometimes with a competitor.

Strategic alliance is a cooperative agreement between firms that go beyond company-to-company dealings, but that fall short of merger or full partnership or ownership ties. Companies enter into this agreement for several strategic reasons. Some of the reasons are to collaborate on technology, to improve supply chain efficiency, to gain economies of scale, to fill gaps in their technical expertise and to acquire improved market access.

Not only can alliances offset competitive advantages, but can result in the allied companies directing their competitive energies more towards mutual rivals and less towards one another. However, it is useless for companies to form an alliance if there is no synergy.

### **5.2.16 Competitiveness**

This aspect was also not rated as important by respondents in the research undertaken for this report. A company's competitive edge is usually grounded in its skills, know-how and capabilities relative to those of its rival and more specifically in the scope and depth of its ability to perform competitively crucial activities along the value chain better than rivals.

### **5.2.17 Employee Participation**

Employee participation takes place when management and employees are jointly involved in making decisions on matters of mutual interest and the aim is to produce solutions to problems, which will benefit all concerned. Employee participation should be distinguished from negotiation, which also involves joint decision making, by a process of distributive or conjunctive bargaining where the sole aim is to resolve pure conflict of interest.

The purpose of participation should be to advance the well being of all concerned. The objective is not to provide people with job satisfaction because they feel they are



involved, but it should be a tool to provide employees with a chance to contribute to the success of the organisation.

Participation takes different forms at different levels in an enterprise. These levels can be classified as job level, management level, policy making level and ownership level.

#### **5.2.18 Relationship With The State**

This factor might not be that important to organisations that are not state owned. It is, however, important that the relationship between state and organisation (even if it is not state owned) be mutually beneficial.

The state plays a major role in all organisations. It can decide to protect the organisation or open competition globally. It can also decide to increase or decrease the taxes payable by an organisation.

### **5.3 THE FINAL FOUR FACTORS**

The twenty-two factors discussed above can be summarised into four main points: strategic orientation, institutional focus, social focus and control orientation:

- Strategic orientation includes the following factors: dynamic culture, people orientation, strategic leadership, structure, strategy implementation, customer orientation and attitude change.
- Institutional focus includes the factors of: relationship with the state, strategic alliance, competitiveness, internalisation and technological competence.
- Social focus includes: black advancement, social responsibility, industrial relations, pay and working conditions, and employee participation.
- Control orientation consists of: hands on management, financial control, financial performance and product.

### **5.3.1 Strategic Orientation**

This factor looks at the dynamic nature of the business. It has to do with the basic logic of business and its execution. This is the living out of the business. This factor needs a more proactive approach rather than a reactive approach.

Strategic orientation is often, incorrectly, seen as a task of top management. As part of strategy, those employees who are in contact with customers should determine how to satisfy their needs. Although top management remains ultimately responsible for any decisions made, middle level managers should be given greater scope to make decisions.

### **5.3.2 Institutional Focus**

This factor is concerned with the context in which the business operates. The single most important thing to remember about enterprise is that the result exists only on the outside. The result of the business is a satisfied customer. Those companies that keep up-to-date with changes are usually the first ones to be aware of what is happening in the environment. They are thus able to make informed decisions.

### **5.3.3 Social Focus**

An organisation's stakeholders are those people who have an interest in the company, be it employees, suppliers, consumers, customers or sponsors. Although social focus and institutional focus both emphasise the external part of the organisation, social focus is a more informal social relationship.

Coping with change has various social dimensions when it comes to policy choices. The company can choose a policy that supports social responsibility or it can decide to ignore it. Some business practitioners argue that social responsibility is a long-term investment that promotes a company's image and improves financial returns.

### **5.3.4 Control Orientation**

This factor focuses on operational and financial control. It is inwardly orientated and thus more operational than strategic. Its main concern is the smooth functioning of the engine room. After a company has decided what product to produce and how it

will satisfy the customer (product specification), controls should be put in place that will ensure that the output is produced according to precise specifications.

When it comes to financial controls, the company must forecast (budget) its revenue and expenditures. It should then put in place proper controls to ensure that the planned (budgeted) revenue is realised and that its costs are within the budget.

## **5.4 DESCRIPTIVE MODEL**

This model, created by Human and Horwitz (1990) is based on the four final factors and can be used to make sense of the data collected.

This model is based on two axes. The first axis called organisational orientation has two factors: the dynamic strategic factor and the control factor. The second axis relates to environmental focus. On the one end we have a more formal institutional focus and on the other end is a more informal social focus. The model suggests that the ability of an organisation to cope with change will always involve the external context and the internal organisation.

Theoretically speaking, a company that copes well with change is the one that can balance all four factors. Too much emphasis on strategic orientation of the business will lead to control problems and vice-versa. The same thing will happen to a business that sacrifices social focus for institutional focus. In practice, companies have skewed profiles, since perfection is only the ideal.

## **5.5 TYPES OF ORGANISATION**

### **5.5.1 Boardroom Organization**

This organization is characterised by an institutional focus and strategic orientation. This is a dynamic organisation run by visible and visionary leaders with a top-down approach. It is run with strong direction from the boardroom. Its weakness is operational and financial control and it is also beset with social responsibility problems.

### **5.5.2 Hard Hat**

This is the direct opposite of a boardroom organisation. This is a world of short-term decisions and actions. The emphasis is on control, output, problem solving and performance management on the operational level with a practical consciousness of “real world” organisational issues. It is more internally related and more sensitive to change. The only drawback is that it lacks the dynamic vision, strategic leadership and ability to manage institutional factors well.

### **5.5.3 Technocracy**

This organisation is good at managing a formal institutional approach such as regulations, contracts, procedures and formal aspects of competition. It is also control oriented. The controls are quantitative and performance is measured continuously. One can expect a bureaucratic structure and spirit. It lacks the humanizing effect of social focus and the dynamic of strategic orientation.

### **5.5.4 Missionary**

This is an organisation that is very sensitive to social issues such as industrial relationship, working conditions and black advancement. It is characterised as being strategically orientated. The organisation is led by charismatic leaders who emphasise informality and who delegate responsibility to employees at the expense of controls and formal institutional arrangements.

In reality, none of these types will be found in a pure form in business. Most organisations have elements of all four types. The organisation that copes best with change achieves a relatively good balance between all four elements.

# CHAPTER 6: RESEARCH METHODOLOGY

## 6.1 RESEARCH PROBLEM

The South African Post Office has been forced to implement changes in its structure in order to finance its operations. Since 1991, the company has been trying different strategies in an effort to improve its financial situation. Owing to these changes and the difficulties associated with such change management, the South African Post Office has increased in complexity. The question is thus, "How should the Post Office cope with these changes?"

The organizational structure of the Post Office was initially based on the regional structure, but is now based on a structure comprising business units so as to achieve the shareholders' objectives. The company is confronted with the problem of integrating and coordinating these changes in such a way that they benefit the shareholder. Managing uncertainty and coping with open-ended changes has become a way of life in the South African Post Office, yet little is known about the extent to which employees perceive the South African Post Office to be efficiently coping with change.

This research will thus investigate how the South African Post Office copes with change.

## 6.2 RESEARCH DESIGN

The research design is the overall strategy that relates the conceptual research problem to empirical research. This is the first phase of the research after the problem is defined.

Pervez Ghauri, Kjell Gronhaug and Ivar Kristianslund (1995) distinguish three main classes of research design, namely exploratory, descriptive and causal.

<b>Research design</b>	<b>Problem structure</b>
1. Exploratory	Unstructured
2. Descriptive	Structured

When a research problem is difficult to understand, exploratory research design is useful, since this helps to dictate the boundaries more clearly. When a problem is structured and easily understandable, the most appropriate research design to use would be the descriptive one, as a descriptive design expands on the research problem. In causal research, the problem is structured in that the researcher is confronted with the cause and effect problem. The aim of casual research is to isolate the cause or causes of the problem and to determine to what extent these causes result in effects.

In this study the problem is well understood and structured and does not involve cause and effect issues. Therefore the research design used for this study is the descriptive one.

### 6.3 MEASUREMENT

Measurement can be defined as the rule for assigning numbers to empirical properties; it has no quantitative meaning unless it is given a meaning that will enable mathematical and statistical techniques to be used. A measurement is, therefore, a rule. A rule specifies the procedure according to which numbers (numerals) are to be assigned to projects.

In empirical research, there are different levels of measurement which are also termed scales of measurement. The following four scales of measurement are used:

- Nominal level
- Ordinal level
- Interval level
- Ratio scale

The nominal level uses numbers or symbols to classify objects or observations. The ordinal level classifies objects and exhibits the kind of relationship that exists, thus allowing for rank order. The interval level of measurement can only be used when the exact distance between each of the observations is known and the distance is

constant. The ratio scale is different from the interval level in that it poses natural or absolute zero values for which there is a universal agreement as to its location.

This study will use the ordinal scale of measurement. A number between 1 to 5 will classify each object.

## **6.4 DATA COLLECTION**

The two types of data that can be collected are secondary and primary data. Both are important, but secondary data needs to form the foundation of a study before the primary data. There are times when the secondary data is not available, and then primary data must be used.

### **6.4.1 Secondary data**

Although secondary data, such as textbooks and journals, was used for this research study, it was not sufficient to answer the research problem. Hence, it was also necessary to collect primary data.

### **6.4.2 Primary data**

Descriptive survey questionnaires were used in this study to gather data from the KwaZulu Natal Region of the South African Post Office. The researcher made use of a research instrument (questionnaire) called *Assessing Coping with Change Capability*, herein referred to as CCC (Human & Horwitz 1992, p166) to collect the primary data. CCC was developed to assist management to make a realistic assessment of their organisation's ability to cope with change. It was tested and found highly reliable with Alpha ranging for four dimensions (strategic orientation, control orientation, institutional focus and social focus) from 0.708 to 0.843.

## **6.5 SAMPLING**

Sampling is a random selection of some elements from the population that may be used to draw conclusions about the entire population. The population chosen for this research study comprises South African Post Office employees who hold managerial positions (D1 to F). From that population, the KwaZulu Natal managers were

selected to form part of the sample. The sample was a non-probable, since Post Office managers have a known non-zero chance of being included.

The sample method is purposive sampling. There are two types of purposive sampling: judgmental sampling and quota sampling. The judgmental sampling occurs when the researcher collects sample members to conform to certain criteria. The quota sampling is normally used to improve representation, and the logic behind this is that certain relevant characteristics describe the dimension of the population.

In this study, quota sampling was used. All the members of the sample are managers of the South African Post Office in KwaZulu Natal Region. They fill ranks from D1 to E levels, and are representative of all races and gender.

Table 6.1: The sample used for this study

<b>RACE &amp; GENDER</b>	<b>QUANTITY</b>
White male	7
White female	1
Indian male	8
Indian female	1
Black male	7
Coloured male	1
<b>Total</b>	<b>25</b>



Table 6.2: Ranks held by members of the sample

<b>RANK</b>	<b>QUANTITY</b>
National General Manager	1
Regional Manager	3
Managers	21
<b>Total</b>	<b>25</b>

Table 6.3: Fields of work

<b>BUSINESS UNIT</b>	<b>QUANTITY</b>
Operations	6
Retail	6
Support	13
<b>Total</b>	<b>25</b>

## 6.6 DATA ANALYSIS

A semi structured questionnaire comprising 32 questions was used for this study. Respondents were required to rate each item according to the five point scale, that is, strongly agree to strongly disagree. The questionnaire was sent to the employees via the Post Office internal mail system. Other respondents requested the questionnaire electronically; the questionnaires were sent via e-mail, after which they were printed, filled in and returned to the researcher. This data was supplemented by the content analysis of internal communication about the Post Office, press coverage and personal experience.

## 6.7 LIMITATIONS

### 6.7.1 Time

Time was a measure limitation because there was not enough time to include all the South African Post Office managers in this research, neither was there time to personally interview some of the respondents in order to collect quantitative primary data

The population comprising the sample was drawn from KwaZulu Natal management. The sample, therefore, does not fully represent the population of the South African Post Office managers.

#### **6.7.2 Cost**

Research of any form is expensive and it was for this reason that the Post Office internal mail was used.

## CHAPTER 7: FINDINGS

Of twenty-five questionnaires sent out, only 17 people responded. The data was analysed using an Excel spreadsheet and the findings will be interpreted as follows.

Statistical analysis was conducted on each and every question asked. The researcher was able to determine how Post Office managers perceive each item as part of the change process.

### 7.1 STATISTICAL ANALYSIS

#### 7.1.1 Biographical Data

The following tables (table 1 to 5) present the findings related to biographical aspects of the sample.

Table 1: Distribution of the respondents by age

Age	Frequency	Percentage	Cumulative Percentage
31 - 40	7	41,2	41,2
41 - 50	8	47,1	88,2
51 and above	2	11,8	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Of seventeen people who responded, seven (41%) were between 31 and 40 years of age, eight (47%) were between 42 and 50, and only two (12%) were between 51 and 60 years of age.

Table 2: Distribution of the respondents by gender

Valid	Frequency	Percentage	Cumulative Percentage
Female	1	5,9	5,9
Male	16	94,1	100
<b>Total</b>	<b>17</b>	<b>100</b>	

When it comes to the gender issue, only one of two possible females responded, two in contrast to sixteen (94%) of the twenty-three males who were part of the sample.

Table 3: Distribution of the respondents by race

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Black</b>	5	29,4	29,4
<b>White</b>	4	23,,5	52,9
<b>Asian</b>	8	47,1	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Five out of seven black people, four of the eight white people and eight out of nine Asians responded. The sample had one coloured member, but this member did not respond to the questionnaire.

Table 4: Distribution of the respondents by years of service

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>0 – 5</b>	1	5,9	5,9
<b>6 – 10</b>	5	29,4	35,3
<b>10 -15</b>	2	11,8	47,1
<b>16 - 20</b>	9	52,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Of the seventeen people who responded, one (6%) had between zero and five years of service, five (29%) had between six and ten years of service, two (12%) had between sixteen and nineteen years of service and nine (52%) had over nineteen years of service.

Table 5: Distribution of the respondents by job application outside the company

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Yes</b>	5	29,4	29,4
<b>No</b>	12	70,6	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only five respondents (29%) have applied for other jobs outside the company and 12 (71%) have not applied for jobs outside the company for the past two years.

## 7.2 CHANGE DATA ANALYSIS

The findings indicated in Tables 6 to 37 relate to respondents feelings regarding aspects of the change process.

### 7.2.1 The Post Office emphasises international perspective

Table 6: Post Office emphasises international perspective

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	8	47,1	47,1
<b>Neither agree nor disagree</b>	3	17,6	64,7
<b>Disagree</b>	5	29,4	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Eight managers (47%) feel that the Post Office always emphasises the need to benchmark with other international Post Offices. Six (35%) respondents felt otherwise.

### 7.2.2 The Post Office expects much competition

Table 7: Post Office expects much competition

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	10	58,8	58,8
Agree	6	35,3	94,1
Neither	0	0	94,1
Disagree	1	5,9	100
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Sixteen (94%) respondents agreed that the Post Office should be aware that there is much direct and indirect competition; only one (6%) disagreed with the statement.

### 7.2.3 The company adapts swiftly to rapid change

Table 8: Post Office adapts swiftly to rapid change

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	0	0	0
Agree	3	17,6	17,6
Neither	1	5,9	23,5
Disagree	9	52,9	76,5
Strongly disagree	4	23,5	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Eleven managers felt that the Post Office was not flexible when it came to change. It takes time to adapt to change. Only three managers (18%) agreed that the Post Office responds swiftly to change.

#### 7.2.4 The Post Office has tight financial controls

Table 9: Post Office has tight financial controls

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	4	23,5	23,5
<b>Neither</b>	1	5,9	29,4
<b>Disagree</b>	7	41,2	70,6
<b>Strongly disagree</b>	5	29,4	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only four (24%) of managers agreed that the company had tight financial control. Twelve (70%) felt that the financial controls in the company were not tight enough.

#### 7.2.5 The company produces new products

Table 10: Post Office is continuously producing new products.

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	2	11,8	11,8
<b>Neither</b>	4	23,5	35,3
<b>Disagree</b>	10	58,8	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only two (12%) managers agreed that the company was innovative; eleven (65%) felt otherwise.

### 7.2.6 The Post Office engages in changing attitudes

Table 11: Post Office is continuously engaged in changing attitudes

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	3	17,6	17,6
<b>Neither</b>	1	5,9	23,5
<b>Disagree</b>	9	52,9	76,5
<b>Strongly disagree</b>	4	23,5	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Eight (47%) of the sample felt that as a company, the Post Office was not actively engaging in changing their employees' attitudes and only five managers (29%) felt that the company was doing something to change the attitudes of its employees.

### 7.2.7 The company acknowledges the role of trade unions

Table 12: Post Office acknowledges the role of trade unions

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	3	17,6	17,6
<b>Agree</b>	12	70,6	88,2
<b>Neither</b>	2	11,8	100
<b>Disagree</b>	0	0	
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

In this item there was much consensus. Fifteen managers (88%) affirmed that the company has acknowledged the role of trade unions.



## 7.2.8 The company has an ability to improve its financial situation

Table 13: Post Office has an ability to improve its financial situation

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	7	41,2	41,2
<b>Agree</b>	7	41,2	82,4
<b>Neither</b>	1	5,9	88,2
<b>Disagree</b>	2	11,8	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Fourteen managers (82%) were positive that the company has an ability to change their figures from a loss-making organization to a profit-making one. They hoped that the Post Office would one day see the light and turn the financial status around.

## 7.2.9 The Post Office gives attention to detail in all their activities

Table 14: Post Office gives attention to detail in all their activities

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	2	11,8	11,8
<b>Neither</b>	6	35,3	47,1
<b>Disagree</b>	9	52,9	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Only two managers (12%) believed that the Post Office employees really gave proper and desired attention to all activities. Nine (53%) felt otherwise. Six managers (35%) were not sure whether the company gave the desired attention to its activities.

### 7.2.10 The company's products are of an excellent quality

Table 15: Post Office has quality products

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	0	0	0
Agree	7	41,2	41,2
Neither	4	23,5	64,7
Disagree	6	35,3	100
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

41% of managers (seven managers) agreed that the Post Office provided quality products while six (35%) disagreed. Four (24%) were not sure.

### 7.2.11 The Post Office is recognized as being highly participative in social responsibility programmes

Table 16: Post Office is recognized as being highly participative in social responsibility programmes.

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	0	0	0
Agree	4	23,5	23,5
Neither	4	23,5	47,1
Disagree	5	29,4	76,5
Strongly disagree	4	23,5	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only four managers (24%) agree that the company is socially responsible while nine managers (56%) disagree with the statement.

### 7.2.12 The company pays above average salaries

Table 17: Post Office pays above average salaries

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	8	47,1	47,1
<b>Neither</b>	2	11,8	58,8
<b>Disagree</b>	5	29,4	88,2
<b>Strongly disagree</b>	2	11,8	100
<b>Total</b>	<b>17</b>	<b>100</b>	

When companies are undergoing a process of change, it is common that employees will be paid lower salaries than others in the industry. This might affect their morale and result in high labour turnover. Forty seven percent of managers (eight managers) felt that the Post Office paid above average salaries and seven managers (42%) felt otherwise.

### 7.2.13 The Post Office has a beneficial relationship with the state

Table 18: The relationship between the state and the Post Office is beneficial

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	2	11,8	11,8
<b>Agree</b>	12	70,6	82,4
<b>Neither</b>	2	11,8	94,1
<b>Disagree</b>	1	5,9	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

The state can play a major role in any company that is undergoing a process of change. One of the roles will be to subsidise them while they are implementing costly strategies, such as issuing voluntary packages to effect the change process. Fourteen managers (82%) agreed that the relationship with the state is beneficial to the Post Office, while only one manager disagreed with this. Obviously, Government

solely owns the Post Office. It is, therefore, expected that the Post Office should have a favourable relationship with the state.

#### 7.2.14 The company develops human capital at all levels

Table 19: Post Office develops human capital at all levels

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	2	11,8	11,8
<b>Agree</b>	9	52,9	64,7
<b>Neither</b>	1	5,9	70,6
<b>Disagree</b>	4	23,5	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Out of seventeen respondents, eleven managers (65%) agreed that the company had spent time and money to develop human capital while, only five managers (29%) stated that the company had not done enough when it came to the development of human capital. This is an important issue for Government, which has said that if companies do not comply with the Skills Development Act, they will have to pay the penalty. Since the Post Office is a state-owned company, it can not afford to be seen as not complying with the Act.

#### 7.2.15 The Post Office has leaders with vision

Table 20: Post Office has leaders with vision

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	2	11,8	11,8
<b>Agree</b>	3	17,6	29,4
<b>Neither</b>	5	29,4	58,8
<b>Disagree</b>	7	41,2	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Five managers (29%) felt that the Post Office leaders had direction and they knew what needed to be achieved while seven managers (42%) felt the opposite.

### 7.2.16 The company encourages entrepreneurship in all their employees

Table 21: Post Office encourages entrepreneurship in all their employees.

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	1	5,9	5,9
Agree	2	11,8	17,6
Neither	5	29,4	47,1
Disagree	5	29,4	76,5
Strongly disagree	4	23,5	100
<b>Total</b>	<b>17</b>	<b>100</b>	

From the above table, only 3 managers (18%) agreed with this statement, while nine (53%) disagreed that the Post Office encourages entrepreneurship in its employees.

### 7.2.17 It is often said that the Post Office is in collusion with the state

Table 22: It is often said that the Post Office is in collusion with the state.

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	1	5,9	5,9
Agree	7	41,2	47,2
Neither	4	23,5	70,6
Disagree	5	29,4	100
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Out of seventeen respondents, eight managers (47%) agreed that the company is in collusion with the state, while five (29%) disagreed.

## 7.2.18 The Post Office has a good relationship with international countries

Table 23: Post Office has a good relationship with international countries

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	0	0	0
Agree	9	52,9	52,9
Neither	4	23,5	76,5
Disagree	4	23,5	100
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Fifty two percent of managers feel that the Post Office has a good relationship with international countries and only four (24%) disagree. It is imperative that the company has a good relationship with international countries, so that they can benchmark with them and learn from them. The Post Office is the biggest company that provides a postal service in South Africa. This makes it difficult to benchmark locally. Besides, most of the postal service providers are changing from labour intensive to mechanised operations. The machines, which are used to sort the mail, are from overseas countries. Overseas skills are needed to maintain and oversee the machines.

## 7.2.19 The company's top management has the ability to change the company

Table 24: Post Office top management has the ability to change the company

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	2	11,8	11,8
Agree	8	47,1	58,8
Neither	3	17,6	76,5
Disagree	4	23,5	100
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

More than 58% of managers agree that Post Office management has the ability to change the company, and 23% disagree.

## 7.2.20 Employees trust management

Table 25: Post Office employees trust management

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	0	0	0
Agree	1	5,9	5,9
Neither	4	23,5	29,4
Disagree	8	47,1	76,5
Strongly disagree	4	23,5	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only one (6%) agreed that there is a trust relationship between employees and management of the Post Office. Twelve (30%) disagree with the statement. It is obvious that there is no trust between employees and management.

## 7.2.21 Working conditions for all employees are excellent

Table 26: Working conditions at the Post Office are excellent

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	1	5,9	5,9
Agree	4	23,5	29,4
Neither	3	17,6	47,1
Disagree	8	47,1	94,1
Strongly disagree	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Fifty three percent of management agreed that the working conditions of employees are not good. This is perhaps caused by the financial status of the company.

### 7.2.22 Efficiency in production and services are continually emphasised

Table 27: Efficiency in production and services are continually emphasised

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	16	94,1	94,1
<b>Neither</b>	0	0	94,1
<b>Disagree</b>	1	5,9	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Ninety four percent of management was in agreement that the company puts a great emphasis on efficiency in production and services.

### 7.2.23 Strong control over financial reporting is exercised

Table 28: The Post Office exercises strong control over financial reporting

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	5	29,4	29,4
<b>Neither</b>	7	41,2	70,6
<b>Disagree</b>	5	29,4	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

We have 29% of respondents who affirm the statement, while 29% disagree with the statement. Forty one percent (the largest group) are not sure.



### 7.2.24 The Post Office has been successful in promoting blacks in management

Table 29: The Post Office has been successful in promoting blacks in management.

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	6	35,3	35,3
Agree	10	58,8	94,1
Neither	1	5,9	100
Disagree	0	0	
Strongly disagree	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Ninety four percent of the sample agreed that the company has done a good job when it comes to affirmative action (AA). This goes hand in hand with the issue of human capital development.

### 7.2.25 The company has developed a sound ability in dealing with Industrial Relations (IR)

Table 30: The Post Office has developed sound ability in dealing with IR.

Valid	Frequency	Percentage	Cumulative Percentage
Strongly agree	1	5,9	5,9
Agree	8	47,1	52,9
Neither	2	11,8	64,7
Disagree	4	23,5	88,2
Strongly disagree	2	11,8	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Fifty three percent of respondents felt that the company has developed a sound industrial relations system while 35% feel otherwise.

### 7.2.26 The company has an ability to break-even

Table 31: The Post Office is able to break-even

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	3	17,6	17,6
<b>Agree</b>	10	58,8	76,5
<b>Neither</b>	1	5,9	82,4
<b>Disagree</b>	2	11,8	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Thirteen respondents (77%) felt that the South African Post Office has a chance to break even.

### 7.2.27 The company's contribution to the social welfare of the community is significant

Table 32: The Post Office's contribution to the social welfare of the community is significant

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	1	5,9	5,9
<b>Agree</b>	5	29,4	35,3
<b>Neither</b>	7	41,2	76,5
<b>Disagree</b>	3	17,6	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only 35% of respondents felt that the company has made a significant contribution to the community. Forty one percent were not sure and 25% disagree.

### 7.2.28 The Post Office has a good relationship with other companies

Table 33: The Post Office has a good relationship with other companies

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	8	47,1	47,1
<b>Neither</b>	7	41,2	88,2
<b>Disagree</b>	2	11,8	100
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

Forty seven percent agreed that the Post Office had a good relationship with other companies. Forty one percent were not sure and only twelve percent disagreed.

### 7.2.29 The link between corporate objectives and business units is well understood by all employees

Table 34: The link between corporate objectives and business units is well understood by all employees

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	0	0	0
<b>Neither</b>	6	35,3	35,3
<b>Disagree</b>	10	58,8	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

All respondents agreed that the link between corporate objectives and business units is not well understood. Thirty five percent were not sure of the link and the rest of the sample (65%) said that they did not understand how corporate objectives and business objectives link.

### 7.2.30 The quality of thinking amongst top management is outstanding

Table 35: The quality of thinking amongst top management is outstanding

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	1	5,9	5,9
<b>Agree</b>	3	17,6	23,5
<b>Neither</b>	4	23,5	47,1
<b>Disagree</b>	7	41,2	88,2
<b>Strongly disagree</b>	2	11,8	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only 24% agreed that the top management of the Post Office had an outstanding quality of thinking and 53% felt the opposite was true. This shows that lower managers of the Post Office do not trust decisions made by the top-level management.

### 7.2.31 The Post Office is the single biggest postal services company in South Africa.

Table 36: The Post Office is the single biggest postal services company in South Africa

Valid	Frequency	Percentage	Cumulative Percentage
<b>Strongly agree</b>	11	64,7	64,7
<b>Agree</b>	6	35,3	100
<b>Neither</b>	0	0	
<b>Disagree</b>	0	0	
<b>Strongly disagree</b>	0	0	
<b>Total</b>	<b>17</b>	<b>100</b>	

This is the only question where 100% of the responses were in agreement - the Post Office was the biggest postal service company in South Africa. The Post Office has a monopoly on most of the postal service products, hence it is the biggest company. One wonders whether things would be the same if there were no monopoly.

### 7.2.32 Strategic plans are implemented throughout the company

Table 37: Post Office strategic plans are implemented throughout the company.

<b>Valid</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Strongly agree</b>	0	0	0
<b>Agree</b>	5	29,4	29,4
<b>Neither</b>	7	41,2	70,6
<b>Disagree</b>	4	23,5	94,1
<b>Strongly disagree</b>	1	5,9	100
<b>Total</b>	<b>17</b>	<b>100</b>	

Only five respondents agreed that the Post Office's strategic plans were implemented throughout the country. The cause for this feeling might be because other employees, including lower management, did not believe that the decisions made at top level were of a high quality. The Post Office has to work on a relationship between its employees and top management; thereafter all decisions taken by the executives of the company will be implemented without any delay.

## **CHAPTER 8: DISCUSSION OF FINDINGS**

This chapter will discuss the findings as tabled in Chapter 7. Each finding will be discussed, clustered as per the 22 factors discussed in Chapter 5 and then as per the last four (4) final factors.

### **8.1 Emphasis On the International Perspective**

The Post Office is the biggest company dealing with postal services in South Africa and it is therefore difficult to compare it with any other company in South Africa. It is, thus imperative that the Post Office tries to align themselves with other countries that also offer postal service businesses.

Forty seven percent (47%) of respondents agreed that the Post Office does emphasize the importance of globalization. This is good, taking into account the fact the Post Office is still battling to make a profit. Financial limitations can be a reason that the company has not as yet put an emphasis on an international perspective.

### **8.2 The Post Office expects much competition**

Previously, the Post Office had a monopoly on all letters that weighed 2 kg and below. This weight has been reduced to 1kg, which implies that for all letters (including parcels) that weigh more than 1kg, the Post Office has to compete with other companies.

The findings affirm this since 94% of respondents agreed that the Post Office is expecting much competition.

The Post Office needs to improve its services and become more efficient and effective so that when Government decides to remove the monopoly protection, they will be able to compete with other companies globally. In other words, the Post Office should now start developing their competitive strategy.

### **8.3 The company adapts swiftly to rapid change**

Only three respondents agreed that the Post Office could adjust swiftly to rapid change. In this era, where every thing changes within the blink of an eye, the Post Office cannot change at a rate which is dictated by the environment; they will always lag behind in all business aspects, such as technology, human relations, etc.

The Post Office needs to prepare itself in such a way that if there is a need to change any services or products to comply with what their customers need, it must be able to do so. The customers' needs are the dictators.

### **8.4 The Post Office has tight financial controls**

Any company that lacks financial controls will likely have problems in making profit. These days most companies struggle to get sales due to the high inflation rate and low employment. If a company manages to get sales and its increased revenue is not controlled to ensure that it is used efficiently and effectively for the benefit of the business, then that company will always have financial problems.

From the findings, it is evident that the Post Office does not have tight financial controls since 70% of respondents responded negatively to this question.

During 2001, it was reported several times (through printed media and television news) that there is fraud occurring in the Post Office. The Post Office needs to tighten its financial controls to avoid the possibility of fraud and theft. If they do not do that, they will have to deal with the consequences of high turnover and lower profits and also over expenditure on investigation and policing.

### **8.5 The company continually innovates, producing new products**

The Post Office used to be the company that deals with letters only. At the moment, one can do more than posting a letter. New services and products were introduced such as third party transactions (payment of accounts), selling of lthuba products, lotto tickets, etc. However, the findings show that these innovations are not enough since only 12% of respondents agreed that the Post Office is innovative.

The Post Office, therefore, needs to develop strategies to ensure that they develop new ideas or products so that they can satisfy their customers. From paragraph 8.1.2 above, the respondents agreed that the Post Office expects a lot of competition. If the Post Office wants to be a leader in the postal and related service market as their vision states, The Post Office must be the front-runner in initiating new ideas, services and products.

To be a leader in any market needs much money because it is necessary to always invest in new ideas that might or might not work. If the idea works, then the company will benefit but if it does not work, all the money used on research and development of that idea/ product goes down the drain.

## **8.6 The Post Office actively engages in changing attitudes**

In most cases, change is not welcome, because the outcome of the change is not certain. For the employee on the lower level, the moment management talks about change, they interpret it to mean retrenchment. The unfortunate part is that the people who are seen as suffering the consequences of change are the employees at lower levels. These are tellers and the employees who sort the letters. As tellers have direct contact with the customers, it is important that the attitude of the Post Office management be positive so that the tellers can also portray the same attitude to customers. There is a positive correlation between happy employees and happy customers.

One of the activities identified by Cummings and Werley (1995) which produces effective and successful change, is developing political support. If employees have negative attitudes towards the introduced change process, then politically they will not support everything to do with that change process.

The Post Office is one of the government departments where service to the customers has not been efficient. Therefore it is important that the attitudes of Post Office employees be changed to understand that the Post Office is no longer going to be subsidised by Government. They have to make sure that they use all the resources available effectively and efficiently to sustain themselves.

Only 29% of respondents agreed that the Post Office is engaged in changing the attitude of the employees.



## **8.7 The company acknowledges the role of trade unions**

Eighty eight percent (88%) of the respondents agreed that the Post Office acknowledges the role of trade unions.

Trade unions have a history of opposing management decisions in South Africa, as in the recent past South Africa's labour law did not protect the interest of workers fully. Trade unions had an unenviable task of having to fight companies at every corner to protect their members. This resulted in distrust between management and unions. Since unions are the mouthpieces of workers, they have the potential to derail any proposed change process. The introduction of South Africa's new labour law has added to the power the unions have. They now have access to information pertaining to the performance of the company. They also need to be consulted when decisions affecting their members are discussed. However, acknowledging trade unions does not mean that they must run the company. Management has a prerogative to make decisions in consultation with trade unions.

The Post Office should guard against the situation where they acknowledge the trade union's role in such a way that the change process is delayed. In paragraph 8.1.3 above, the finding revealed that the Post Office does not adapt swiftly to change.

## **8.8 The company has an ability to improve its financial situation**

One of the Post Office's objectives is to reach a break-even situation.

The findings reveal that the company has the potential to improve their financial situation since 82% of the respondents responded in the affirmative to this question.

This finding raises hope because it is a matter of developing the right strategy for the Post Office to improve its financial status.

## **8.9 The Post Office gives attention to detail in all their activities**

A company that has a vision of being a leader in the industry has to make sure that each and every idea or product innovated is produced as per specification by giving attention to detail, since that product will be produced for the first time. Failure to give

attention to detail might lead to an unsuccessful outcome, not because the idea was bad, but because the product quality does not meet customer expectations. .

From the findings, it is clear that the Post Office employees do not give attention to detail when performing their work, since only 12% responded positively to that question.

If the Post Office wants to be a leader in the industry and wants to change the company, they need to make sure that when given an activity, they give it all the attention it deserves.

### **8.10 The company's products are excellent**

In this case, only 41% agree that Post Office offers quality products to customers, whereas the researcher expected at least 90% of the respondents to be positive.

If Post Office employees do not believe that they are serving the best products or services to the customers, they will also not use those products or services and it will be difficult to convince any other person that the Post Office products/services are the best. For example, if an employee of the Post Office is seen using other banks to save and receive his income, it is more likely that he does not believe that Post Bank can deliver the best service.

### **8.11 The Post Office is highly recognised as being highly participative in social responsibility programmes**

Companies are not obliged to be socially responsible, but it sometimes benefits the company if it is socially responsible. This can change or improve the image of the company. Involvement in social responsibility programmes depends entirely on whether the company can afford the expense. However, there are regulations that monitor each industry that forces that the company be socially responsible. The Post Office, for example, cannot dispose its scrap postal boxes assets anyhow in the community. If they do, they will be forced to spend money to ensure that they correct the situation.

77% of respondents felt that Post Office is socially responsible. Social responsibility programmes need money, which the Post Office does not have at the moment (since it is making a loss).

#### **8.12 The company pays above average salaries**

Pay and working conditions of employees is one of the twenty two (22) factors that Human and Horwitz (1992) mentioned but it was ranked as a low factor. It is important that employees get paid as per their contribution; otherwise they will be demotivated and ignore the activities that are crucial to the change process of the Post Office.

Almost half (47%) of the respondents felt that the Post Office was paying an above average salary. This is sufficient to conclude that the Post Office is paying good salaries to its employees.

#### **8.13 The Post Office has a beneficial relationship with the state**

The state plays an important role in any organisation. The laws that the state makes can cripple or boost a business. The state can introduce high import duties to certain imported products, with the intention of protecting South African companies producing the same products. This will limit competition and consumers from South Africa might find it more costly to import than to buy local products. This will boost the revenue of the South African company.

With the Post Office being one of the state owned enterprises, the relationship between the Post Office and the state is expected to be positive. The findings substantiate our assertion, since 82% of respondents agree that the Post Office has a beneficial relationship with the state.

#### **8.14 The company develops human capital at all levels**

One of the resources that a company has is human capital. Investing in human capital will increase productivity and improve service levels. Government has introduced a Skills Development Act whereby companies contribute 1% of their manpower cost as a levy and 80% of that money can be refunded to the company

provided that they have spent 1% of their labour cost on training. This highlights the importance of developing human capital in the company and the country.

Sixty five percent (65%) of respondents felt that the Post Office is on the right track and only twenty nine percent (29%) felt otherwise. The Post Office is a state-owned company and it cannot afford to be seen as not complying with the Act. The Post Office should ensure that they train staff in areas where they will add value to the organization.

### **8.15 The Post Office leaders have vision**

Vision of the company gives direction to the company. It is like a dream and to achieve it, the company will have to develop strategies, goals, and objectives towards achieving that dream. If leaders have vision, they will also have direction. Their vision should be the same as the one for the whole company. If leaders do not have a vision, that means that the company does not have direction.

Most of the respondents (41%) stated that the Post Office leaders do not have a vision at all, while only twenty nine percent (29%) agreed that the Post Office leaders have vision. It makes it very difficult for an employee to be dedicated in implementing strategies that were developed by a person who is seen as not having a vision.

### **8.16 The company encourages entrepreneurship in all their employees**

An environment that is not conducive to employees making errors, limits those employees from devising good ideas as to how to improve profit. It is also an environment that has rules and procedures that do not encourage entrepreneurship. Entrepreneurship in this case means an employee who has the willingness to take risks and deviate from the procedures within limits for the benefit of the company. If an organisation punishes employees for being lateral thinkers and creative, then it has no future.

During a change process, the company needs people who can take calculated risks with an endeavour to benefit the company.

Fifty three percent (53%) of the respondents felt that the Post Office is not a conducive environment for an entrepreneur, which is a concerning factor.

### **8.17 It is often said that the Post Office is in collusion with the state**

The state is one of the stakeholders of importance to the Post Office. The state has informed the Post Office that in the future, they will have to finance their own activities (i.e. no more subsidy). In other words, the state will subsidise the Post Office for a further three years. Since 1991, the government has been saying this but when it is time to cut the subsidy, the Government reconsiders its decision.

In this finding, forty seven percent (47%) agreed that the Post Office is in collusion with the state and fifty three percent (53%) disagreed. The Post Office needs to ensure that they maintain a good relationship with the state so that if it does not meet its dead line, they can always go back to the state and ask for further assistance. However, at some point in time, the state will have to make a final decision to withdraw the subsidy and privatise the Post Office if it does not reach break-even point.

### **8.18 The Post Office has a good relationship with international countries**

Globalisation is the buzzword these days. The Post Office has a monopoly in South Africa, which makes it difficult to benchmark them with any company in South Africa. It is, therefore, important that, as it is undergoing a change process, the Post Office has to benchmark itself with international countries. They need to have a good relationship with international countries so that when they communicate with them they will be welcomed with positive attitudes.

Fifty two percent (52%) of the respondents felt that the Post Office has a good relationship with international countries. The Post Office had a strategic management partner (SMP) from New Zealand.

### **8.19 The company's top management has the ability to change the company**

Top management are those people who develop the strategies in the company which employees have to implement. The main aim of the Post Office at this point in time is to change their financial status from red to black.

If top management is seen as not having an ability to change the company, the Post Office needs to do something about its top management or the way its top management is seen by other employees. It is morally difficult to implement a strategy developed by a person whom you interpret as not having clear goals.

## **8.20 Employees trust management**

Seventy one percent (71%) of respondents disagreed that there is a trust between employees and management.

The two parties are communicating but the situation is tense because there is no trust. The relationship between management and employees has many conflicts and hiccups, which delays the change process. Paragraph 8.3 above mentioned that the Post Office does not adapt swiftly to changes. Of course where there is no trust between management and employees, the implementation will be delayed. By the time the strategy is implemented, it might be outdated and the benefit will not be realised.

## **8.21 Working conditions of all employees is excellent**

This is one of the social factors that were mentioned by Human and Horwitz (1995) as having an impact on change. The Labour Relations Act protects the employees against working under bad conditions. A company can be closed if the working conditions of employees are not good.

Recently we have seen a ruling from the Government (Minister of Health) that all buildings must be smoke free. Post Office had to identify and proper equip smoking places whereas before employees could smoke anywhere. It is thus obvious that the emphasis on working conditions is constantly. The company should also consider these types of changes. If working conditions for employees are bad, it will affect the morale of employees and the productivity per employee.

The research finding shows that the working conditions in the Post Office are not good. The Post Office is a labour intensive company; thus every effort must be made to improve the working conditions of employees and, hence, productivity.

## **8.22 Efficiency in production and services are continually emphasised**

Sustaining the momentum is one of the five activities that have been identified as producing effective and successful change by Cummings and Wesley (1995). It is important that efficiency is continuously emphasised during and after the change process.

This is one of the control factors involving the hands-on management factor. The role of the manager here is the one of the transformation agent. Control orientation reminds us that business life is not related only to the strategic, but is concerned mostly with the creation of order, patterns of behaviour and the mechanical aspects of work.

The finding reveals that the Post Office is continuously emphasising efficiency in production. This is good, but it is not sufficient to emphasise it; there should be proper controls to ensure that it is exercised.

## **8.23 Strong control over financial reporting is exercised**

The Statement of General Accounting Acceptable Practice (GAAP) emphasises the importance of proper financial reporting to give fair presentation of financial information to the users of financial statements. One of the main users of financial statements is the state. They need the correct financial information so that they will be able to decide whether to budget for a Post Office subsidy or not.

The main objective of the Post Office is to reach a break-even point. The financial statement will show this when the operating income is equal to operating expenditure. However, if there are no controls on financial reporting, the information can be manipulated and distorted.

The research finding reveals that the Post Office does not have control over its financial reporting, although forty one percent (41%) of respondents were neutral. This could be attributed to the fact that they do not know what the necessary controls for good financial reporting are.

## **8.24 The Post Office has been successful in promoting blacks in management level**

Affirmative action is one of the requirements of the King's report (corporate governance). Each company must have plans to improve its demographics in management level. This is one of the change processes that were initiated by the state. This change is not easy to implement because it came with resistance from employers who were in power but Government insisted that each company must produce figures showing that they are taking steps in addressing the affirmative action issue.

The Post Office has progressed well when it comes to affirmative action, since ninety four percent (94%) of respondents agreed that the Post Office has been successful in promoting blacks in management positions. Again, the Post Office, being a state company, cannot afford to be seen as not complying with Government requirements.

However, it is important to note that the change process should be two fold, namely social change and financial change (see 3.1). The most important factors in social change are affirmative action and training. Paragraph 8.14 above reveals that the Post Office has done well when it comes to developing human capital and now it is also doing well on affirmative action.

## **8.25 The company has developed a sound ability to deal with Industrial Relations (IR)**

Any company that does not know how to handle Industrial Relations issues will always have problems. The possibility of labour unrest is very high, which will affect the production of a company. It is imperative that a company develops sound IR strategies. Each year, the Labour Relations Act is being reviewed to ensure that the rights of employees are not tampered with.

The result of the research finding reveals that the Post Office has developed a sound ability in deal with IR issues. This is also one of the social factors that the Post Office has done well on, which emphasizes the point that the Post Office has attempted to address the social part of the change process. Paragraph 8.1.7 above indicated that the Post Office acknowledges the role of trade unions. This is also part of establishing a sound ability to deal with IR issues.



## **8.26 The company has an ability to break even**

The financial objectives of the Post Office are to reduce cost, break-even and be profitable (see paragraph 3.1). The Government has given the Post Office an ultimatum to break-even. As mentioned above, that change process involves social change and financial change. The ability to break even is one of the financial changes that the Post Office still needs to address.

The result of the research finding indicates that the Post Office has the ability to break-even. This indicates that the objective of the Post Office to break-even is realistic. Paragraph 8.8 above also confirms that the Post Office has an ability to improve its financial position.

## **8.27 The company's contribution to the social welfare of the community is significant**

Social welfare means that a company should be sensitive towards the community. The least the company can do is to assist in addressing gross inequalities is by identifying and assisting in social opportunities such as housing and education.

Social welfare can be achieved by ensuring that the employees of the company can get financial assistance (study loans or bursaries) and housing assistance (housing subsidies and housing loan and/or housing loan guarantees). Other companies are, to an extent, offering financial assistance for the education of employee's dependents.

The research finding indicates that the Post Office has not done well in contributing to the welfare of the community. Part of the Government's challenges is to provide shelter to South African citizens. The Post Office, as a parastatal, should be seen assisting government in overcoming its challenges.

## **8.28 The Post Office has a good relationship with other companies**

This institutional factor has been mentioned in Chapter 5. The Post Office needs to have a good relationship with other companies because these companies are part of

their customer profile. Most of the income from the Post Office comes from bulk posting by companies such as Telkom, furniture shops, etc. posting statements to customers. Therefore, it is important that they maintain a good relationship with these companies.

The Post Office needs other companies to achieve the shareholder's expectations (see Chapter 3) to support the economic empowerment of the previously disadvantaged group. They cannot do this alone. They need to form strategic alliances with other companies. For example a Citizen Post Office was opened at Kwa-Nongoma whereby Telkom and the Post Office established a common centre for the Post Office and Telkom.

Forty seven percent (47%) of respondents agreed that the Post Office has a good relationship with other companies. They need to improve this because if the bulk of revenue depends on these companies, their withdrawal might jeopardize the chances of the Post Office breaking even.

#### **8.29 The link between corporate objectives and business units is well understood by all employees**

All objectives in the company's business units should link to the corporate objectives. This does not mean that the business units' objectives will be the same as corporate objectives but they should aim at achieving corporate objectives. There should be a positive correlation between the corporate objectives and the business units' objectives. This will assist the company to direct its resources towards one direction.

In the Post Office, this is the reverse. From the finding, none of the respondents agree that there is a link between the business unit's objectives and the corporate objectives. Paragraph 8.15 indicates that respondents feel that their leaders have no vision. These two findings reveal that there is a communication problem between top management (leaders) and lower management. The left hand does not know what the right hand is doing.

This lack of communication is not an acceptable situation. Top management and lower management should together show direction to the lower level employees of the Post Office. The lack of communication and working together contributes to employees not trusting management (see Paragraph 8.20) as the management team

does not speak the same language. The Post Office needs to deal with this situation because it will affect the change process negatively.

### **8.30 The quality of thinking amongst top management is outstanding**

This finding shows that the quality of thinking of top management is not outstanding and the finding should be analysed in conjunction with Paragraph 8.1.30. The lower management of the Post Office does not trust top management. This situation needs to be changed. Top management and lower management should have a loyal relationship.

### **8.31 The Post Office is the single biggest postal service company in South Africa**

This finding is an obvious one as the Post Office is the only postal service company that has support from the Government in South Africa, which makes them the biggest postal services company in South Africa.

The findings fully agree about this since all respondents responded positively. Although the Post Office expects much competition, its size gives it the competitive advantage over its competitors. The Post Office needs to make use of this advantage while it lasts, as the future of its monopolistic situation is uncertain.

### **8.32 The Post Office's strategic plans are implemented throughout the company**

This finding revealed that the Post Office strategy is not consistently implemented throughout the company. This finding is supported by Paragraph 8.1.29 above.

It raises some concern that the corporate structure of the Post Office will not practice what they preach. For example, if the Post Office's objective is to reduce costs, every staff member, including the corporate employees should be seen implementing the same strategy of cutting costs as the business units do.

# CHAPTER 9: CONCLUSION

## 9.1 THE FOUR FINAL FACTORS

### 9.1.1 Strategic Orientation

#### 9.1.1.1 *Dynamic Culture*

Each organisation has its own culture, which should be flexible enough to fit any situation. If an organisation is slow to change, competitors may be quicker and enjoy the benefit of being the first in the market.

The discussion in earlier sections shows that the Post Office does not have a dynamic culture.

#### 9.1.1.2 *People Orientation*

The Post Office is a labour intensive company, so it is important that they devise a strategy for dealing with employees. People operate in a very different way to machines and there should, therefore, be a trust relationship between management and employees. This is, however, an aspect that still needs to be dealt with in the Post Office.

#### 9.1.1.3 *Strategic Leadership*

This factor focuses on the capacity of the Post Office's management. It highlights some of the fundamental elements of the top management job. It refers to the quality of management, quality of thinking, maturity and strengths. A successful process of change will depend on the quality of management.

It is clear from the research that the Post Office's top management does not have a vision; neither is their quality of thinking outstanding.

#### **9.1.1.4 Strategic Implementation**

The implementation process of any strategy will depend on the previously stated control factors. Implementation is the transformation of leaders' intentions into action. The mission, objectives and goals must be clear to all employees so that the process of implementation will run smoothly.

This research study shows that there is little effective communication among members of top management; this is because the company's business unit objectives and corporate objectives are not mutually compatible.

To fulfil the needs of their customers, the Post Office needs to organise their internal affairs; that is, attention must be given to the company's dynamic culture, employees' attitude to change, people orientation and structure.

### **9.1.2 Control Orientation**

The following four sub-factors were discussed under control orientation: financial control, financial performance, hands-on management and product.

#### **9.1.2.1 Product**

A product is the outcome of an operation's actions. If a product's specifications are implemented correctly, the output will be exactly as required.

Almost all of the Post Office's employees are also consumers of the Post Office's products. If an employee is dissatisfied with the quality of the company's product, it is possible that external customers will not be satisfied with the products.

This research study shows that the Post Office's employees are dissatisfied with the products offered by the Post Office.

### **9.1.2.2 Hands-On Management**

The quality of a product is often dependent on the implementation process, so it is essential to emphasise detail, efficiency and a strong operations orientation. Feedback from the customers is the most dependable way of improving quality.

As a company, the Post Office emphasises efficiency in production and service, but there is a lack of detail, efficiency and strong operations orientation.

### **9.1.2.3 Financial Control**

Financial control is one way of ensuring the legitimacy of each transaction processed. Management needs to know how money is being utilised in the company.

This is one of the weakest factors in the Post Office. This research study shows that the Post Office does not have tight financial controls and that there is a lack of control on financial reporting.

### **9.1.2.4 Financial Performance**

Financial performance is a consequence of understanding customers' needs, developing products according to specifications, promoting products, controlling finances and getting customers' feedback. Financial reporting is a good indicator of how well the company is coping with change. It is a reliable and quantifiable indicator of organisational performance. A company that operates under huge financial constraints, concentrates more on surviving than looking at long-term performance.

At present, the Post Office is not performing well; one of their objectives is thus to reach a break-even financial position. It is, however, important to note that the company has a strong likelihood of improving its financial status and breaking even.

### **9.1.3 Institutional Focus**

No organisation is an island; it needs stakeholders to survive. A healthy company does not only benefit its owners or employees, but should also benefit its customers, creditors, society and country. It is, therefore, important that a company maintains good relations with other companies (locally and internationally), society, financial providers and the state.

Institutional focus has the following sub-factors: competitiveness, relations with the state, strategic alliance and internationalisation.

#### ***9.1.3.1 Competitiveness***

There is always competition in an industry where there is more than one supplier. For a company to survive and to become profitable, it will need to compete with other companies. A company needs to have the best competitive strategy in order to survive and to be the best in its field.

State-owned or state-subsidised companies are protected, but they still need to service their clients to the best of their ability. If the state finds that a company is not meeting their customers' needs, restrictive or disciplinary measures could be taken. This might mean that customers will be introduced to another company. Even if a company is protected by the state, it still needs to compete with other products; that is, it needs to verify its products in the eyes of the consumers.

At present, the Post Office is the single biggest postal service company in South Africa. It is protected by the state to a certain degree, but it is still expected to remain financially viable and profitable. The Post Office should, therefore, identify its competitors and develop a strategy to deal with them.

#### ***9.1.3.2 Relationship with the State***

The state is a stakeholder in all South African companies. The state expects these companies to be productive and profitable; the more a company produces, the more the gross domestic product goes up. Companies, therefore, try to develop good relations with the state.

The Post Office is a state owned company. It is imperative that they have a healthy relationship with the state. The research study confirms that the Post Office has a beneficial relationship with the state.

#### **9.1.3.3 Strategic Alliance**

Companies sometimes need to form strategic alliances with other companies or the state to achieve its objective or to fulfil their stakeholders' expectation. These companies should have synergy to achieve the best utilization of their resources.

State owned companies, for example, could combine their resources to restructure and develop previously disadvantaged areas. For that to take place, however, the company must have a good relationship with other companies.

This research study shows that the Post Office has good relations with other companies.

#### **9.1.3.4 Internalization**

South African companies are exposed to global competition. For them to compete with global companies, they need to understand them and their operations. Having a good relationship with international companies will give local companies a window to see and understand overseas companies.

This research study shows that the Post Office has good relations with international companies.

### **9.1.4 Social Factor**

#### **9.1.4.1 Black Advancement**

Companies are expected to implement an affirmative action policy. Affirmative action was not well received when it was first implemented. People were sceptical about it and there was a lot of resistance. It is now better accepted and companies see the benefit of affirmative action, provided it is implemented correctly.



This research study shows that the Post Office has made a number of affirmative action appointments. Black managers have been appointed into senior positions, but it still needs to develop strategies to change employees' attitudes.

#### ***9.1.4.2 Pay and Working Conditions***

This research indicates that the Post Office pays above-average salaries to its employees. This is a positive factor for the Post Office, since it should boost morale and help to reduce the resistance to change.

The Post Office still needs to improve its employees' working conditions.

#### ***9.1.4.3 Industrial Relations***

Companies with good industrial relations strategies and policies have minimum conflicts between employees and management. Good industrial relations improves efficiency, because time is not wasted on resolving unnecessary conflict which could have been avoided by applying the Labour Relations Act correctly.

This research study shows that the Post Office has good labour relations. Employees would be wise to form a union, so as to facilitate communication between management and employees.

#### ***9.1.4.4 Social Responsibility***

A company must be seen to be socially responsible, both internally and externally. If the company is seen as socially responsible, it is easy for it to convince the stakeholders that it always has the stakeholders' interests at heart. Senior management should consider the impact their decisions have on their stakeholders.

This research study shows that the Post Office is not seen as a socially responsible company.

## **9.2 RECOMMENDATIONS**

Findings from this study highlighted a number of weaknesses in the Post Office that hinder the effectiveness of change process. There is need for the Post Office to improve their top down communication process so that every employee will understand the direction the company is heading to. That will help the Post Office to ensure that all strategic plans or activities from different divisions are aimed towards the achievement of the company's objectives.

The improvement on communication will also improve the relationship between senior management and other staff members. Transparency and honest could reduce the tension and resistance. If there is trust between senior management and other staff members (especially the one who have to implement change) there is a high possibility that change process will be effective.

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**BIOGRAPHICAL DATA**

Please place a cross (X) in the appropriate block.

- 1. Age
 

21 - 30	31- 40	41 - 50	51 - 60	Over 60
  
- 2. Gender
 

Female	Male
  
- 3. Race
 

Black	White	Indian	Coloured
  
- 4. Years of service
 

0- 5	6 - 10	11 - 15	16 - 19	20 & longer

**ASSESSING COPING WITH CHANGE CAPABILITY**

The purpose of this questionnaire is to assess the capability of our organization (South African Post Office) to cope with change. The questionnaire consists of 32 questions and you are asked to read each question carefully and then to record your response in the appropriate block. Consider the Post Office as a whole and on average. Think about past events as well as more recent events. Give your honest and considered opinion.

Make sure that you have answered each question.

Our company is characterized by:

- 1 = Strongly agree
- 2 = agree
- 3 = neither
- 4 = Disagree
- 5 = Strongly disagree

Please choose between 1 to 5 to answer the question.

- 1. The international perspective is emphasized.
- 2. We expect a lot of competition.
- 3. We adapt swiftly to rapid changes.
- 4. We have tight financial controls.
- 5. We continually innovate, producing new products.
- 6. We actively engage in changing attitudes.
- 7. We acknowledge the role of trade unions.
- 8. The company has an ability to improve its financial situation

9. We give attention to detail in all our activities.
10. Our products are excellent quality.
11. We are recognized as highly participative in Social Responsibility Programmes.
12. We pay above average salaries.
13. We have beneficial relations with the state.
14. We develop human capital at all levels.
15. Our leaders have vision.
16. We encourage entrepreneurship in all our employees.
17. It is often said that we are in collusion with the state.
18. We have a good relationship with other international countries.
19. Our top management has the ability to change the company.
20. Employees trust management.
21. Working conditions for all employees are excellent.
22. Efficiency in production and services is continually emphasized.
23. Strong control over financial reporting is exercised.
24. We have been successful in promoting blacks to management level.
25. We have developed a sound ability to deal with IR.
26. The company has an ability to break even.
27. Our contribution to social welfare of the community is significant.
28. We have a good relationship with other companies.
29. The link between corporate objectives and business units are well understood by all employees.
30. The quality of thinking amongst top management is outstanding.
31. We are the single biggest postal services company in South Africa.
32. Our strategic plans are implemented throughout the company.

**Thank you.**