ORGANISATIONAL TRANSFORMATION: A CASE OF DELTA BEVERAGES

BY

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DECLARATION

I CLEVER MAGADZA hereby declare that this research is my original work. Unless specifically stated, all the references listed have been consulted. The work of this dissertation is a record that has been done by me and has not been previously accepted for any higher degree or professional qualification at any other educational institution.

Signed..... Date 20-02-13

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This dissertation has been submitted with my approval as a university supervisor and would certify that the requirements for the applicable Masters of Commerce degree rules and regulations have been fulfilled.

Signed..... Date 02/08/2013

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DEDICATION

To Tariro Magadza; my beloved son, a beacon of hope and shinning amour.

ABSTRACT

The study explores the causes for transformational failure at Delta Beverage Centres in Zimbabwe's Southern Region. Utilising a sample of 53 respondents drawn from different departments and positions of hierarchy, the study sought to establish reasons for the decline in sales, poor departure compliances and high operational costs. Self-administered questionnaires and semi-structured interviews were used to collect the data required for the study. All the data was analysed using descriptive statistics and analytical statistical tools such as reliability and goodness of fit tests. The study met all the objectives it had set to achieve. Amongst other findings, the study revealed that there were poor communication and coordination between transport and distribution departments. From the study, it also emerged that poor product stocking by Delta Beverage Centres (DBCs) caused by an unreliable freighting company contracted to transport products from central stores to DBCs and a reduction in shelf space, contributed to the decline in sales. The study recommended that the company invest in communication technology or gadgets that would enhance communication and coordination between departments to improve departure compliance and the relationship with its stakeholders. To address the challenge of declining sales, the study suggested ways that would improve product availability at DBCs and ways of regaining shelf space for its products.

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CSC	Cold Storage Commission	22
CZI	Confederation of Zimbabwean Industries	2
DBC	Delta Beverage Centre	4
DMB	Dairy Marketing Board	2
EDA	Explanatory Data Analysis	55
IAC	Industrial Automation and Control	36
PDCA	Plan Do Check Act	38
US$	United States Dollar	1
ZAR	South African Rand	1

CHAPTER 1: INTRODUCTION AND RESEARCH OVERVIEW

1.1 Introduction

Organisational transformation as seen by Kanter (2003), is a process by which organisations move from their present state to some desired future state to increase their effectiveness. It implies radical changes in how members perceive, think and behave at work. These changes go far beyond making the existing organisation better or fine tuning the *status quo* (Cummings, 2005). Transformation has become a useful weapon for any corporate organisation that is seeking for an improvement in its current organisational performance and intends to achieve cost leadership strategy in its operating industry and environment. It remains an effective tool for organisations striving to operate as effectively and efficiently as possible. Organisations are required to transform their business processes in order to achieve breakthrough performance and long-term strategy for organisational growth and performance.

There is increasing pressure on companies and organisations to find new ways to keep ahead of rivals in order to survive. This is especially relevant in the Zimbabwean context where companies do not only experience ongoing competitive pressures, but have to cope with changes in government legislation; switching from local currency to the using multiple currencies *i.e.* the United States dollars (US$), the South African Rand (ZAR) and Botswana Pula and increasing exposure to the international market place.

The goal of organisational transformation is to redesign and change the existing business practices or process to achieve improvement in organisational performance. As part of an organisational development programme, an organisation can, and often does undertake a comprehensive study of its design to determine if the organisation can be redesigned to find more effective and efficient processes to reach its strategic goals (Canal, 2009). This can be said of Dairy Board Zimbabwe which transformed from being

just a buyer and distributor of Milk to a giant Dairy company which manufactures a wide range of dairy products (CZI, 2009). Olivine Industries in Zimbabwe is also transforming itself from just being an ordinary manufacturer of cooking oil, to a pillar in the food processing industry which is set to produce margarine, jam, chocolates and sweets amongst other food products (Business Digest, 2010). As Merwe (2002) and Catter (2003) point out, organisations often find themselves in a situation where they either have to adapt to the changing business environment or risk being irrelevant to the changing order.

1.2 Background

To fully understand the case of Delta, it is necessary to have a good grasp of the nature of its business context before and after its transformation process. Delta Corporation was established in 1898 by the Salisbury Lager Beer Brewery and Ice Factory and is Zimbabwe's largest beverage maker and has additional interests in malted barley, packaging, food processing, wines and spirits. It is a division of SABMiller Africa and has the franchise of manufacturing and marketing all products of Coca Cola Central Africa (Delta 2010). It has 19 distribution centres country wide, two larger beer and two soft drinks manufacturing plants and 19 Sorghum beer manufacturing plants (Delta, 2010). Delta had a 780 total number of employees country wide (Delta, 2010).

Transformation in Delta it could be assumed, was under-pinned in what Halal (2005) referred to as three emerging concepts – re-organisation, self organizing systems, and stakeholder collaboration – which he believes are the formative forces for institutional change across the board, affecting government, education, and the military as well as corporations. A striking feature of these three forces is that they converge on changing the paradigm and role of the corporation.

Transformation in Delta was necessitated by the changing business environment in Zimbabwe and the need to get better, in terms of capacity utilisation, sales, working environment and maintaining competitive advantage in the area it believed had the edge over its rivals (Munaka, 2006).

According to Delta (2007), the transformation process was expected to:

1. Increase sales by 15 percent;

2. Reduce operational costs by 13 percent; and,

3. Place all product ranges under one roof.

The organisation went through a lot of changes in order to achieve its set objectives (Delta, 2007). The changes resulted in combining its beverage business units which include National Breweries, United Bottlers and Chibuku Breweries. The administration, sales and distribution was localized at one centre enabling customers to purchase all Delta product ranges at one point unlike in the previous legacy when customers would have to travel from one point to another. Manufacturing of carbonated soft drinks was confined to regional headquarters (Harare and Bulawayo) and freighted to distribution centres. Delta also decided to de-merge its non beverage units which included OK Zimbabwe, Topics and Meikles to concentrate only on beverages.

However, product deliveries became too erratic as departure compliance went down from 2001's 78 percent to 55 percent in 2004 and during the same period, sales declined by 61.6 percent from 1 300 000 to 800 690 hectoliters (Delta, 2007). Changing of the freighting company from Western Transport to National Railways of Zimbabwe did not solve problems of transportation owing to the ageing rail way infrastructure (Munaka, 2006). In 2004, the organisation recorded the worst sales volumes in a decade as they went down to 730 569 hectoliters compared to the peak volumes of 1.3 million hectoliters of 1999 (Delta, 2010). A study by Zinyika (2006), showed that Delta products' shelf space in major retail outlets had gone down from 1999 peak of 89.1 percent to 61 percent in 2005. This corresponds with results from other scholars (Cox, 2006 and Buzzel, 2009) which indicate that there is a relationship between the amount of shelf space given to a brand that has high customer acceptance and total unit sales of that product. In 2005, Delta Beverage Centres (DBCs) registered the highest number of

breakages of 653 bottles compared to 399 of 2001 (Delta, 2010). Furthermore, operations costs went down to 41 percent; a figure higher than the set target of 35 percent in the year 2002 (Munaka, 2006). Most of the work at distribution centres was done manually except loading and offloading which was done using a forklift. However, during delivery, all the loading and offloading was done by hands as each distribution centre had only one forklift (Munaka, 2006).

Beverages industry is a volume driven business and the success of any company in this business is measured by its sales volumes (CZI, 2009). After its transformation process, Delta Beverages' inventory turnover ratio stood at 9.3 in 2005 below the industry average of 12 indicating either problems in the sales department or problems with the product (Delta, 2007). The account receivables turnover ratio increased to 35 days in 2005 which was above 30 days credit policy of the company. Table 1 shows an unfavourable trend in return on assets and the decline was a likely cause for concern to management. Cash flow to capital expenditure ratio tell us that in 2001 Delta generated cash from operations approximately 2.4 times greater than what was needed for acquisitions of capital assets. However, in 2005 after the transformation, the ratio shows Delta generated cash from operations to cover only 0.86 times of the capital asset needs. This shows that the company's ability to use cash flow from operations to finance acquisitions of property, plant and equipment was negatively affected by the transformation process.

Below is a table showing financial analysis of Delta Beverages from 2001 to 2005.

Table 1.0: Financial analysis for Delta Beverages

	2001	2002	2003	2004	2005	Industry average	Comment
LIQUIDITY RATIOS							
Acid test	1.1	0.9	0.8	0.9	0.7	1.2	**Bad**
Quick ratio	0.75	0.81	0.7	0.63	0.6	1.1	**Bad**
ASSET MANAGEMENT RATIOS							
Inventory	9.4	10	9.9	9.7	9.3	12.4	**Bad**
Day's receivables	30	35	33	34	35	30 days	**Bad**
Fixed asset turn-over	3.1	3.3	3.1	3	2.8	3.2	**Bad**
Cash-flow to capital expenditure	2.4	2.1	1.7	1.53	0.86	1.5	**Bad trend**
Asset turn-over	2.1	2.4	2.3	2.2	2	1.9	**Ok but bad trend**
DEBT MANAGEMENT RATIOS							
Debt to asset ratio	0.36	0.39	0.37	0.38	0.33	0.39	**Bad**
Debt to equity ratio	1.6	1.5	1.6	1.7	1.6	1.5	**Ok but unstable**
Times interest earned	6.6	6.5	6.5	6.4	6.2	6.2	**Ok but bad trend**
PROFITABILITY RATIOS							
Profit margin on sales	5.9	5.5	5.3	5.3	4.9	6	**Bad**
Basic earnings power	16.3	16.7	16.5	16.3	15.8	16.5	**Bad but bad trend**
Return on assets	16.4	16.6	16.4	16.3	16.1	16.5	**Unsatisfactory**
Return on earnings	8.9	9.1	8.9	8.7	8.4	9	**Unsatisfactory**
MARKET VALUE							
Price per earnings	20	21	19	18	16	15	**Ok but bad trend**
Market to book value	1.9	2.1	1.9	1.8	1.6	2.1	**Bad**

1 .3 Problem statement

It is evident from the above background that Delta Beverages' transformation process did not meet the objectives it set to achieve as:

1. Operational costs were still higher than the level set by management by six percent; a clear testimony of the poor implementation of the transformation process.
2. Sales declined by 60 percent soon after the transformation process; the lowest figure in a decade.
3. Departure compliance went down by 23 percent in 2005 after Delta transformation process. This meant that the availability of products in the market was compromised as well as the confidence of the customers in the organisation.

As a result of the above mentioned problems, the profitability and competitiveness of Delta Beverages was compromised and was an indictment on the implementation of the organisation's transformation process.

1.4 Research objectives

The objectives of the research were to:

1. Establish the reasons that led to poor departure compliances in Delta.
2. Establish the causes for the decline in sales.
3. Establish the causes for the company's failure to lower operating costs.
4. Offer recommendations to Delta on appropriate action to take.

1.5 Research questions

The primary question this study attempted to answer was; Why did the transformation process in Delta fail to achieve its objectives?

The secondary questions were;

1. What were the factors that contributed to the decline in sales?

2. What were the factors that contributed to management's failure to contain operating costs?

3. What were the factors that contributed to the failure to meet departure time targets?

1.6 Delimitation of the study

The study was organised around:

a) Geographical scope: The study was conducted in Zimbabwe in the administrative Southern Region of Delta Beverages which consists of Bulawayo, Gweru, Kwekwe, Chiredzi, Zvishavane, Beibridge and Masvingo distribution centres

b) Participants: The study was limited to the present Delta employees who included junior staff, middle management and senior management

c) Content: Focus of the study was limited to the implementation of the transformation process at Delta Beverages

Basing on the delimitation of the study, it could be argued that the findings are not a representative of Delta Zimbabwe as the research was confined to the southern region. However, the researcher believes that the information acquired from the process is a true reflection of the transformation process countrywide as the company implemented the same changes across the board.

1.7 Ethical considerations

The study undertook to adhere to the following ethical considerations:

1. The principal of voluntary participation;

2. The requirement of informed consent;

3. Protection of participants from exposure to risk and harm;

4. Guarantee of confidentiality.

1.8 Deployment of study

Chapter one: Introduction

This chapter served as an introduction and background to this study and contains details regarding the objectives of the study, significance and the research questions.

Chapter two: Literature and theoretical review

This section provides literature on organisational transformation and the types of change. Careful consideration is given to various management and interventions and the targets for change. Elements of the change process as well as reactions to change at organisational and individual level is discussed with implications thereof.

Chapter three: Research design and methodology

This chapter describes the approach used in data gathering, procedures, research methods, research instruments and techniques of data analysis.

Chapter four: Data presentation and analysis of results

This chapter presents the summary of the data, analysis and interpretation. In this regard, text, figures, tables and graphs were used.

Chapter five: Discussion of results and recommendations

This chapter outlines the summary of findings and recommendations in respect of the problem statement and research questions.

1.9 Time frame of the study

Figure 1.5 below is an illustration of the time taken to complete the study;

Chapter 1: 1 March 2010 to 10 June 2011

Chapter 2: 11 July 2010 to 30 December 2010

Chapter 3: 31 March 2011 to 15 July 2011

Chapter 4: 16 July 2011 to 16 August 2011

Chapter 5: 17 August 2011 to 10 November 2011

1.10 Summary

This chapter gave an overview of the environment Delta was operating in. The chapter also outlined the Delta's objectives for the transformation as well as that of the study. The following chapter gave a theoretical framework for the transformation process. Cases of organizational transformation elsewhere were also included.

CHAPTER 2: LITERATURE AND THEORETICAL REVIEW

2.0 Introduction

This chapter reviews some of the empirical and theoretical literature pertaining to organisational transformation with specific emphasis on implementation. This chapter is divided into 10 sections. Section one presents an overview of organisational transformation and change while section two focuses on types of transformations, a review of practical cases of transformation elsewhere and the change process. The remaining sections focus on targets for change, resistance to change, management's response and approach to change and managing a downsized workforce

2.1 Organisational transformation and change: An overview

Coch (2008) defines an organisation as a social unit of people, systematically structured and managed to meet a need or to pursue collective goals on a continuing basis. All organisations have a management structure that determines relationships between functions and positions and subdivide and delegate roles, responsibilities, and authority to carry out defined tasks. Organisations are open systems in that they affect and are affected by the environment beyond their boundaries. The word transformation means change in form, appearance, character and disposition (Fowler, 2001). This view is further echoed by Rosen (2007) who argues that transformation is changing into something new in a way that it is turned into another entity. It is usually a deliberate action with the aim of creating something better – better looking, better working, more valuable and more usable. In concurrence, Fowler (2001) and Richard (2009) argue that transformation is a continuous process that relies on implementation of effective market and stay-in-business strategies that attract more profitable customers in selected markets and lower operating costs. It implies radical changes in how members perceive, think and behave at work. These changes go far beyond making the existing organisation better or fine tuning the *status quo* (Cummings, 2005). Robbins and Coulter (2010) indicate that the changes are concerned with fundamentally altering the

organisational assumptions about its functioning and how it relates to the environment. Changing these assumptions entails significant shifts in corporate philosophy and values and in the numerous structures and organisational arrangements that shape members' behaviours (Cummings, 2005). Adrian (2005) affirms that change that is intended to be transformational, will affect many aspects of an organisation and the levels within it. It will require the creation of a new mission and future direction, alteration to the dominant values, beliefs and perceptions in the organisation with fundamental implications for the organisational paradigm and distribution of power, new structures and methods of working. In this sense, such change is seen as radical and discontinuous (Murphy, 2005). This approach to change is seen as not being too appropriate and effective by other scholars (Beer, 2002). Adrian (2005) contends that the intended change will not be realised simply by changing organisational structures and imposing new systems.

Bustur (2001) argues that the words transformation and change can be used interchangeably a view disputed by Andrew (2005) who notes that change could be an event where as transformation is a process. In concurrence, Adrian (2005) argues that change may be forced upon the organisation or entered into with reluctance but transformation requires a willingness to make the journey by all stakeholders (employees, shareholders and customers). Robbins (2010) notes that implicit within a perceived need for change is the belief that the present state is no longer suitable, tenable or, ultimately, the best. Each of these words of course carries its own connotation. No longer 'suitable' suggests some lack of comfort, some mismatch but little immediate pressure. No longer 'tenable' indicates a state that cannot be maintained and strong forces for change. No longer the 'best' would suggest positive rather than negative reasons for change – the desire to improve on something that, of itself, is not bad. Organisations can find themselves in any of these states, and many more in between (Andrew, 2005).The need for organisational transformation is driven by a wide range of reasons. Bustur (2001) suggests 10 reasons for organisational transformation and these include:

1. Changes in the senior leadership team;
2. Technological changes and upgrades;
3. Changes in business strategy;
4. Replacement of outdated working practices and processes;
5. The need to cut or trim costs and increase efficiency;
6. Challenges resulting from growth, mergers and acquisitions;
7. Downturns and tougher operating conditions;
8. The need to implement new organisation behaviours and skills;
9. The need to develop change and improve organisational culture;
10. Government legislation.

Robbins (2010) indicates that organisations undergo major change approximately once every three years with smaller changes taking place almost continuously. In this context, there is need for managers and leaders to be able to introduce and manage transformation to ensure that organisational objectives are met, and they have to ensure that they gain the commitment of their people, both during and after implementation. At the same time, they also have to ensure that business continues as usual.

2.1.1 An overview of Zimbabwean beverage industry

Zimbabwean beverages industry had been dominated by carbonated soft drinks, beer, bottled water and coffee followed by milk and fruit drinks/cocktails (CZI, 2009). Per capita beverage consumption rose rapidly soon after the Zimbabwean independence in 1980 and the country recorded its peak beverage consumption of 2.9 million hector litters in 2009 (CZI, 2009). Although the industry had witnessed new entries in recent years, beverage companies were still divided in what could be considered national and regional companies. The first segment included national beverage manufacturers who produced on a mass scale and sold in all (or almost all) provinces. That group included Delta Beverages, Dairy Board Zimbabwe and Rainbow Group of Companies. Another segment was regional brewers

distinguished by their geographic scope of operation within Zimbabwe, serving only one and at most two provinces. Among the regional brewers in existence were Mutate Bottling Company, Ingwebu, Go-Beer, and Pungwe. The third segment was homemade beverages mainly found in rural areas.

Beverage industry is a volume driven business and the success of each entity is mainly rooted in the respective distribution and marketing strengths. As such, Zinyika (2009) listed factors that affect product distribution in the beverage industry. They are as follows:

1. Market knowledge;
2. Product availability;
3. Administrative efficiency;
4. Fleet efficiency and availability; and
5. Employee commitment to perform.

Zimbabwean beverage industry just like in any other country is characterized by a desire to achieve high sales volumes. However, Dunford (2002) notes that management and sales representatives have to contend with various challenges in the pursuit of such a goal. Below are factors Dunford (2002) believes contribute to poor sales performance. They are as follows:

1. Poor marketing strategy;
2. Poor product quality;
3. Weak brand loyalty;
4. Society income levels which are low;
5. Ineffective distribution strategy;
6. Stiff competition;

7. Prohibitive pricing;
8. Inadequate shelf-space; and
9. Ineffective merchandising.

In almost every business sector in Zimbabwe, the fundamental costs of doing business had been rising. New minimum wage mandates and increasing costs for energy and water were threatening profits and dampening the outlook of the industry. In 2006, Kinetic Management Consultancy, a consulting company that worked closely with regional Food Service Manufacturer Associations, conducted a survey of five beverage companies. The survey found the following to be among their top concerns.

a) Rising operational costs;
b) Downward pressure of profits; and
c) Rising labor costs.

2.1.2 The change process

Gareth (2003) suggests the steps to follow for organisations wishing to transform their businesses. This process is similar to the one proposed by Robbins (2010) and both authors argue that the process may be altered slightly to suit different industries and circumstances. Although common themes can be identified, it is important to note that the five categories should not be seen as clearly distinct, discrete steps. In practice, and in most situations, there is a fair degree of integration and therefore blurring between the stages (Burnes, 2002; Clarke, 2004; Vandermerwe and Vandermerwe, 2003). The process is as follows:

i) Identification and diagnosis - Involves determining the need for change, analysing the organisation's current position and defining the ideal future state that the organisation would like to reach (Hill and Jones, 2002). The need for change can be diagnosed at any level within the organisation from operational to senior level (Thompson, 2003).

ii) Consultation, exploration and negotiation - Involves wider exploration of the problem environment including consultation and negotiation with stakeholders.

iii) Planning -This stage of planning requires a consideration of the resources available, culture, and amount of commitment required and the capabilities of the management team within the context of the issues identified in stage two. Objectives, timetables and implementation methods are then defined as part of the planning process. The advantages of using analytical tools prior to the implementation stage have been identified by various authors; these include the systems approach (Carter, 2004), stakeholder analysis (Grundy, 2005) and force field analysis (Lewin, 1974; Thomas, 2005). It is claimed that these tools facilitate a wider consideration of the change environment, including analysis of possible resistance, identification of those likely to be affected by change and the advantages and disadvantages of various change strategies.

iv) Implementation - involves the implementation of the change programme. It is widely accepted that this is the most difficult step because it involves moving from the known to the unknown and is therefore risky, stressful and complex (Clarke, 2004). Jick (2005) highlights the contingent nature of change in terms of the importance of choosing the right time and pace at which to implement the change process. Kanter (2003), in looking at aspects of organisational culture and structure that are related to successful change, identifies the 'change masters' as 'literally - the right people in the right place at the right time'.

v) Monitoring - Finally, the results of the process are monitored and evaluated against the original objectives; the extents to which they have been achieved and whether further adjustments or changes are needed. It is tempting to see evaluation as the last stage in the process but it is important to view change as an on-going process where through evaluation, further opportunities for improvement are identified (Clarke, 2004). It could therefore be seen as the starting point of a cyclical approach to change.

2.1.3 Views to change

There are two views to change and these are the calm waters environment metaphor and the white water rapids metaphor. As Robbins and Caulter (2010) point out, the two

views explain how management perceives and responds to the different types of change.

a) The Calm waters environment metaphor

Robbins and Caulter (2010) envision the organisation as a large ship crossing a calm sea. The ship's captain and crew know exactly where they are going because they have made the trip before. Change comes in the form of an occasional predictable trip. It is comparable to the relatively calm environment that most organisations faced from 1950s to 1970s. Gilgeos (2007) argues that the metaphor is only suitable to organisations which only seek minor changes or seek to respond to changing variables and for day to day running of organisations. Gilgeos (2007) believe that this view might not be appropriate in explaining the current turbulence that currently characterises the business environments.

The calm water environment metaphor is best illustrated by Kurt Lewin's three step model below:

Figure 2.1: Lewin's three step change process

Source: Robbins (2010)

One of the early models of planned change was developed by Kurt Lewin (1974). This model involves three steps; unfreezing' the present pattern, changing' or developing a new pattern, and then refreezing' at the new desired level (Cummings, 2005). As a starting point, Lewin's model has an attractive simplicity because it identifies the general stages to be considered and therefore the process to be followed. More recent views (such as Moorhead and Grin, (2005)), consider managing change as a continuous process and argue that Lewin's three-stage model has little practical relevance.

According to Lewin (1974), successful change requires unfreezing *status quo*, changing to a new state and refreezing to make the change permanent. Tomic and Werr (2003) concur with Lewin (1974) that:

i) Behaviour is a result of equilibrium between driving and restraining forces;

ii) Driving forces push one way and restraining forces pushes the other way;

iii) Performance that emerges is a reconciliation of the two sets of forces;

iv) An increase in the driving forces might increase performance but it might also increase the restraining forces (Newton's Law of Motion).

Below is a force field diagram showing forces for change and those for *status quo;*

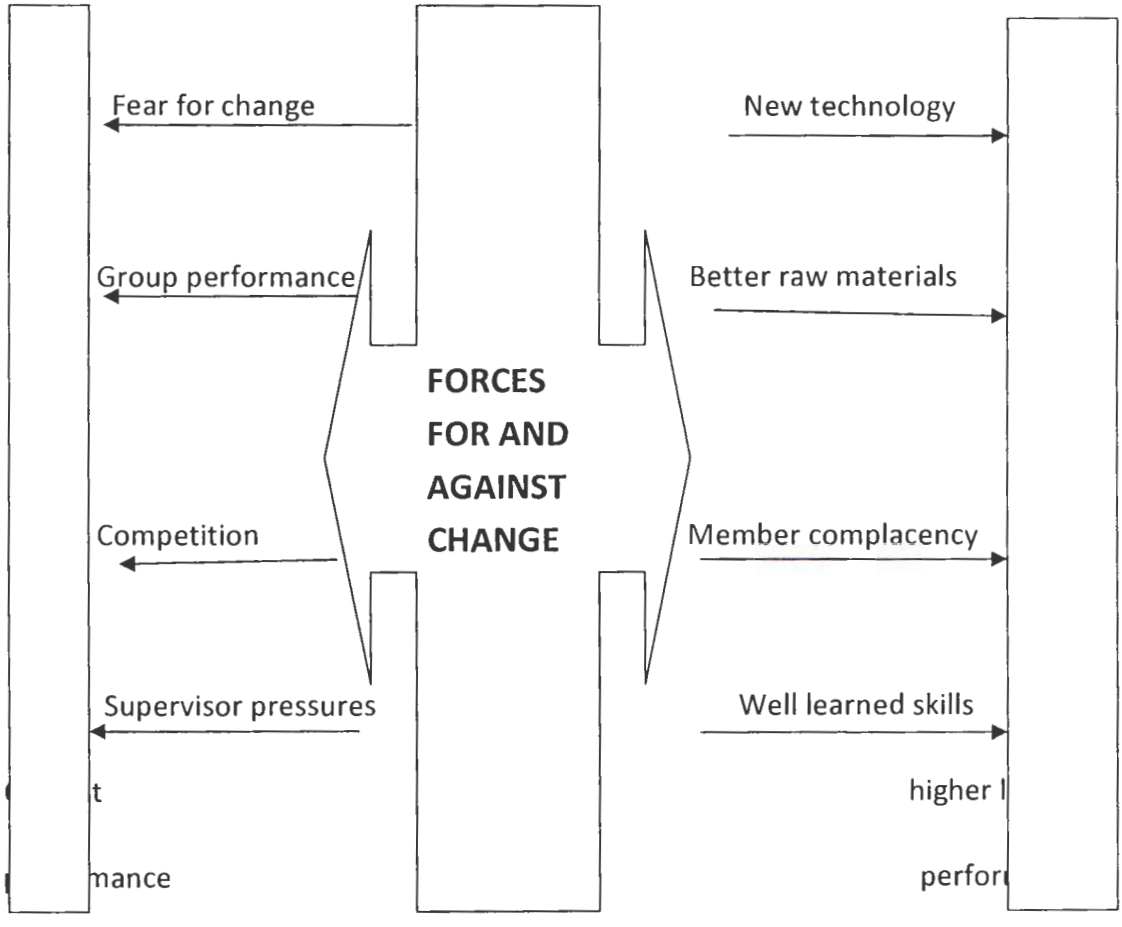

Figure 2.2: Force field diagram: Adapted from Cummings Worley (2005)

b) White water rapids environment metaphor

Robbins (2010) points out that in this metaphor, an organisation is seen as a small raft navigating a raging river with rapids. Aboard are half a dozen people who have never worked together before and are totally unfamiliar with the river. They are also unsure of

their eventual destination and travelling in a pitch dark night. This description paints a picture of turbulence and uncertainty. Arrival to the destination is not guaranteed and the captain is not in control.

2.2 Management's response to change

Gareth (2003) and Robbins (2010) put forward two responses to change and these are proactive and reactive responses to change. In terms of the reactive/proactive nature of change, Nadler and Tushman (2009) characterise reactive change as that implemented in response to some external event and/or serious internal operational and managerial problems. Additionally, most organisations have been heavily criticised for being reactive largely as a result of strong operational orientation and a tendency to focus on short-term results (Umbreit, 2006; Wood, 2002).

2.2.1 Reactive approach (fire fighting)

Robbins (2010) and Gareth (2003) argue that this approach is used when the changes are largely unscheduled, random and haphazard. Every time a problem arises small changes are sought to solve the immediate problem. The emphasis is on waiting for change inducing problems to occur before implementation "will cross the bridge when we get there." Bounds (2004) argues that this approach is relatively simple and inexpensive as it is appropriate when change is slower. It is also suitable for smaller organisations, which are less complicated.

2.2.2 Proactive approach (planned change)

Bounds (2004) defines planned change as a set of activities in an organisation that are intentional and goal-oriented. Bounds (2004) further argues that planned change aims at preparing the entire organisation, or a major part of it to adapt to significant changes in the organisation's goals and direction, a view fully supported by Gareth (2003). Nadler and Tushman (2009) see proactive change as a situation where the company is not currently experiencing any serious problems but managers anticipate the need for change to put the company in a better position or avert potential future problems. Although this anticipatory approach to change is generally preferable, in practice most

companies tend to take a reactive approach, usually as a consequence of the commonly held view that there is no need for change if current performance is satisfactory (Taucher, 2003). Gareth (2003) and Bounds (2004) argues that for planned change to work, workers have to be prepared to surrender familiar work habits for new policies, procedures and applications. Essentially, there are two goals of planned change as put forward by Bettis (2004), these are:

1. To improve the ability of the organisation to adapt to changes in its environment;
2. To change employee behaviour since an organisation's success or failure is essentially due to the things its employees do or fail to do, planned change is concerned with changing the behaviour of individuals and groups within the organisation.

Madsen (2008) came up with the order and magnitude of planned change which any organisation would at one time undergo. These are:

1. First-order Change (or Transactional Change): In this type of change, features of the organisation change but fundamental nature of the organisation remains the same
2. Second-order change (Transformational Change): In this type change, the nature of the organisation is fundamentally and substantially altered
3. Organisational Climate: It is defined as people's perceptions and attitudes about the organisation—whether good or bad place to work, friendly or unfriendly, hardworking or easy-going and so forth
4. Organisational Culture: Madsen (2008) defined organisational culture as deep seated assumptions, values, beliefs that are enduring, often unconscious, and difficult to change. Changing culture is much more difficult than changing climate.

2.3 Change failure

Gilgoes (2007) classified change failure as when an organisation fails to meet 75 percent of its change objectives. This view is contested by Murphy (2005) who argues that organisational change can be classified as a failure if employees still cherish the past

despite having met all its objectives. Gilgoes (2007) and Murphy (2005) contend that the change process usually fail when it is based on a "not-so-credible" strategic planning. This means that new methods and approaches are not well studied and originated from hypothesis. Adrian (2005) studied a number of companies that went through transformation processes and noted that about two thirds of them failed to produce the results they hoped for. Dunford (2002) contends that efforts at "reengineering" fared worse, with a 70 percent failure rate. Despite substantial resources committed to the change effort by organisations, management often finds itself failing to sustain the change effort resulting in the loss of revenue and market share.

Gersik (2002) outlines reasons for organisational transformation failure and these are as follows:

1. Communication – The root cause of transformation failure is lack of clarity and lack of communication and even more fundamentally, the lack of a language and contextual framework to articulate and manage the necessary processes of change. Alternatively, it might be inconsistency in the message delivered by members of the leadership team. Adrian (2005) argues that the problem might not be with what is said but in listening effectively to differing views and ideas.

2. Lack of employee involvement - Senior people might lead the organisation, set the direction and put the plans in place yet in reality, they are not the people who can make it happen. People at lowest level of the organisation determine whether a change programme delivers and failure to involve them, might lead to transformation failure. They need to be involved.

3. Lack of space and support - Changes impact on individuals in a very personal way. If organisations do not provide the space and support to individuals who are impacted by the change, the chances of success are greatly reduced.

4. Unclear objectives - The objective or outcome of any change programme needs to be clear. Ambiguity makes it impossible to get across the reasons and benefits of the change.

5. Lack of performance measures - Change is usually about improvement. Unless there is a clear set of measures that can let people know whether they are on or off track, the transformation process' prospects of success would be slim. Failure to put mechanisms for performance appraisal and holding employees accountable for their actions can only lead to transformation failure (Adrian, 2005).

6. Underestimating emotions - While everything on paper or project plan is highly rational, it is important not to underestimate emotions. In his study of 38 business organisations in Australia in 2004, Adrian (2005) concluded that only a few employees relish change and see it as an opportunity. This is neither right nor wrong; it is just the way it is. Awareness of people's emotions can make a huge difference and failure to acknowledge employees' emotive response will only lead to failure.

7. The gap between the strategic vision and a successful programme implementation and the lack of a practical change management model and tools to bridge that gap leads to a failure of the transformation process.

8. The "hidden and built in resistance to change" of organisational cultures, and the lack of processes and change management methodologies to address employee resistance often lead to change failure.

The study reviews a case of transformation failure at Cold Storage Commission (CSC);

CSC is a company that supplies butcheries with beef it acquires from famers. It is a parastatal found in all the ten provinces of Zimbabwe and also has a farm in each province. Having enjoyed monopoly over the ownership of abattoirs, CSC upon the de-regulation of the market, found itself facing stiff competition from Tenda Meats and Hlalo Meats. As a result, its growth rate declined to negative six percent far below the

industry average of 11 percent (CZI, 2001). Its capacity utilisation by the end of 1994 had plummeted to 49 percent from 85 percent in 1991 (CZI, 2001). The company's national cattle herd on its farms plummeted to 19 percent of 1990.

In response to the declining performance results, management at CSC set out to implement changes which were divided into two phases, the short term and the medium term recovery plan. In its short term recovery plan, the company had set out to:

a) Increase capacity utilisation to 85 percent;

b) Ensure adequate stocks of beef supply from farmers;

c) Increase sales by 90 percent.

The medium term recovery plan was aimed at:

1. Increasing the number of cattle on its farms by 120 percent using the revenue derived from the sale of meat within 5 years;

2. Ensuring that 30 percent of all its meat supplies are from its farms within 7 years.

In pursuit of the set objectives, the company:

1. increased the price of cattle it offers farmers by 2 percent,

2. re-opened previously closed abattoirs,

3. increased its staff to deal with anticipated demand.

Despite the company having been injected with Z$18 million by government, CSC found itself without adequate cattle supplies owing to its history of late payments, red-tape and uncompetitive prices (CZI, 2001). Sales increased by 12 percent against a targeted 90 percent and on the other hand, operational costs rose by 26 percent (CZI, 2001). Eventually, the money injected by the government found its way into the wage bill, a development that was not planned for (CZI, 2001). CSC's medium term plan of increasing the herd on its farms could no longer be met as the revenue that was supposed to finance such an exercise could not be realized. By the end of 1996, the company's growth rate stood at negative 11 percent and was unable to pay for its

employees, electricity and water and only a third of its abattoirs were operational and below full capacity.

Kinetic (2001) cited a difficulty in creating an open atmosphere of communication between the head office and regional offices, pressures against selecting divisional heads on merit and discontinuity in leadership as some of the reasons for the CSC's transformation failure. CZI (2001) in its assessment of the changes at CSC argues that management only made incremental changes without clearly outlining the methodology of addressing the challenges facing the organisation. It did not follow the framework for the change process and management had no capacity to drive the change process owing to its failure to stem out bureaucracy within the organisation. CZI (2001) further argues that much effort was spent on opening abattoirs without having secured constant supply of cattle for those abattoirs and before the cattle herd on its farms was restored. The development increased operational costs without corresponding inflow of cash. In its findings, the then Ministry of State and Public Enterprise states that CSC in its recovery plan, did not have a response to the challenges posed by its competitors (Government Gazette, 1998). This in CZI's (2001) view was a mistake as the other players increased the price of cattle from farmers.

2.4 Management approach to change

Go and Pine (2005) state that rapid and unpredictable changes in customer attitudes and information technology make the need to manage change inevitable and that the ability to manage change will be the key to the long-term survival for any organisation. Most of the literature on managing change, however, has been related to manufacturing industries and fails to address the specific issues associated with service industries.

As Kaiser (2009) and Wood (2004) point out, the manufacturing and service industry have particular characteristics which have implications for the adaptation of generic management principles. Although it is argued by Cairnall (2005) and Van der Merwe (2003) that there is no universal formula for managing change, authors such as Burnes

(2002), Hill and Jones (2002) and Kotter (2005) recommend that change programmes should be planned against a set of objectives and a clear process and that the use of frameworks or models help managers to address issues in a logical order. In addition, Nadler and Tushman (2009) claim that it is essential to identify and evaluate the type and characteristics of any change situation if the case and its implications are to be understood clearly.

Identifying characteristics and underlying situations behind a particular change programme give management a lead on the approach to manage planned change. Matteson (2002) provides three approaches to managing change and these are:

2.4.1 Managing change through power

The application of power to bring about change implies the use of coercion. Matteson (2002) asserts that managers have access to power and can use their power to coerce non-managers to change in the direction they desire. Murphy (2005) believes the sources of power come from their ability to reward and to punish. They can determine the conditions of employment including promotions and advancement. It is through that power that managers can bring considerable influence to the organisation. However, scholars like Charlotte (2008) and Martins (2001) argue that the application of power often manifests autocratic leadership, and contemporary organisations do not generally encourage managers to engage in such leadership behaviour. In the past, autocratic management has been a factor in the rise of labour unions as a counter to the arbitrary use of power. Matteson (2002) defends the use of power only when the existence of the organisation is at stake, power is not a favored approach in bringing about change.

2.4.2 Managing change through reason

The application of reason to bring about change is based on the dissemination of information prior to the intended change. Matteson (2002) believes that the underlying assumption is that reason alone will prevail and the participants and parties to the change will all make a rational choice. According to Murphy (2005), the reason-based approach appeals to the sensibilities of those who take a utopian view of organisational

worlds. Martin (2001), Murphy (2005) and Matteson (2002) are of the opinion that the reality of organisations requires that we reorganise the existence of individual motives and needs, group norms and sanctions, and the fact that organisations exist as social as well as work units all of which means that reason alone will not be sufficient to bring about change.

2.4.3 Managing change through re-education

The middle ground approach relies upon re-education to improve the functioning of the organisation. Re-education according to Matteson (2002) implies a particular set of activities that recognise that neither power nor reason can bring about desirable change. This set of activities has been the subject of much research and application and is generally understood to be the essence of organisational development (Murphy, 2005).

2.5 Resistance to change

Schein (2008) believes resistance to change to be one of the most ubiquitous of organisational phenomena. A number of authors have defined resistance. For example, Ansoff (2009) defines resistance as a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of a strategic change, whilst Zaltman and Duncan (2007) define resistance as any conduct that serves to maintain the status quo in the face of pressure to alter the *status quo.* Thus, resistance, in an organisational setting, is an expression of reservation which normally arises as a response or reaction to change (Block 2009). This expression is normally witnessed by management as any employee actions perceived as attempting to stop, delay, or alter change (Bemmels and Reshef, 2001). Thus resistance is most commonly linked with negative employee attitudes or with counter-productive behaviours.

Ansoff (2009) came up with 12 reasons which he believes are the main causes for resistance to change and these are:

1. Loss of Job: In an organisational setting, any process, technological advancement, systems, or product change will include streamlining, working smarter, cost reduction, efficiency, faster turn-around times. All these means staff and managers will resist the changes that result in their roles being eliminated or reduced. From their perspective, change is harmful to their position in the organisation. The satisfaction that employees have with their job determines a portion of their reactions during times of change. Employees who experience a high degree of job satisfaction are better able to weather periods of change. They are more positive in their approach to their work and can see change as an organisational necessity. Unhappy employees, on the other hand, view change as just another annoyance in a long list of complaints. Chances are, whatever the change, disgruntled employees will view it as having a negative impact on both the organisation and on them personally.

2. Bad Communication Strategy: The way in which the change process is communicated to employees within the organisation is a critical factor in determining their reactions. If management cannot communicate what, why, how, when, who and what success will look like or how success is going to be measured, then, resistance is imminent. When upper management plans and communicates early and effectively with all employees and explains the reasoning behind the change, employees are much more likely to buy into it. Changes that are mandated with little or no communication, on the other hand, are often poorly received, since employees may feel that the change is being shoved down their throats.

3. Shock and Fear of the Unknown: Employees' responses to organisational change can range from fear and panic to enthusiastic support. During periods of change, some employees may feel the need to cling to the past because it was a more secure, predictable time. If what they did in the past worked well for them, they may resist changing their behaviour out of fear that they will not achieve as much in the future. The less the organisation knows about the change and its impact on them, the more fearful they become. Leading change also requires not springing surprises on people.

The organisation needs to be prepared for the change. In the absence of a continuing two-way communication with leadership, grapevine will fill the void and sabotage any change effort.

4. Loss of Control: Familiar routines help employees develop a sense of control over their work environment. Being asked to change the way they operate may make employees feel powerless and confused. People are more likely to understand and implement changes when they feel they have some form of control. Keeping the doors of communication open and soliciting input, support and help from employees lets them know that their contributions matter.

5. Lack of Competence: This is a fear that is difficult for employees to admit openly. At times, change in organisations necessitates changes in skills, and some people will feel that they will not be able to make the transition well. Therefore, the only way for them to try and survive is to kick against the change. Some employees are hesitant to try new routines, so they express an unwillingness to learn anything new. Resisting employees who have already made up their minds that the change will not work or who are reluctant to learn something new, will impede the organisation's growth and adaptation to change.

6. Poor Timing: Change must be introduced when there are no other major initiatives going on. Sometimes it is not what a leader does, but it is how, when and why she or he does it that creates resistance to change. Undue resistance can occur because changes are introduced in an insensitive manner or at an awkward time. For any significant organisational change effort to be effective, organisational leadership must prepare a comprehensive change strategy from the onset to address barriers. If they cannot do it, then, they should delegate or hire a change management agent to design an effective change management strategy with the help of some of the organisation's managers.

7. Lack of Reward: Organisational employees will resist change when they do not see anything beneficial for them. Without a reward, there is no motivation to support long-

term change over the long run. This often means that organisational reward systems must be altered to support the change that management wants to implement. The reward does not have to always be major or costly.

8. Management factors: Inappropriate or poor management styles also contribute to resistance (Judson, 2006). As organisational theory developed over time, it drew attention to the fact that resistance to change is also built into organisational factors. Systems, processes and sunk costs contribute to a kind of inertia that influences an organisation toward greater reliability and predictability which, in turn, acts against change. As a result, resistance to change became recognised for what it truly is: a complex, multi-faceted phenomenon that is caused by a variety of factors. Rather, there is a strong case that suggests that resistance should not be approached adversely because it can play a useful role in an organisational change effort (Cummings, 2005).

9. Loss of Support System: Employees already in their comfort zones, working with the managers they get along with, and who are operating within predictable routines know their support system will back them up during challenging times. Changing the organisational structures may shake their confidence in their support system. They may worry about working for a new supervisor, in a new team, or on unfamiliar projects because they fear that if they try and fail, there will be no one there to support them.

10. Former Change Experience: Attitudes about change are partly determined by the way employees have experienced change in the past. Murphy (2005) argues that how employees' families react to change during their early years affect the way they view change. Employees, who live in the same house, shop at the same stores, visit the same social club, and drive the same routes daily throughout their formative years, may have more difficulty dealing with change than people who grew up in several different neighbourhoods. In the same way, those who become accustomed to associating with people who have the same values and ethics may find it more difficult to appreciate the diversity of today's work force. An employee who was raised in a family that viewed change as a challenge to be tackled will probably have a more optimistic outlook about

change than a person who was raised in a home that considered change an unwanted experience that upsets the predictable family routine.

11. Empathy and Peer Pressure: Gersik (2002) states that it is normal for employees to resist change to protect their co-workers. This could be purely because they sympathise with their friends because of the change that has been thrust at them. Managers also resist change to protect their work groups or friends. All these behaviours can sabotage the success of any change.

12. Lack of trust and support: Successful organisational change does not occur in a climate of mistrust. Trust involves faith in the intentions and behaviour of others. In organisations where there is a high degree of trust and each individual employee is treated with respect and dignity, there is less resistance to change.

2.5.1 Resistance; the positive side

Kotter (2005) argues that change can generate deep resistance in people and in organisations, thus making it difficult, if not impossible, to implement organisational improvements. However, Waddell and Sohal (2008) argue that this assertion is a misconception. There are many times when resistance is the most effective response available as indicated by Duncan (2007). That resistance can play a useful role in an organisational change effort certainly stands juxtaposed to a traditional mindset that would view it as an obstacle that is normally encountered on the way to a successful change process.

When managed carefully, these advantages of resistance can in fact be utilised by the organisation to greatly assist change. First of all, resistance points out that it is a fallacy to consider change to be inherently good. Change can only be evaluated by its consequences, and these cannot be known with any certainty until the change effort has been completed and sufficient time has passed (Hultman, 2004). To this end, resistance plays a crucial role in influencing the organisation towards greater stability.

While pressures from external and internal environments continue to encourage change, resistance is a factor that can balance these demands against the need for consistency and stability. Human systems remaining in a steady state encourage processes and specialisations to stabilise, consolidate, and improve which allows the organisation a level of predictability and control. Thus, the system is able to gain a certain momentum or rhythm that is also critical for organisational survival (Murphy, 2003). While these maintenance needs are widely recognized, the emphasis in the literature certainly remains on the requirements of change and dynamism. The challenge therefore is to find the right balance between change and stability; avoiding the dysfunctionality of too much change while ensuring stability does not become stagnation. Since understanding resistance has become increasingly clear, it has also become apparent that people do not resist change *per se*, rather, they resist the uncertainties and potential outcomes that change can cause.

2.5.2 Overcoming resistance to change

Cummings (2005) came up with three major strategies for dealing with resistance to change as follows:

a) Empathy and support; This strategy identifies people who are having trouble accepting changes, the nature of their resistance and possible ways of overcoming it. It demands a willingness to suspend judgment and to see the situation from another perspective, a process called active listening.

b) Communication; People resist change when they are uncertain about its consequences. Lack of adequate communication fuels rumours and gossip adds to the anxiety generally associated with change. Effective communication about changes and their likely results can reduce this speculation and allay unfounded fears.

c) Participation and involvement; The overwhelming suggestion in the management literature is that participative techniques are the best method of handling resistance. Employee participation in management as a means of resolving resistance has been

investigated since the mid 1940s. Neo-classic studies by French (2008) concluded that involvement in the learning, planning and implementation stages of a change process significantly influences commitment to change and apparently lowers resistance.

2.6 Types of change

Robbins (2010) identifies two major types of change and these are evolutionary and revolutionary change.

2.6.1 Evolutionary change

Bustur (2001) notes that this type of change involves gradual changes in the basic nature of an organisation's strategy and structure but the constant attempt to incrementally improve, adapt and adjust strategy and structure to better match the changes in the environment that are taking place. According to Murphy (2005), this type of change is developmental change and the change is synonymous with gradual, careful, constant growth with progress and evolution. The goal (never reached) is to grow into a more complete, more correct, more desirable, nearly perfect state. Bustur (2001) and Murphy (2005) contend that developmental changes can range from small, gradual advances in productivity or incremental cost reduction to more significant and longer term advancements.

This type of change can be seen in the case of Quick Bake Pvt Ltd in Zimbabwe which started off as an unregistered family backyard bakery for bread in 1991 (CZI, 2008). In 1995, it had grown from a family run bakery to a regional giant employing 265 people and became well established in the Midlands Capital of Gweru. To date, Quick Bake is the fifth largest Bakery in Zimbabwe and is found in all the ten provinces with an output of 6 000 dozens loaves a day a permanent workforce of 301 permanent and 191 temporary employees (CZI, 2008).

However, Murphy (2005) argues that the problem of evolutionary change is that the gradual pursuit of excellence can grind down the will, sap the energy, numb the spirit,

and become retrogressive. It takes a special kind of patience to hang on and to see it through.

2.6.2 Revolutionary change

Robbins (2010) and Bustur (2001) are of the view that revolutionary change involves a whole new way of doing things, new goals and structure in a dramatic way. They identify four types of revolutionary change as follows:

1. Re-engineering;

2. Restructuring;

3. Innovation;

4. Transformational change.

2.6.2.1 Re-engineering

Cummings (2005) and Jones (2008) describe re-engineering as the rethinking and re-designing of business processes to increase organisational efficiency. Re-engineering according to Jones (2008), includes the breaking down of specialised work units into more flexible ones. Consequently, those units become more responsive to changes in competitive conditions, customer demands, product life cycles, and technologies (Kaplan, 2001). Re-engineering addresses fundamental issues about why organisations do what they do, and why they do it in a particular way. The re-engineering process identifies and questions the often unexamined assumptions underlying how organisations perform work. This effort typically results in radical changes in thinking and work methods – a shift from specialised jobs, tasks, and structures to integrated processes that deliver value to customers (Cummings, 2005).

Bustur (2001) and Cummings (2005) argue that re-engineering frequently takes advantage of new information technology. Modern information technologies such as teleconferencing, expert systems, shared databases, and wireless communication

enable organisations to re-engineer with greater ease. It is also associated with interventions such as downsizing, a shift from functional process-based structures and work design. Chong (2002) notes re-engineering can also be linked to transformation of organisational structures and work designs. Its focus on work helps to breakdown the vertical orientation of functional and divisional organisations.

Cummings (2005) identifies four steps for re-engineering that most organisations go through even though the order may vary according to prevailing circumstances. The steps are as follows:

1. Assessment of the organisation – This involves assessment of the organisational context, including its competitive environment, strategy and objectives. This effort establishes the need for re-engineering and the strategic direction that the process should follow.

2. Specifying organisation strategy and objectives - This activity begins with the development of executive consensus on the importance of re-engineering and the link between breakthrough business goals and re-engineering projects. Having secured a mandate for change in the first step, a cross-functional team is established with a game plan for the process of re-engineering. While forming the cross-functional team, steps should be taken to ensure that the organisation continues to function even in the absence of several key players. The impact of the environmental changes that serve as an impetus for the re-engineering effort must also be considered in establishing guidelines for the re-engineering project. Another important factor to be considered while establishing the strategic goals for the re-engineering effort, is to make it first priority to understand the expectations of customers and where existing process falls short of meeting those requirements. Having identified a customer-driven objectives, the mission or vision statement is formulated.

3. Redesigning the work process – This involves:

a) **Identifying and analysing core business processes:** Core processes are considered essential for strategic success. They include activities that transform inputs into

valued outputs. Core processes typically are assessed through development of a process map that lists the different activities required to deliver an organisation's products or services. The analysis of core business processes Bustur (2001) affirms includes:

i) The assigning of costs to each of the major phases of the work flow to help identify costs that may be hidden in the activities of the production processes

ii) The second way of core business analysis is in terms of value added activities – the amount of value contributed to a product or service by a particular step in the process

a. **Define performance objectives:** challenging performance goals are set in this step. The highest possible level of performance for any particular process is identified, and dramatic goals are set for speed, quality, cost, or other measures of performance. These standards can derive from customer requirements or from benchmarks of the best practices from industry leaders.
b. **Design new processes:** the last task in this third step of re-engineering is to redesign current business processes to achieve breakthrough goals. They are in order to:

i) Begin and end the process with the needs and wants of the customer;
ii) Simplify the current process by combining and eliminating steps;
iii) Use the 'best of what is' the current process;
iv) Attend to both technical and social aspects of the process;
v) Do not be constrained by past practice;
vi) Identify the critical information required at each step in the process;
vii) Perform activities in their most natural order;
viii) Assume the work gets done right the first time;
ix) Listen to people who do the work.

Cummings (2005) believes that an analysis of the existing process often reveals obvious redundancies and inefficiencies for which appropriate changes may be authorised immediately.

5. Restructuring the organisation around the new business process - this endeavour typically results in process – based structures that are in tandem with the new order. An important element of this exercise is implementing new information and measurement systems that reinforce a shift from measuring behaviours, such as productivity, customer satisfaction, and cost savings.

To concretize the concept of re-engineering, the study reviews the case of Honeywell Industrial Automation and Control from 2003 to 2004.

Honeywell is a diversified technology and manufacturing organisation that serves customers world-wide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; and specialty materials (Honeywell, 2004). Its industrial automation and control (IAC) business unit in Phoenix, Arizona, is responsible for the design, manufacture, and configuration of world class process control equipment marketed as the TDC 3000X family systems. Their customer base include refineries, chemical plants and paper mills around the world (Honeywell, 2004).

In 2004, IAC management set out to implement an ISO 9000 certified quality programme named Total-Plant as part of an effort to optimize global satisfaction.

According to (Cummings, 2005), the objectives of this initiative were to:

1. Reduce defects;

2. Minimise production cycles;

3. Optimising resource management.

Honeywell adopted a four phased method segmented as follows:

1. Process mapping;

2. Fail-safing;

3. Team work;

4. Communication.

Each phase is explained in detail below:

1. Process mapping - is a method that converts any business activity into a graphical form (Gareth, 2003). It creates a common visual language that can be used to enhance an employee to see beyond the boundaries of their work process. It is also the basis of radical change in business process. Process mapping consists of eight major stages as follows:

a) Select the process to be reviewed;

b) Setting boundaries;

c) Reviewing the composition to ensure that all appropriate functions were represented;

d) The team developed an 'as is' map. This required them to outline and document the existing process.

e) The 'as is' map was used by the team to calculate cycle times, the elapsed times between the start of the process and the conclusion of a process, as well as the distance the product travels during that cycle

f) The team identified areas of improvement that did not require additional costs or resources

g) Non-value added steps, extended approval processes, and processes with highly variant cycle times were analysed and either streamlined or completely eliminated.

h) Finally, the team developed a process implementation plan, established a steering committee and then implemented the initiative.

2. Fail-safing – It is defined as a process that is intended to create a product with minimal defects by identifying and analyzing defects and understanding their root causes. Once that was achieved, the team implemented a PDCA (Plan, Do, Check, Act) process to move the solution forward.

3. Teamwork – this was the critical third piece of the Total-Plant process. Honeywell realised that the transition to a team environment needed to happen gradually. To achieve this:

a) Team members were encouraged to own the whole process;

b) An environment that fosters teamwork was created;

c) Creativity, innovation and risk taking were rewarded and the values of the organisation moved to trust, respect and empowerment.

4. Communication –Top management adopted and lived the values of open communication throughout the organisation. In addition, teams were given training in conflict resolution, problem-solving and listening skills to enhance the overall effectiveness of communication within the teams. Top management moved from command and control to a more facilitative and empowering approach to support this type of transformation. Transformation at Honeywell can be illustrated in the diagram that follows:

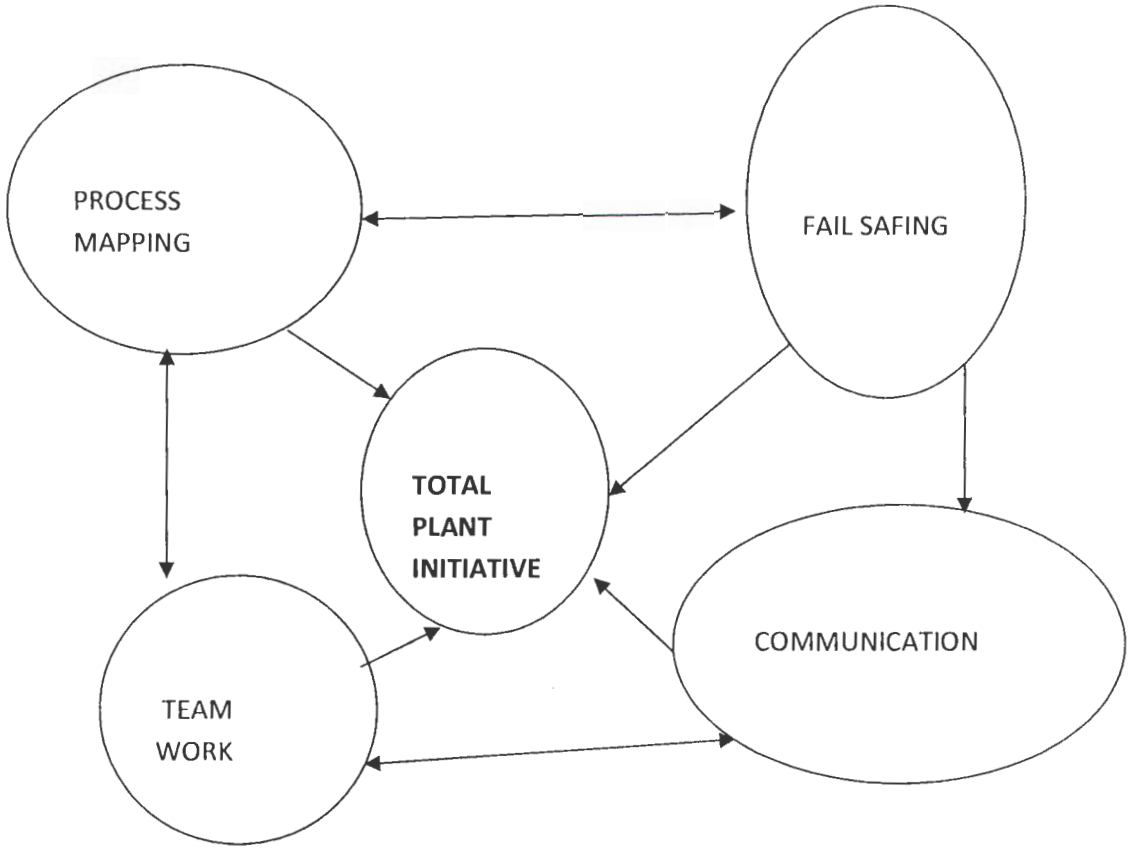

Figure 2.3: Honeywell transformation process; Adapted from Cummings and Worly (2005) and Honeywell (2004)

After three years, performance results indicated a reduction in defects of 70 percent, customer rejects declined by 57 percent, and there was a 46 percent reduction in inventory investments (Honeywell, 2004). Another critical component was that the organisation structure was redesigned to align with the new process and strategies. Additionally, they committed appropriate levels of training and financial resources to make the initiative a success (Cummings, 2005).

2.6.2.2 Restructuring

Cummings (2005) defines restructuring as a process that brings about a drastic or fundamental internal change which alters the relationships between different components or elements of an organisation or system. Jones (2008) in his second form

of revolutionary change argued that organisations which often undergo rapidly deteriorating performance, would often follow two basic steps of restructuring:

1. Reduce the level of differentiation and integration by eliminating divisions, departments or levels in the hierarchy.
2. Downsizes by reducing the number of employees to reduce operating costs.

However, Robbins (2010) notes that some companies that are restructured fail to continuously adapt to the changing demands of the business environment and to make incremental changes to their strategies. Following restructuring, firms become more focused on profitability and wealth maximisation. Indeed, restructuring is often an initial step in a transformation process whereby an organisation becomes reconfigured to compete.

The corporate finance literature identifies multiple factors which may trigger restructurings. Most of these restructuring catalysts are especially relevant in the context of privatisation. Chong (2002) documents that restructuring occurs frequently around cases of privatisations. He further argues that restructuring is not only for once state-owned businesses, but for any organisation which seeks to transform itself into something better looking and able to compete during and after changing operating environments. Organisations can restructure for various reasons, these include:

1. A response to external shocks

Jensen (2003) and Boon (2002) argue that restructuring is primarily in response to significant shocks such as substantial changes in legal, political, or regulatory systems. Restructurings may also be triggered by economic conditions *e.g.*, recession or by product market pressure *e.g.*, competition. The ownership and institutional transformation brought about by privatisation should represent such a shock in most countries. Djankov and Murrell (2002) note that the radical changes caused by privatisation and changing environment have compelled newly privatised firms to restructure. As identified in Megginson (2004), the newly privatised firm faces larger threats from renewed competition since privatisation frequently involves the weakening

of regulatory protection and the reduction of state subsidies. Therefore, this heightened sensitivity to external shocks may contribute to greater restructuring activity by newly privatised firms.

2. Driven by a desire to improve efficiency

John (2002) describes efficiency as a level of performance that uses the lowest amount of inputs to create the greatest amount of outputs. Efficiency relates to the use of all inputs in producing any given output, including personal time and energy. Stulz (2005) cites efficiency improvement as a common reason for restructuring. Studies by scholars such as Jensen and Ruback (2003), John and Ofek (2005) maintain that restructuring generally increases efficiency by transferring assets to firms that can put the resources to a better use. Furthermore, Gaughan (2002), Kaplan and Weisbach (2002) note that restructuring frequently involves the elimination of negative synergies by removing assets that are performing poorly or are no longer a strategic fit. This has the effect of enhanced organisational efficiency.

3. Pursuit of new opportunities

New growth opportunities may also motivate firms to restructure. Lang, Poulsen and Stulz (2005), and Mulherin and Boone (2002) contend that restructuring directly results from a firm's desire to pursue new strategies and prospects. These growth opportunities are frequently created by evolving economic conditions such as the changes brought about by privatisation. Therefore, it is again more likely that newly privatised firms should engage in some form of restructuring.

4. Change in corporate strategy

Restructuring may result from changes in the firm's strategy. Kaplan and Weisbach (2002) find that strategic change is the most common reason in many cases of restructuring. These strategic shifts could involve either expansion or contraction. As noted above, restructuring creates growth opportunities. Accordingly, the newly restructured firm may engage in an expansion strategy to pursue this potential. Alternatively, a firm may restructure in order to contract. This form of strategic adjustment typically involves a streamlining or re-focusing on a core business. Lang *et al.*

(2005, Slovin, Sushka, and Ferraro (2005), and John (2005) note that many cases of value-enhancing restructurings result from divestments that enhance the firm's focus.

There are three primary methods of restructuring as put forward by Nash (2006), and these are:

1. Organisational/operational restructuring – this involves the re-organisation of the firm's production methods and/or management structure. Examples include the closing, consolidating, or overall re-organizing of production facilities. This form of restructuring may also involve modernisation of operations and changes in management structure.

2. Acquisitions and mergers – Acquisition is the purchase of one corporation by another, through either the purchase of its shares, or the purchase of its assets (Chowdhury, 2005). Companies choose to grow by acquiring others to increase market share, to gain access to promising new technologies, to achieve synergies in their operations, to tap well-developed distribution channels, to obtain control of undervalued assets, and a myriad of other reasons. Acquisitions cause expansion and may represent efforts by newly restructured organisations to take advantage of opportunities created by circumstances. Murphy (2005) states that a merger happens when two firms agree to go work as a single new company rather than remain separately owned and operated. Both companies' stocks are surrendered and new company stock is issued in its place. For example, in the 1999 merger of Glaxo Wellcome and SmithKline Beecham, both firms ceased to exist when they merged, and a new company (Glaxosmithkline) was created (Cummings 2005).

3. Divesture - Divestment is the partial or full disposal of an investment or asset through sale, exchange, closure or bankruptcy (Chowdhury, 2005). A second type of restructuring occurs when a firm engages in an acquisition or a divestiture. Divestments cause contraction and may represent efforts to shed unprofitable units and downsize to a more efficient functional form. Most divestments are asset sell-offs. In an asset sell-off, the firm typically sells a division or major facility to an outside party.

4. Financial restructuring - Financial restructuring is defined as capital structure (debt restructuring and equity issues) and dividend payment decisions (Chowdhury, 2005). It refers to a set of processes and procedures aimed at avoiding the possible liquidation of the firms. It often involves agreement with third parties to help satisfy the creditors' claims under a variety of different terms and possible conditions (Hillier and McColgan, 2005). Financial restructuring tends to provide short-term solutions to performance problems and can constitute the bedrock for a sustainable recovery (Chowdhury & Lang, 2006). Debt restructuring can result in an increase or a decrease in the proportion of debt in the capital structure. An increase in debt can improve liquidity and provide incentives for management to take corrective actions (Jensen, 2003). In principle, however, firms experiencing significant declines in operating performance should find it difficult to gain access to credit. Such firms are more likely to renegotiate their debts to relieve the immediate burden of financial commitments. When the circumstances of the firm prevent debt issues, raising additional funds through seasoned equity offering becomes necessary. Equity issues might also be a prerequisite for debt restructuring. Firms can also cut dividend payments when they perform poorly. Dividend cuts allow firms to preserve internal funds for regular operations (Grullon, Michaely, & Swaminathan, 2002; Lie, 2004). Firms can also pursue aggressive revenue growth and cost cutting strategies. A decrease in operating costs and an increase in revenue growth at the same time can lead to an improvement in operating margins.

2.6.2.3 Innovation

Innovation is defined as a deliberate application of information, imagination, and initiative in deriving greater value from resources (Jones, 2008). It encompasses all processes by which new ideas are generated and converted into useful products. Business innovation often results from the application of a scientific or technical idea to decrease the gap between the needs or expectations of the customers and the performance of a company's products. In a social context, innovation is equally important in devising new collaborative methods such as alliance creation, joint venturing, flexible working hours, and in creating buyers' purchasing power (Coch,

2008). According to Cummings (2005), innovations are divided into two broad categories:

1. Evolutionary innovations – Chowdhury and Lang (2005) identify two types of evolutionary innovations. These are:

(a) Continuous innovations - These innovations result in an alteration in product characteristics instead of new products, and do not require any user-learning or changes in his or her routine. Examples are the multi-blade shaving razor, fluoride toothpaste, and laptop computers.

(b) Dynamic innovations – This type of innovation requires minimal user training. Examples are fax machines, instant photography, and hand-held computers (Cummings, 2005).

2. Revolutionary innovations - These types of innovations often require a good deal of user-training, often disrupt the routine, and may even require new behaviour patterns. Examples are photocopy machines, personal computers, and the Internet.

Innovation is synonymous with risk-taking and organisations that introduce revolutionary products or technologies take on the greatest risk because they have to create new markets. A less risky innovation strategy is that of the imitator which starts with a new product having a large and growing demand. The imitator then proceeds to satisfy that demand better with a more effective approach. Examples are IBM manufacturers of computers who had their products imitated by Apple Computer (New York Times, 2010). Even mass transportation systems have innovated with hybrid bus fleets to real time tracking at bus stands. In addition, the growing use of mobile data terminals in vehicles that serve as communication hubs between vehicles and control centrers automatically send data on location, passenger counts, engine performance, mileage and other information. This tool helps deliver and manage transportation systems in a better and more competitive way (New York Times, 2010).

Although many innovations are created from inventions, it is possible to innovate without inventing, and to invent without innovating. New and improved products often lead to new markets and increased demand. This is evidenced by organisations which introduced new innovations to consolidate their market such as the introduction of Eagle larger beer by SAB Miller in 2006 and the introduction of various car models by car manufacturers. Five months after the introduction of the Eagle larger beer, Delta (2007) reports that sales increased by 0.5 percent, an achievement that one can attribute to innovation.

2.6.2.4 Transformational change

Adrian (2005) defined transformational change as a shift in an organisation resulting from a change in the underlying strategy and processes that the organisation has used in the past. A transformational change is designed to be organisation-wide and is enacted over a period of time. Murphy (2005), Gersic (2002) and Robbins (2003) note that transformational change is a type of revolutionary change that can not be classified under restructuring, innovation or re-engineering. Gersick (2002) argues that transformational changes are usually driven by the management's vision and the competitive environment. Transformation changes are, by nature, long-term journeys, not short run fixes. They tend to alter the deep structures of the organisation, and therefore, the learning curve is usually long and must be allowed to unfold (Gersick, 2002). This metamorphosis involves an emergence of a new different state that is unknown until it actually occurs and takes shape.

Robbins (2008) argues that leading transformational change requires;

1. A recognition of the need for major modifications

2. The creation of a vision to drive and guide the change

3. A plan to execute the change effectively

With radical changes, the journey and outcome are often unpredictable. Additionally, Robbins (2008) observes that a degree of disassembly occurs with every radical change.

Work patterns are altered, people need training and systems must be redesigned. Such radical change need to be well managed to avoid losing momentum and direction.

2.7 Targets for change

Planned organisational change is normally targeted at improving performance at one or more different levels. Dunford (2002) identifies four levels normally targeted by management or change agents. These levels are:

1. Functional resources;
2. Technological capabilities;
3. Human resources; and
4. Organisational abilities.

2.7.1 Functional resources

As the business environment changes, organisations often transfer resources to the functions where the most value can be created. Martins (2001) argues that challenging conditions demand changes in structure. In concurrence, Dunford (2002) argues that as the environment changes, most companies conduct a cost and benefit analysis to determine where to effectively allocate resources and invest. Alternatives in functional structure can help provide a setting in which people are motivated to perform. The change from traditional mass production to a manufacturing operation based on self-managed work teams often allows companies to increase product quality and productivity if employees can share in the gains from the new work system.

2.7.2 Technological capabilities

Gareth (2003) is of the view that technological capabilities give an organisation an enormous capability to change itself in order to exploit market opportunities. Dunford (2002) reveal that the ability to improve the way goods and services are produced in order to increase their quality and reliability is a crucial organisational capability. At an organisational level, an organisation has to provide the context that allows it to

translate its technological competencies into value for its stakeholders. This task often involves the restructuring of organisational activities.

2.7.3 Human resources

Human resources are an organisation's most important asset. Bettis (2004) argues that an organisation's distinctive feature competence lie in the skills and abilities of its employees. These skills and abilities give an organisation competitive advantage and organisations must continuously monitor their structure to find the most effective way of motivating and organising human resource to acquire and use their skills. Gareth (2003) came up with six requirements for complete human resource transformation and these are:

1. Team building; Robbins (2010) asserts that work team members interact to learn how each member thinks and works. Through high interaction, team members learn to increase trust and openness. Team building initiatives include group goal setting, decoding positive inter-personal skills, group role analysis and team process analysis;

2. Socializing employees into the organisation culture so that they learn the new routines on which organisational performance depends on;

3. New investment in training and development activities so that employees acquire new skills and ability;

4. Changing organisational norms and values to motivate a multicultural and diverse workforce;

5. On-going examination of the way in which promotion and reward systems operate in a diverse workforce;

6. Changing the composition of the top management team to improve organisational learning and decision making.

2.7.4 Organisational abilities

Through the design of organisational structure and culture, an organisation can harness its human and functional resources to exploit technological opportunities. Gareth (2003) argues that changes in structure and culture take place at all levels of the organisation and include:

1. changing routines on individuals uses;
2. greeting customers;
3. changing work group relationships;
4. improving integration between division; and
5. changing corporate culture by changing top management team.

Gareth (2003) believes these levels are inter-dependent and often impossible to change one without changing the other.

2.8 Managing a down-sized workforce

Robbins and Caulter (2010) view management of a down sized work place as the most difficult part of management. Down-sizing the organisation's workforce can be either as a result of restructuring or re-engineering which are both forms of organisational transformation (Jones, 2008). French (2008) argues that the process of downsizing causes disruptions in the work place and personal lives of employees. The disruptions are as a result of stress, frustrations, anxiety and anger of both the laid off and surviving employees.

Bounds (2005) suggests that open and honest communication is critical in such circumstances. Individuals who are being laid-off need to be informed as soon as possible. Jones (2008) asserts that survivors need to know the company's new goals and expectations, how their jobs might change and what the future holds for them. Organisations should offer severance packages or benefits for a specified time to employees retrenched. Some however offer both. Jones (2008) stresses the need for managers to comply with the rules and regulations that might affect the length of benefits and the need for job research assistance either by the company or by a firm

hired specifically to help laid-off employees find new jobs. To ease pain on survivors, Bounds (2005) argues that it is important for management to provide opportunities for them to talk to counselors about their guilt, anger and anxieties.

2.9 Summary

Caulter and Robbins (2010) put forward the need to constantly change as key to success. It is therefore imperative for any organisation seeking to transform to pay attention to details and be inclusive and accommodating. As shown in the chapter, failure to effectively follow laid down guide-lines to change may result in organisations finding themselves in never ending changes which may dampen employee morale and the spirit of stake holders. The following chapter will look at the methodology of the study where different types of research instruments are explained and discussed in relation to the data collected.

CHAPTER 3: RESEARCH METHOD DESIGN

3.0 Introduction

This chapter describes the process and method by which the study was executed. It is subdivided into sections such as research design, sources of data, locale of the study, research instruments and justification of each process. Methods for data analysis are discussed.

3.1 Research design

This study adopted an evaluative research design. According to Saunders (2004), evaluative research seeks to understand the outcomes or effects of given initiatives. It monitors the success or failure of a process or project and determines the type and level of need. The generic goal of most evaluations is to provide useful feedback to a variety of audiences including sponsors, donors, client-groups, administrators, staff, and other relevant constituencies (Neuman, 2005). The researcher used evaluative research because of its ability to assess the overall or net effects - intended or unintended - of the transformation as a whole. With evaluative research, the researcher relies heavily on both secondary data and primary. In collaboration, Panneerselvam (2004) points out that the design also determines whether an evaluation is feasible and how stakeholders can help shape its usefulness.

3.2 Type of data collected

The study adopted a combination of qualitative and quantitative approaches, which allow statistically reliable information obtained from numerical measurement to be backed up and enriched by information about the research participants' explanations. Quantitative data is defined by Neuman (2005) as data that can be quantified and verified, and is amenable to statistical manipulation. Quantitative methods are those which focus on numbers and frequencies rather than on meaning and experience. Some of quantitative methods include experiments, questionnaires and psychometric tests which provide information that is easy to analyse statistically and is fairly reliable.

Saunders (2004) defines Qualitative data as information used to gain a general sense of phenomena and is often used to gain a better understanding of such things as intentionality (from the speech response of the researchee) and meaning (why did this person/group say something and what did it mean to them). Qualitative methods of data collection involve the use of case studies and interviews.

3.3 Research site and units of analysis

The study was conducted in the Southern administrative region of Delta Beverages which consists of Gweru, Zvishavane, Masvingo, Bulawayo, Kwekwe, Chiredzi and Beitbridge distribution centres. This is the second administrative region of Delta Beverages and the Head Quarters are in Bulawayo, the second largest city in Zimbabwe. Delta Beverage Centres (DBCs) had a total workforce of 312 employees. For the purpose of this study, employees were categorised into the following:

a) Junior staff.

b) Middle management.

c) Senior management.

Junior staff employees comprised of driver-salesmen, truck assistants, cashiers, stock controllers, route settlement clerks, administration staff and messengers. The middle management staff was made up of sales representatives, distribution supervisors and depot controllers. DBC managers also formed part of the research unit and represented the senior management for this study.

3 .4 Sampling frame

The sampling frame for this study was the 2011 internal employee register for all (DBCs) in the Southern Region. The register was obtained from the human resources department in Bulawayo (regional headquarters).

3.5 Sampling technique and procedures

Sampling is defined by Emory and Cooper (2001) as a process used in statistical analysis in which a pre-determined number of observations will be taken from a larger population. The study utilised probability sampling and non-probability sampling techniques to obtain data from the respondents.

3.5.1 Probability sampling technique

Simple random sampling technique was applied to collect data from junior staff employees. This technique was applied on junior staff to eliminate bias as the group constituted the bulk of the workforce at Delta. Junior staff workers that were furnished with questionnaires were selected from the 312 workers who made-up the population targeted by this study. Names of the junior staff category were typed on a Microsoft excel spread sheet. A function of the Excel spread sheet on the computer was used to randomly select 15 percent of the respondents for this study.

3.5.2 Non-probability sampling technique

Purposive/judgmental sampling was used to select middle and senior management respondent. This enabled the researcher to use judgment to select respondents that were particularly informative as emphasized by Neuman (2005). Those who were chosen using judgmental sampling include DBC managers, sales representatives, depot controllers and distribution supervisors. This type of sampling on senior and middle management was also convenient to the researcher since the units are geographically spaced and limited travelling and postal costs.

3.6 Methods of data collection

Two methods were applied to collect the data and these are the;

i) Survey method; and

ii) In-depth interviews.

3.6.1 Survey method

Self-administered questionnaires were distributed to the individual respondents. To strengthen accuracy, clarity and ease of completion of the questionnaires by respondents, a pilot study of the research was conducted utilizing a group of five respondents drawn from a population which reflected the major characteristics of those to be studied. The pilot study enabled the researcher to assess the relevance, accuracy, and clarity of question items and the ease of the respondents' understanding of the question items. Respondents were allowed time to complete the questionnaires before handing them over to the researcher. The concerns raised during the interviews with the five respondents involved in the pre-test were used to guide adjustments to the research instruments.

The purpose of the study was explained by the researcher to the respondents could complete the questionnaires. Any concerns that respondents had were addressed before enlisting their co-operation for the study. To guarantee confidentiality, no names were indicated on the surveys and each respondent was provided with an envelope in which to seal the completed questionnaire before returning it to the researcher. Where it was not possible for employees to complete the questionnaires immediately, they were allowed two days in order to complete them. A follow-up was conducted once in three days for two weeks with respondents who had not completed their questionnaires. Where respondents indicated that they had misplaced them, other copies were supplied.

Of the 48 respondents sampled, six declined to co-operate and a second wave was conducted to identify substitutes. The sampling process eventually culminated with the selection of four senior managers, 10 middle managers and 33 junior staff to act as the respondents of the study.

3.6.2 In-depth interviews

10 interviews were also arranged for the middle management and three for senior management. These interviews were arranged utilising cell phone numbers acquired

from the company directory. The researcher managed to conduct nine interviews for middle management and two for senior management. The interviews allowed the researcher to adapt the questions as necessary, clarify doubt and ensure that the responses were properly understood, by repeating or rephrasing the questions. The researcher also picked up non-verbal cues from the respondents which were not possible with questionnaires. Below is a table showing the response rate of both questionnaires and interviews.

Table 3.1: Response rate

	Surveys sent/interviews arranged	Surveys completed/interviews Conducted	Response rate
Junior employees	34	30	88.2%
Middle management	10	10	100%
Senior management	4	4	100%
Interviews	13	11	84.6%
Average response rate			93.2%

3.7 Measurement and data analysis techniques

Questionnaires were pre-coded into never, seldom, sometimes, often and always to make data collection, capturing and analysis easy and efficient. The data analysis followed an explanatory data analysis (EDA) technique and the emphasis was on visual representation and graphical techniques for data analysis. Emory and Cooper (2001) stress the fact that "when numerical summaries are exclusively and accepted without visual inspection, the selection of confirmatory models may be precipitous, based on

flawed assumption, and consequentially produce erroneous conclusions.'' For these reasons, preliminary analysis started with visual inspection and not with numerical summaries. Graphs and tables were also used to analyse the data. SPSS computer programme was used to test the statistical significance and reliability of the study.

3.9 Summary

A research plan was developed for data collection starting with a pilot study of questionnaires to assess the relevance and avoiding wrong questions to be asked. Secondly, a sampling plan was formulated from a defined population as a representation of a large population. The research population was identified and the sample size determined. In primary data, the researcher used questionnaires and ultimately, collected data presented and analysed in the next chapter.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents and analyses the results of the data collected from the respondents. The data that was analysed in this chapter included a background analysis, departure compliance, reasons for the decline in sales, workplace features and reasons for high operational costs. Relevant statistical analyses were applied to test the statistical significance and statistical reliability of the study using SPSS computer programme. The analysis of the data is presented as descriptive statistics and followed by statistical analytical form.

4.2 Background analysis

Respondents were asked how long they had been employed by Delta. Table 4.1 shows employees' relative period of employment.

Table 4.1: Relative period of employment in years

	Relative percentage response			
	[illegible] years	[illegible] years	[illegible] years	Total
Junior staff	10	52	38	100
Middle management	0	30	70	100
Senior management	0	0	100	100

The results show that 93 percent of Delta employees interviewed had been with Delta for more than five years and had witnessed the transformation process. As such, it may be assumed that the information acquired for the study was accurate since it came from people who had witnessed it.

Respondents were asked the number of years they had been working in their current job descriptions. Table 4.2 contains their responses to the question.

Table 4.2: Period of employment in the same position in years

	Percentage responses			
	0 - 5 years	6 - 10 years	>10 years	Total
Junior staff	7	62	28	100
Middle management	0	70	30	100
Senior management	100	0	0	100

83.7 percent of respondents had been performing the same task for more than five years. The results also show that all senior managers had less than five years in their current job description.

4.3 Presentation of semi-structured interview results

To collect data for the study, the researcher conducted semi-structured interviews with senior and middle management. The interviewees were constituted as follows:

i) Senior management - 3.

ii) Middle management – 9.

Figure 4.3 further illustrates the composition of interviewees.

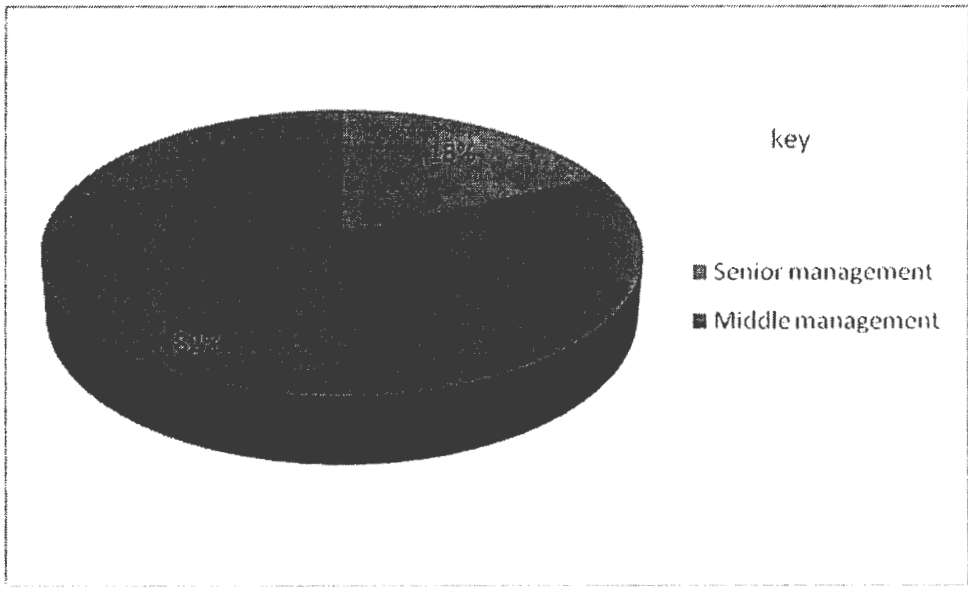

Figure 4.3: Composition of interviewees

The interviews focused on the following:

a) Factors that contributed to poor depature compliance;

b) Factors that contributed to the decline in sales;

c) Workplace features that contributed to poor performance of the organisation; and

d) Factors that contributed to high operational costs.

The responses are presented in their order of enquiry:

Factors that contributed to poor departure compliance

Table 4.3: Reasons for the poor departure compliance

Responses	Respondents relative frequency (percentages)	
	Middle management	Senior management
Poor coordination between transport services and the distribution department	29	52
Lengthy security checks at the depot on delivery trucks	78	33
Frequent forklift breakdowns	100	100
Late arrival of employees to work	67	49
Poor route planning and scheduling by the distribution department	40	47

Mostly cited reasons for the failure to meet departure compliance were frequent break-down in forklifts which had 100 percent of each category followed by late arrivals of employees to work. Lengthy security checks at the depot, poor route planning and scheduling had similar percentage response.

Factors that contributed to the decline in sales

The responses are summarized in table 4.4.

Table 4.4: Responses on reasons for a decline in sales

	Respondents	
Responses	Middle management	Senior management
Poor stocking of products by Delta Beverage Centres	7	3
Failure to meet customer order specifications	9	3
Retailers pricing Delta products over and above the recommended prices	8	2
Imposition of curfews in 2004 and 2005 as a result of political violence	6	2
Devaluation of the Zimbabwean currency	9	3
Competition from locally made alcoholic beverages	9	3
A reduction in shelf space occupied by Delta products	7	2
Malfunctioning of Delta fridges in the market	5	1

100 percent of respondents noted that failure to meet customer order specifications, devaluation of the Zimbabwean Dollar and competition contributed to the decline in sales. There was also an agreement amongst the two categories that poor product stocking was contributing to the decline in sales.

Respondents were further probed on other factors that may have contributed to the decline in sales. Their responses are presented in Table 4.5.

Table 4.5: Responses to further probing on causes for sales decline

	Respondents	
	Middle management	Senior management
Changing customer tastes	0	0
Poor product quality	0	0
Poor marketing strategy	0	0
Not taking orders from customers prior to delivery	0	0

All respondents noted that the above listed factors did not contribute to the decline in sales.

Workplace features which contributed to poor organisational performance at Delta.

Table 4.6: Responses on workplace features that contributed to poor organisational performance

	Respondents/relative frequency (%)	
Responses	Middle management	Senior management
Repetitive nature of work	9	2
Little employee involvement in decision making	7	1
Failure to encourage creativity and reward innovation	5	2
Shortage of resources	8	3
poor workplace communication	3	2
poor remuneration of junior staff employees	3	1

Both senior management and middle management noted that resource shortages and the company's failure to reward and encourage innovation and creativity were contributing to poor organisational performances.

Respondents were further probed on the contribution of the following workplace features to poor organisational performances. The results are further presented in table 4.7.

Table 4.7: Responses to further probing workplace features that contributed to poor organisational performances.

	Respondents/relative frequency (%)	
	Middle management	Senior management
Poor remuneration	25	0
Unclear task objectives	0	10
Loss of control over own work	20	0
Lack of encouragement and recognition	0	0

All respondents noted that lack of encouragement and equal recognition of tasks did not contribute to poor performances.

Factors that contributed to high operational costs

Responses to the question are listed in table 4.3

Table 4.8: Factors that contributed to high operations cost

	Respondents/relative frequency (%)	
Responses	Middle management	Senior management
High transport costs	85	50
High costs of breakages and missing bottles	100	100
The use of outsourced labour	30	41

All respondents noted that high costs of breakages and missing bottles were contributing to an increase in operational costs. There were however notable differences on the contribution of transport costs on the company's high operational costs of 35 percent.

Respondents were further asked on factors that might have contributed to the high operational costs. Below is a table with responses to the further probing:

Table 4.9: Responses on factors that might have contributed to high operational costs

	Respondents/relative frequency (%)	
	Middle management	Senior management
High electricity tariffs	0	0
High water wastage	0	20
High security costs	0	0
High stationery costs	0	0
High maintenance costs	32	0

32 percent of middle management and 20 percent of senior management respondents noted that high maintenance costs and water wastage contributed to high operational costs.

4.4 Presentation and analysis of survey results

This section presents the analyses of results from questionnaires distributed to junior staff employees, middle management and senior management. The researcher purposively avoided including managers that participated in the interviews. Respondents were asked for their opinion on the following issues:

1. Factors that contributed to poor departure compliance during the transformation;
2. Factors that contributed to a decline in sales in period 2001 to 2005;

3. Workplace features that contributed to poor organisational performance; and
4. Factors that contributed to high operational costs.

Results of the study are presented in the order they were asked and the analysis is presented in both descriptive and analytical statistics.

4.4.1 Departure compliance analysis

Reasons that contributed to a failure to meet departure compliance targets were probed. These are as follows:

Poor route planning and poor delivery scheduling by the distribution department contributed to poor departure compliances. Table 4.10 highlights the responses to the probing.

Table 4.10: Relative frequency (percentage) responses to question 1

	Respondent/Relative frequency		
	Junior staff	Middle management	Senior managers
Never	0	10	25
Seldom	0	20	25
Sometimes	14	60	50
Often	34	10	0
Always	52	0	0

There were significant differences between the responses from junior staff and senior management on the contribution of poor planning and route scheduling. However, middle and senior management respondents had similar views about the question asked.

Poor coordination between the distribution department and the transport services department contributed to poor departure compliance. Table 4.11 contains responses from the respective employee categories.

Table 4.11: Relative frequency (percentage) responses to question 2

	Respondents/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	7	20	0
Seldom	7	10	25
Sometimes	28	30	50
Often	38	40	25
Always	21	0	0
Total	100	100	100

There were similar responses from respondents of the three groups interviewed. An average of 68 percent of respondents concurred that poor coordination between distribution and transport services department contributed to departure compliance.

Late arrivals by employees contributed to poor departure compliance. Table 4.12 contains responses to the question:

Table 4.12: Relative frequency (percentage) responses to question 3

	Respondents/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	34	30	25
Seldom	66	40	25
Sometimes	0	30	50
Often	0	0	0
Always	0	0	0
Total	100	100	100

There was a 73 percent agreement on the contribution of late arrivals on departure compliance across all respondent categories.

Poor vehicle maintenance contributed to the poor departure compliance. Table 4.13 contains responses to the question.

Table 4.13: Relative frequency (percentage) responses to question 4

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	7	20	100
Seldom	31	40	0
Sometimes	28	20	0
Often	21	20	0
Always	14	0	0
Total	100	100	100

100 percent of senior management respondents noted that departure compliance was never affected by poor vehicle maintenance. 80 percent of middle management respondents concurred with senior management that vehicle maintenance did not contribute to poor departure compliance.

Lengthy loading times contributed to the poor departure compliance. Table 4.14 highlights the responses to the probing.

Table 4.14: Relative frequency (percentage) responses to question 5

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	28	10	25
Seldom	45	60	50
Sometimes	7	20	0
Often	17	10	25
Always	3	0	0

An average of 73 percent of respondents noted that lengthy loading times did not contribute to poor departure compliance.

Contribution of lengthy security checks to poor departure compliance. Table 4.15 shows the responses to the probing.

Table 4.15: Relative frequency (percentage) responses to question 6

	Respondents/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	3	0	0
Seldom	14	0	0
Sometimes	17	20	50
Often	31	30	50
Always	34	50	0
Total	100	100	100

80 and 65 percent of middle management respondents and junior staff respondents concurred that security checks contributed to poor departure compliances respectively. Half of the senior management respondents remained neutral on the question.

Statistical analysis of departure compliance

A chi square test was done to test the likelihood that the observation was due to chance. Results of the tests are presented in table 4.16

Table 4.16: Goodness of fit model

Chi-Square	487.120
df	3
Sig.	0.81
Log of Determinants	.000
Unconstrained Matrix	20.715

A computer programme SPSS was used to measure the statistical reliability of the study. The significance value of 0.81 was more than the critical value of 0.716, an indication of computational reliability and statistical interpretability of the individual elements in the study. The critical value indicates the cut-off point for accepting or rejecting the results based on a particular statistic. The table below is referred to as a goodness of fit model because it measures how well the observed distribution of data fits with the statistical distribution that is expected on independent variables such as the ones under study. A positive constrained matrix of 20.715 is also an indication of computational reliability and statistical interpretability of individual elements in the study.

Results of the statistical tests for departure compliance variables are tabulated below:

Table 4.17: Reliability statistics

Common Variance	.931
True Variance	.319
Error Variance	.213
Common Inter-Item Correlation	.342
Reliability of Scale	.672
Reliability of Scale (Unbiased)	.964

A scale of 0.672 which is above 0.5, is an indication that the scale of the study was statistically unbiased and reliable. Variance measures how far a set of numbers are spread out from each other. It is one of several descriptors of a probability distribution, describing how far the numbers lie from the mean (expected value). It is an indication of how much variability we could expect if there were no true differences between groups. For this particular study, error variance is below true variance and common variance suggesting that the study is statistically reliable.

4.4.2 Reasons for the decline in sales

Reasons for the decline in sales were investigated and the responses are presented in the order of enquiry.

Poor product stocking's contribution to the decline in sales. Table 4.18 shows responses to the probing.

Table 4.18: Relative frequency (percentage) responses to question 1

	Respondent/Relative frequency		
	[illegible such]	Middle manager	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	79	60	75
Often	17	20	0
Always	4	20	25
Total	100	100	100

100 percent of respondents concurred that poor stocking of products by Delta Beverage Centres contributed to the decline in sales.

Contribution of a failure to take orders from customers prior to delivery to the decline in sales.

Table 4.19 shows the pattern of responses from different employee categories.

Table 4.19: Relative frequency (percentage) responses to question 2

	Respondents' Relative Category		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	0	0	0
Often	45	20	25
Always	55	80	75
Total	100	100	100

All respondents noted that failures to take orders from customers prior to delivery contributed to the decline in sales.

Poor merchandising's contribution to the decline in sales.

Table 4.20 shows responses for the question.

Table 4.20: Relative frequency (percentage) responses to question 3

	Respondents' Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	52	40	0
Seldom	48	60	100
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

All respondents noted that poor merchandising did not contribute to the decline in sales.

Reduced shelf space for Delta products contributed to the decline in sales. Table 4.21 shows responses to the question.

Table 4.21: Relative frequency (percentage) responses to question 4

	Respondents' Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	3	0	0
Seldom	10	20	0
Sometimes	17	20	25
Often	29	40	25
Always	41	20	50
Total	100	100	100

All respondents indicated that a reduced shelf space always contributed to the decline in sales.

Malfunctioning of Delta refrigerators in the market contributed to the decline in sales. The results of the question are presented in table 4.22.

Table 4.22: Relative frequency (percentage) responses to question 5

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	3	0	0
Sometimes	10	0	0
Often	38	40	25
Always	48	60	75

All respondents concurred that malfunctioning fridges contributed to the decline in sales.

Intense competition contributed to the decline in sales. Table 4.23 shows responses to the question.

Table 4.23: Relative frequency (percentage) responses to question 6

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	38	20	0
Seldom	7	30	50
Sometimes	10	20	25
Often	31	20	25
Always	14	10	0

The question had a similar response pattern from all the respondent categories. An average of 58 percent of respondents indicated that the threat posed by competitors contributed to the decline in sales.

Delays in removals of defect products from the market contributed to the decline in sales. Responses to the question are presented in table 4.25.

Table 4.24: Relative frequency (percentage) responses to question 7

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	7	30	0
Sometimes	14	20	0
Often	17	30	25
Always	62	20	75

100 percent of senior management respondents noted that failure to attend to defect products in the market contributed to the decline in sales.

Over-pricing of Delta products by retailers contributed to the decline in sales. Table 4.2 contains responses the question.

Table 4.25: Relative frequency (percentage) responses to question 8

	Respondent/Relative frequency		
	Junior Staff	Middle managers	Senior managers
Never	0	0	0
Seldom	10	0	0
Sometimes	12	10	0
Often	24	40	50
Always	50	50	50
Total	100	100	100

There were similar responses to the question especially for senior and middle management respondents. 97 percent of respondents noted that over-pricing of Delta products always contributed to the decline in sales.

Late deliveries contributed to the decline in sales. Table 4.27 contains responses to the question.

Table 4.26: Relative frequency (percentage) responses to question 9

	Respondents Relative Frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	14	10	0
Often	24	50	75
Always	62	40	25

All respondents noted that late deliveries always contributed to the decline in sales.

Failures to meet customer order specifications contributed to a decline in sales. Table 4.28 contains responses to the question.

Table 4.27: Relative frequency (percentage) responses to question 10

	Respondents Relative Frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	17	20	0
Sometimes	14	10	25
Often	21	30	50
Always	48	40	25
Total	100	100	100

The question invited similar responses as 87 percent of respondents noted that failure to meet customer expectations contributed to the decline in sales.

Poor quality of products contributed to the decline in sales. Table 4.29 below contains responses to the question.

Table 4.29: Relative frequency (percentage) responses to question 11

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	100	100	100
Seldom	0	0	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

All respondents noted that product quality never contributed to the declining sales.

Changes in customer tastes contributed to the decline in sales. Results of the question are tabulated in table 4.30.

Table 4.30: Relative frequency (percentage) responses to question 12

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	97	100	100
Seldom	3	0	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

All respondents noted that changing customer tastes did not contribute to the decline in sales.

Bad roads contributed to the decline in sales. Table 4.31 contains responses for the question.

Table 4.31: Relative frequency (percentage) responses to question 13

	[illegible]	[illegible]	[illegible]
Never	14	0	0
Seldom	17	10	0
Sometimes	3	20	0
Often	41	30	50
Always	24	40	50
Total	100	100	100

The question drew similar responses from all respondents as 86 percent of respondents indicated that bad roads often contributed to a decline in sales.

Manual offloading during delivery contributed to a decline in sales. Table 4.32 shows responses to the question.

Table 4.32: Relative frequency (percentage) responses to question 14

	Respondents/Relative Frequency		
	[illegible] staff	Middle managers	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	10	10	25
Often	66	70	50
Always	24	20	25
Total	100	100	100

The question evoked similar responses from all respondents as they noted that manual offloading often contribute to a decline in sales.

Small fleet compliment (delivery personnel) contributed to a decline in sales. Responses to the question are presented in table 4.33.

Table 4.33: Relative frequency (percentage) responses to question 15

	Respondents/Relative Frequency		
	[illegible] staff	Middle managers	Senior managers
Never	3	0	0
Seldom	7	0	0
Sometimes	5	10	0
Often	13	30	50
Always	72	60	50

There were similar responses to the question as 97 percent of respondents indicated small fleet compliment contributed to a decline in sales.

A chi square test was done to test the likelihood that the observation was due to chance. Results of the tests are presented in the table below:

Table 4.34: Goodness of fit model

Chi-Square	Value	388.921
	df	3
	Sig.	0.74
Log of Determinants	Unconstrained Matrix	.000
	Constrained Matrix	19.725

Table 4.34 shows a significance value of 0.74 that is more than the critical value of 0.716 and a positive constrained matrix of 19.725 which is an indication of computational reliability and statistical interpretability of the individual elements in the study.

A statistical test to measure the reliability of the study was conducted and the results are tabulated below:

Table 4.35: Reliability statistics

Common Variance	.879
True Variance	.411
Error Variance	.149
Common Inter-Item Correlation	.399
Reliability of Scale	.855
Reliability of Scale (Unbiased)	.973

Table 4.35 shows the statistical reliability of the study. A scale of 0.855 and error variance of 0.149 which is less than the common variance is an indication that the scale of the study is statistically unbiased and reliable.

4.4.3 Workplace features

Workplace features that contributed to poor organisational performance were investigated and are presented in the order they were asked.

Poor workplace communication contributed to poor performance. Table 4.36 illustrates responses to the question.

Table 4.36: Relative frequency (percentage) responses to question 1

	Responses: Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	7	20	75
Seldom	17	20	25
Sometimes	14	40	0
Often	34	20	0
Always	28	0	0
Total	100	100	100

55 percent of respondents noted that poor communication did not contribute to poor performance. However, 76 percent of junior staff respondents indicated that poor communication contributed to poor performances.

Low salaries contributed to poor organisational performance. Table 4.37 table shows responses to the question.

Table 4.37: Relative frequency (percentage) responses to question 2

	Respondents' Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	7	20	75
Seldom	7	40	25
Sometimes	28	30	0
Often	17	30	0
Always	41	0	0

The question elicited similar responses from middle and senior management responses. However, significant differences existed between junior staff respondents and the other two groups who indicated that poor salaries contributed to poor performance. An average of 80 percent of middle and senior management indicated that poor salaries did not contribute to poor performances. 86 percent of junior staff employees noted that poor salaries contributed to poor organisational performances.

Repetitive and monotonous tasks contributed to poor performance. Table 4.38 tabulates responses to the question.

Table 4.38: Relative frequency (percentage) responses to question 3

	Respondents' Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	40	75
Seldom	0	40	25
Sometimes	0	20	0
Often	66	0	0
Always	34	0	0
Total	100	100	100

The question evoked similar responses from senior and middle management respondents who noted that repetitive and monotonous tasks did not contribute to poor performance. However, junior staff respondents noted that repetitive and monotonous tasks often contributed to poor performance.

Failure to understand objectives contributed to poor organisational performance. Table 4.39 shows responses to the question

Table 4.39: Relative frequency (percentage) responses to question 5

	[illegible]	[illegible]	[illegible]
Never	31	40	100
Seldom	52	60	0
Sometimes	7	0	0
Often	10	0	0
Always	0	0	0
Total	100	100	100

The question evoked similar responses as an average of 94 percent of respondents noted that a failure to understand task objectives did not contribute to poor performance.

Employee's lack of autonomy over their own work contributed to poor performances. Responses to the question are tabulated in table 4.40.

Table 4.40: Relative frequency (percentage) responses to question

	Respondents' Relative Frequency		
	Junior staff	Middle management	Senior managers
Never	3	0	0
Seldom	14	10	25
Sometimes	17	20	25
Often	31	50	50
Always	35	20	0
Total	100	100	100

There was a general agreement that lack of control over own work often contributed to poor performance. 70 and 66 percent of middle management and junior staff respondents noted that employees' lack of autonomy over their own work contributed to poor organisational performance.

Failure to encourage creativity and initiative contributed to poor organistional performances. Responses to the question are presented in the table 4.41.

Table 4.41: Relative frequency (percentage) responses to question 7

	Respondents' Relative Frequency		
	Junior staff	Middle management	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	34	50	100
Often	17	30	0
Always	49	20	0

The question invited similar responses as all respondents noted that failure to encourage and reward creativity often contributed to poor performances.

Inadequate equipment and resources contributed to poor performance. Table 4.43 contains the responses to the question.

Table 4.42: Relative frequency (percentage) responses to question 8

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	7	60	100
Seldom	35	40	0
Sometimes	17	0	0
Often	34	0	0
Always	7	0	0
Total	100	100	100

The question invited similar responses from middle and senior management respondents as they all noted that resource unavailability did not contribute to poor performances. However, an average of 58 percent of junior staff respondents indicated that resource unavailability contributed to poor organisational performances.

Lack of encouragement and equal recognition contributed to poor performances. Tabulated below are the responses to the question.

Table 4.43: Relative frequency (percentage) responses to question 9

	Respondents' Relative Frequency		
	Junior staff	Middle managers	Senior managers
Never	52	80	75
Seldom	34	20	25
Sometimes	14	0	0
often	0	0	0
Always	0	0	0

An average of 95 percent of respondents noted that lack of encouragement contributed to poor performance.

Statistical analysis of workplace features that contributed to poor organisational performance

A chi square test was done to test the likelihood that the observation was due to chance. Results of the tests are presented in the table below:

Table 4.44: Goodness of fit model

Chi Square	Value	307.220
	Df	3
	Sig.	0.72
Log of determinant of	Unconstrained Matrix	.000
	Constrained Matrix	21.045

Table 4.44 shows a significance value of 0.72 which is more than the critical value of 0.716 and a positive constrained matrix of 21.045 is an indication that the study is statistically reliable.

A computer programme SPSS was used to measure the statistical reliability of the study. Results of the statistical tests are tabulated below:

Table 4.45: Reliability statistics

Common Variance	.931
True Variance	.319
Error Variance	.211
Common Inter-Item Correlation	.342
Reliability of Scale	.9
Reliability of Scale (Unbiased)	.904

A scale of 0.9 and error variance of 0.211 that is lower than common and true variance is an indication that the scale of the study is statistically unbiased and reliable.

4.4.4 Operational costs

Factors that contributed to high operational costs were interrogated and are presented in the order in which they were asked.

Water wastages contributed to the high operational costs. Table 4.46 contains responses to the question.

Table 4.46 Relative frequency (percentage) responses to question 1

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	31	100	100
Seldom	69	0	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

All middle and senior management respondents noted that water consumption never contributed to the high operational costs.

High electricity tariffs contributed to the high operational costs. Table 4.47 contains the responses to the question.

Table 4.47: Relative frequency (percentage) responses to question 2

	Respondents/Relative frequency		
	[illegible] staff	Middle managers	Senior managers
Never	69	100	100
Seldom	31	0	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

The question invited similar responses to the previous one. All respondents noted that electricity costs did not contribute to high operational costs.

The use of outsourced labour contributed to high operational costs. Table 4.48 contains responses to the question.

Table 4.48: Relative frequency (percentage) responses to question 3

	Respondents/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	0	30	0
Sometimes	14	20	50
Often	42	10	25
Always	44	40	25
Total	100	100	100

All senior management respondents and 70 percent middle management respondents noted that outsourced labour always contributed to high operational costs.

Transport costs contributed to the high operational costs of the company. Responses to the question are presented in table 4.49.

Table 4.49: Relative frequency (percentage) responses to question 4

	Respondents/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	0	0	0
Sometimes	10	10	0
Often	38	40	50
Always	52	50	50

The question evoked similar responses from respondents as they all noted that transport costs contributed to high operational costs.

Security costs contributed to the high operational costs. Table 4.44 contains responses to the question.

Table 4.50: Relative frequency (percentage) responses to question 5

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	100	100	100
Seldom	0	0	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

All respondents noted that security costs never contributed to high operational costs.

Stationary costs contributed to high operational costs experienced by the company. Results of the question are presented in table 4.51.

Table 4.51: Relative frequency (percentage) responses to question 6

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	17	90	100
Seldom	83	10	0
Sometimes	0	0	0
Often	0	0	0
Always	0	0	0
Total	100	100	100

The question invited a similar response to that of the previous question. All respondents noted that stationary costs did not contribute to high operational costs.

Did maintenance costs contributed to the high operational costs. Table 4.52 contains responses to the question.

Table 4.52: Relative frequency (percentage) responses to question 7

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	62	80	25
Seldom	17	10	50
Sometimes	7	10	25
Often	14	0	0
Always	0	0	0
Total	100	100	100

62, 80 and 25 percent of junior staff, middle management and senior management respondents respectively noted that maintenance costs never contributed to the high operational costs.

Breakages and the cost of missing bottles contributed to the high operational costs. Table 4.53 contains the responses to the question.

Table 4.53: Relative frequency (percentage) responses to question 8

	Respondent/Relative frequency		
	Junior staff	Middle managers	Senior managers
Never	0	0	0
Seldom	3	0	0
Sometimes	17	10	25
Often	28	20	25
Always	52	70	50

The question invited similar responses from all respondents. 99 percent of respondents noted that costs of breakages and missing bottles contributed to high operational costs.

4.8.1 Statistical analysis on factors that contributed to high operational costs

A chi square test was done to test the likelihood that the observation was due to chance. Results of the tests are presented in the table below:

Table 4.54: Goodness of fit model

Chi Square	Value	583.198
	Df	3
	Sig.	0.74
Log of Determinant of	Unconstrained Matrix	.006
	Constrained Matrix	17.71

Table 4.54 shows a significance value of 0.724 that is more than the critical value of 0.716 and a positive constrained matrix of 17.71 which is an indication of computational reliability and statistical interpretability of the individual elements in the study.

A computer programme SPSS was used to measure the statistical reliability of the study. Results of the statistical tests are tabulated below:

Table 4.55. Reliability statistics

Common Variance	.981
True Variance	.685
Error Variance	.584
Common Inter Item Correlation	.399
Reliability of Scale	.985
Reliability of Scale (Unbiased)	.911

A scale of 0.985 and error variance of 0.584 that is below common and true variance is an indication that the scale of the study is statistically unbiased and reliable.

4.9 Statistical summary of respondents

The table below is a case processing summary which shows the number of respondents who constituted the study. A total of 43 questionnaires were available for analysis and were all analysed representing a 100 percent analysis of returned questionnaires.

Table 4.56: Case Processing Summary

		N	%
Cases	Valid	43	100.0
	Excluded[a]	0	.0
	Total	43	100.0

Excluded [a] Questionnaires that were not captured/available for analysis

Table 4.57 below shows how far the responses were spread out from each other:

Table 4.57 One sample statistics

	Number of respondents	Mean score	Std. Deviation	Std. Error Mean
Duration of employment	43	2.44	.629	.096
Time on the same job	43	2.09	.648	.099
Poor planning	43	2.51	1.470	.224
Coordination	43	3.37	1.134	.173
Late arrivals	43	4.21	.638	.097
Vehicle maintenance	43	2.81	1.160	.177
Lengthy loading times	43	3.74	1.071	.163
Security checks	43	2.16	1.045	.159
Transport to work	43	1.98	.831	.127
Bad roads	43	2.33	1.304	.199

Manual offloading	43	1.47	.702	.107
Unserviced trucks	43	4.23	.718	.110
Road blocks	43	3.51	1.279	.195
Few personnel	43	2.51	1.696	.259
Unprepared customers	43	2.14	1.187	.181
Product unavailability	43	1.35	.650	.099
Pre-selling	43	4.63	.489	.075
Merchandising	43	4.56	.502	.077
Shelf space	43	2.14	1.104	.168
Malfunctioning fridges	43	1.63	.725	.110
Cheaper substitutes	43	3.26	1.449	.221
Defect products	43	1.86	1.082	.165
Over-charging	43	1.74	.928	.142
Poor delivery	43	1.58	.698	.106
Not meeting customers specifications	43	2.02	1.080	.165
Poor product quality	43	5.00	.000[a]	.000
Changing customer tastes	43	4.98	.152	.023
Communication	43	3.14	1.373	.209
Salaries	43	3.05	1.272	.194
Repetitive work	43	1.44	.590	.090
Employee involvement	43	3.91	.947	.144
Unclear objectives	43	1.79	.833	.127
Control over work	43	3.53	1.008	.154
Departmental harmony	43	2.30	.887	.135
Creativity	43	4.02	.859	.131
Performance measurement	43	1.63	.655	.100

Resources	43	2.44	1.259	.192
Encouragement	43	1.49	.668	.102
Water wastage	43	4.79	.412	.063
Electricity tariffs	43	4.79	.412	.063
Outsourced labour	43	1.81	.824	.126
Transport costs	43	1.60	.728	.111
Security costs	43	1.00	.000[a]	.000
Stationary costs	43	4.86	.351	.053
Maintenance costs	43	4.35	.997	.152
Breakages and missing bottles	43	1.60	.821	.125

Table 4.57 describes how far the responses from the study deviated from the mean score. Standard deviation is a widely used measure of variability or diversity used in statistics and probability theory. It shows how much variation or "dispersion" there is from the mean, or expected value. Results from the above table shows that the data points tend to be very close to the mean with a low standard error indicating a precise measurement (coding), statistically stable and adequacy of respondents.

4.10 Summary

Results of the study indicate that all the three employee categories interviewed agreed on the causes of high operational costs and factors that contributed to the decline in sales. However, significant differences on some of the workplace features that negatively affected organisational performance and factors that contributed to the company not meeting departure time targets were evident. Statistical analysis of the data indicates that there was no likelihood that the observed distribution of results was due to chance. Therefore, the information according to the results from the statistical analysis is reliable and unbiased.

CHAPTER 5

DISCUSSION OF FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the findings of the study and where necessary, offers recommendations on the way forward. The discussion revolves around the objectives of the study raised in section 1.3.

5.2 Findings related to departure compliance

The study revealed that the main factors that contributed to poor departure compliance at Delta were:

1. Poor delivery planning and poor coordination between the transport and distribution departments;
2. Security checks at the depot which were time consuming.

Each of these factors is elaborated below.

The study revealed that delivery planning was based on:

a) Inaccurate delivery forecast information;

b) Unreliable processes; and

c) Poor coordination between transport services and the distribution departments.

Departure compliance was further complicated by a failure to implement management's commitment to transport employees to work. The most appropriate arrangement would have been to offer employees transport allowances to shift the burden of employees transportation from management to workers. To improve communication and

coordination between the two departments, the study recommends that Delta invests in communication technology such as:

1. Installation of internet or intranet on its computers,

2. Cell phones,

3. Radio calls; and

4. Vehicle tracking devices.

Coordination between the two departments could be enhanced through the setting up of an inter-departmental committee responsible for planning, implementing and evaluating programmes that would improve departure times.

Another problem revealed by the study were the prolonged security checks as stock controllers, delivery crew and security guards took turns to count the load. A lot of time was also taken to verify figures before trucks were allowed to leave the depot. In this regard, the study recommends that counting and verification of delivery loads be done concurrently.

5.3 Findings related to sales decline

The study revealed that the following factors contributed to the decline in sales:

1. A reduction in shelf space for Delta products;

2. Failure by the company to remove defect products from the market;

3. Poor product stocking by Delta Distribution Centres (DBCs);

4. Delays in product deliveries;

5. Over charging of Delta products by some retailers; and

6. Poor timing of the transformation process.

These factors are further elaborated below.

Reduction in shelf space for Delta products contributed to the decline in sales. This is in line with Cox (2006) and Buzzel (2009)'s findings that there is a relationship between the amount of shelf space given to a brand that has high consumer acceptance and total unit sales of that product as highlighted in section 1.2. Most affected products were sparkling beverages (carbonated soft drinks) and Mr Juicy products. The study therefore recommends that Delta induces retailers to increase shelf space by offering a price for a unit of space which exceeds opportunity cost for the space as a way of increasing shelf space for its products.

Another problem was a failure by the company to remove defect products from the market on time. By so doing, Delta demonstrated a degree of negligence which lead to decline in loyalty, poor sales and poor organisational performance. Failure to respond to the needs of the market was further evidenced by Delta's failure to either repair or replace malfunctioning fridges in the market which were also contributing to the decline in sales. The study therefore suggests that Delta should:

1. Offer training to distribution personnel on customer care;
2. Establish a special unit that inspects and replaces defective and expired products before clients notice them;
3. Empower driver salesman to remove defect products from the market; and
4. Hold regular workshops where all stakeholders such as customers, local authorities and consumers meet to improve communication and areas of cooperation to improve understanding between stakeholders.

Furthermore, the findings of the study indicate poor stocking by Delta Distribution Centres (DBCs) contributed to the decline in sales. From the interviews, it emerged that poor stocking of products by DBCs was as a result of unreliable transportation of products from central stores by the contracted company (Western Transport) and was also partly responsible for the failure to meet customer order specifications. The study

therefore recommends that the contract with the transportation company be water tight and include stringent time frames of deliveries to minimise inefficiency. If the contracted company fails to fulfill its contractual obligations, a more competent transporting company should be brought in.

Another factor that contributed to a decline in sales was delays in product deliveries to customers due to bad roads. During further probing, it emerged that in the rain season gravel roads were impermeable and that caused prolonged delays in deliveries. The study therefore recommends that Delta partners with local authorities and participates in social responsibility programmes such as ploughing back profits in road rehabilitation programmes. Investment in the maintenance of roads would benefit Delta in several ways such as:

a) Minimising delays experienced during product deliveries especially in the rain season;

b) An improvement in road condition would directly translate into reduced spending in vehicle maintenance costs;

c) Funds spent on social responsibility programmes would also be deducted from the taxable revenue;

d) An improved relationship between the company and the community; and

e) An enhanced company image on a national scale.

Respondents from the study also confirmed that some Delta products were priced over and above the recommended prices. This could have been as a result of little monitoring or a reflection of product shortages on the market. Over priced products became less competitive in the market and contributed to a decline in sales. Mostly over charged products as respondents noted during semi-structured interviews, were sparkling and alcoholic beverages. To curb over charging, the study recommends that Delta should enforce perfect outlets (retailers conforming to Delta set standards). The company can

also withdraw its fridges from those retailers overcharging its products. The study further recommends that the team that has been recommended earlier on to inspect defect products should be given the responsibility to monitor price adherence. These concerns could also be raised in all stakeholder workshops conducted by the company.

The transformation process was implemented at a time when the country was facing economic and political challenges. This contributed to the decline in sales due to political instability which resulted in the imposition of curfews in 2004 and 2005. Curfews negatively affected demand for products especially for alcoholic beverages. In the same period, the value of the Zimbabwean Dollar depreciated against major currencies resulting in high inflation. The transformation process was also implemented at a time when investor confidence was at the lowest level due to land invasions by the country's liberation war veterans and at a time when most companies were shutting down. One may therefore argue that the decline in sales was also due to poor timing of the transformation process. This is in line with findings by Ansof (2009) as highlighted in section 2.5 that poor timing of any transformation process which is not appropriate, often results in poor performances. The study therefore recommends that in future management should make an analysis of all macro and micro economic variables before undertaking any major changes to the company.

5.4 Findings related to operational costs

The study revealed that the following contributed to the high operational costs experienced by the company:

1. High level of breakages and missing bottles; and
2. High costs of outsourced labour.

A failure to contain breakages reflected badly on the operations of most DBCs. Munaka (2006) notes that breakages are mainly caused by the poor mechanical condition of

forklifts, work pressure and the use of unqualified forklift drivers. All causes for breakages pointed out by Munaka (2006) are avoidable given a different approach to work and to operations management. Respondents noted that missing bottles were a result of theft. In order to reduce operational n costs, the study recommends that:

1. Employees adhere to proper safety procedures all the times especially on the use of forklifts. Safe procedures can decrease accidents and product damage;
2. Forklifts be properly maintained and serviced to reduce accidents;
3. Offer training to forklift drivers;
4. The company should install surveillance cameras on its premises to minimize the risk of theft;
5. Access to ware-houses should be limited;
6. In and out movement of products should be accounted for; and
7. The company should invest in alternative methods of packaging such as metal cans, plastic packaged beverages.

As the study reveals, out sourced services at DBCs contributed to the high operational costs. Respondents indicated that most accidents and theft of products were attributed to employees from out-sourced services employees. The study therefore recommends that:

1. All out-sourced services employees be properly trained on safety procedures and precautions;
2. All out-sourced employees be given uniforms and registered; and
3. There should be consistency in the personnel brought by the out-sourced company to the organization.

5.5 Findings related to workplace features

Below are the findings on workplace features that affected the performance of the employees and of the whole organisation.

1. Lack of employee involvement in decision-making;
2. Poor workplace communication; and
3. Low salaries.

Each of the factors that contributed to poor organisational performance is discussed below.

As the study reveals, junior staff employees were not involved in the decision-making on matters that affected the nature of their work. French's (2008) findings as highlighted in section 2.3 indicate that lack of employee involvement on matters that affect them significantly influences commitment to change and apparently increases resistance and lowers performance. The study therefore recommends that management should shift from the command and control stance to a more consultative and empowering approach to support their transformation process. This should be done through holding consultative workshops that include representatives of all employee categories and representatives of out-sourced service providers.

Results of the study also show that communication at most DBCs was not open and contributed to poor performances. This is in agreement with Cummings' (2005) findings that lack of adequate communication fuels rumours and gossip adds to the anxiety generally associated with change which leads to poor performances as highlighted in section 2.6. Effective communication about changes and their likely results can reduce this speculation and allay unfounded fears (Ansof, 2009). The study therefore suggests that employees be given training in conflict resolution, problem-solving and listening skills to enhance the overall effectiveness of communication within the organisation.

Results of the study also show that junior staff employees were not satisfied with the salaries they were getting. This is in agreement with Robbins' (2008) findings that discontent in salaries often result in poor job satisfaction, absenteeism and ultimately to poor individual work performances as highlighted in section 2.6 of this study. Section 2.3 of this study reveals that employees who are not happy with their salaries, demonstrate poor commitment to work and are generally not result-oriented. The study therefore recommends that Delta conducts task evaluations which would form the basis for new salary structures for all employees and take heed of the results.

5.6 Limitations

During the course of the study, the researcher encountered the following challenges:

1. Resources could not permit the researcher to carry out the study in the whole country and limited the research to the southern region only. However, the researcher believes that the findings are a true reflection of all the DBCs in the country.

2. Some respondents who were selected declined to participate in the study due to fear of reprisals. However, those who declined to participate were eventually replaced by other participants.

5.7 Future research

Further studies can be conducted using the same approach to evaluate the impact of organisational transformation on business strategy.

5.8 Conclusion

The researcher believes that the study contributed immensely to the stock of existing theoretical knowledge about transformation in Zimbabwe. It contributed invaluable information in an area where empirical knowledge was generally scanty if not totally lacking. Furthermore, the study stimulated further interest and research in the area of business transformation. By identifying factors that contributed to the company not meeting its set objectives, the study's implication on policy development at Delta is huge.

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Appendix 1

NORTH-WEST UNIVERSITY
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STRUCTURED INTERVIEW SCHEDULE FOR SENIOR AND MIDDLE MANAGEMENT

a) Background information

1. How long have you been an employee of Delta?

Less than 5 years ☐ **5 to 10 years** ☐ **Over 10 years** ☐

2. For how many years have you been working within your current job description?

Less than 5 years ☐ **5 to 10 years** ☐ **Over 10 years** ☐

b) The following are reasons for failure to meet departure compliance

1. Did poor route planning and delivery scheduling contribute to poor departure compliance?

YES ☐ NO ☐

If yes, how.....

.....

2. Did poor co-ordination between the distribution department and the transport services contribute to poor departure compliance? YES ☐ NO ☐

If yes, how.....

.....

3. Was poor departure compliance a result of employees arriving late for work?

YES ☐ NO ☐

If yes, how.....

.....

4. Did delays in vehicle maintenance department contribute to poor departure compliance?

YES ☐ NO ☐

If yes, how.....

.....

5. Was poor departure compliance a result of lengthy loading times?

YES ☐ NO ☐

If yes, how.....

.....

6. Did security checks at the depot contribute to poor departure compliance?

YES ☐ NO ☐

If yes, how.....

.....

c) Below are some of the reasons for the declining sales

1.Did poor product stocking by Delta contribute to declining sales?

YES ☐ NO ☐

If yes, why.....

.....

2. Did failure to take orders contribute to declining sales? YES ☐ NO ☐

If yes, why.....

.....

3. Did poor merchandising contribute to declining sales? YES ☐ NO ☐

If yes, why.....

.....

4. Did a reduction in shelf space for Delta products contribute to a decline in sales?

YES ☐ NO ☐

If yes, why.....

.....

5. Did malfunctioning of Delta fridges contribute to declining sales?

YES ☐ NO ☐

If yes, why.....

.....

6. Did competition contribute to a decline in sales? YES ☐ NO ☐

If yes, specify.....

.....

7. Did failures to remove defect products from the market contribute to declining sales?

YES ☐ NO ☐

If yes, why.....

.....

8. Was overcharging of Delta products partly responsible for the decline in sales?

YES ☐ NO ☐

If yes, why.....

.....

9. Did failure to deliver products on time contribute to declining sales?

YES ☐ NO ☐

If yes, why.....

.....

10. Did poor product quality contribute to the decline in sales?

YES ☐ NO ☐

If yes, specify.....

.....

11. Did changing tastes contribute to a decline in sales? YES ☐ NO ☐

If yes, for which products .....

.....

12. Did bad roads contribute to declining sales? YES ☐ NO ☐

If yes, why.....

.....

13. Did manual offloading contribute to the decline in sales?

YES ☐ NO ☐

If yes, specify.....

.....

14. Did small fleet compliment contribute to a decline in sales? YES ☐ NO ☐

If yes, for which products .....

... .

Other reasons .....

... .

... .

... .

d) The following are workplace features that contribute to poor performance

1. Did poor workplace communication contribute to poor performance?

YES ☐ NO ☐

If no, how.....

.....

2. Did low salaries contribute to poor performance?

YES ☐ NO ☐

If no, how.....

.....

3. Did little employee involvement contribute to poor performance?

YES ☐ NO ☐

If yes, how.....

.....

5. Did failure to understand objectives contribute to poor performance?

YES ☐ NO ☐

If yes, how.....

.....

6. Did employees' lack of control over their own work contribute to poor performance?

YES ☐ NO ☐

If no, how.....

.....

If yes, how.....

.....

10. Did failure to encourage creativity contribute to poor performance?

YES ☐ NO ☐

If yes, how.....

.....

11. Did lack of enough resources contribute to poor performance?

YES ☐ NO ☐

If no, specify.....

.....

12.Did lack of encouragement and equal recognition contribute to poor performance?

YES ☐ NO ☐

If yes, how.....

.....

Other notable workplace features.....

.....

.....

.....

e) Below are some of the reasons for the company's high operational costs

1. Did water wastage contribute to high operational costs? YES ☐ NO ☐

If yes, how.....

.....

2. Did high electricity tariffs contribute to high operational costs? YES ☐

NO ☐

If yes, how.....

.....

3. Outsourced labour is too costly to the company; YES ☐ NO ☐

If yes, how.....

.....

4. Did high transport costs contribute to high operational costs?

YES ☐ NO ☐

If yes, how.....

.....

5. Did high security costs contribute to high operational costs?

Y ES ☐ NO ☐

If yes, how.....

.....

6. Did high stationery costs contribute to high operational costs?

YES ☐ NO ☐

If yes, how.....

.....

7. Did high maintenance costs contribute to high operational costs?

YES ☐ NO ☐

If yes, how.....

.....

8. Did high costs of breakages and missing bottles contribute to high operational costs?

YES ☐ NO ☐

If yes, how.....

.....

Other reasons .....

.....

.....

.....

Appendix 2

NORTH-WEST UNIVERSITY
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RESEARCH QUESTIONNAIRE

a) Background information

1. How long have you been an employee of Delta?

Less than 5 years ☐ **5 to 10 years** ☐ **Over 10 years** ☐

2. For how many years have you been working with current job descript[illegible]?

Less than 5 years ☐ **5 to 10 years** ☐ **Over 10 years** ☐

NB: The rating for the following questions is as follows; **Never (1)** **Seldom (2)** **Sometimes (3)** **Often (4)** **Always (5)**

		Please tick the appropriate box below				
b)	**Departure times are not being met because of:**	1	2	3	4	5
1	Poor Route planning of delivery schedule contributed to poor departure compliance					
2	Poor coordination between the distribution department and the transport services contributed to poor departure compliance					
3	Employees arriving late contributed to poor departure compliance					
4	Delays in vehicle maintenance department contributed to poor departure compliance					
5	Lengthy loading times contributed to poor departure compliance					
6	Lengthy security checks at the depot contributed to poor departure compliance					
Other reasons:						
d)	**Reasons for the decline in sales are:**					
1	Poor product stocking contributed to the decline in sales					
2	Not taking orders from the customers contributed to the decline in sales					
3	Ineffective merchandising contributed to a decline in sales					

4	Reduced shelf space for Delta products contributed to a decline in sales					
5	Malfunctioning fridges contributed to the decline in sales					
6	Competition contributed to the decline in sales					
7	Not removing defect products from the market contributed to the decline in sales					
8	Over charging of Delta products by retailers resulted in poor sales					
9	Late deliveries contributed to a decline in sale					
10	Failure to comply to customer specifications contributed to a decline in sales					
11	Product quality that has gone down contributed to a decline in sales					
12	Customer's tastes had changed contributed to a decline in sales					
13	Bad roads contributed to the decline in sales					
14	Manual offloading during delivery contributed to a decline in sales					
15	Low fleet compliment contributed to a decline in sales					
Other reasons:						
e)	**Workplace features that contributed to poor performances:**					
1	Poor communication					

2	Low salaries					
3	Repetitive and monotonous tasks					
4	Lack of involvement					
5	Unclear objectives					
6	Lack of autonomy over own work					
7	Absence of incentives that encourages creativity and risk taking					
8	Inadequate equipment and resources					
9	Failure to recognize some of the duties in the organisation					

Other notable workplace features:

f) Operations costs are not declining because:

1	Water wastage contributed to high operational costs					
2	High electricity tariffs contributed to high operational costs					
3	Outsourced services contributed to high operational costs					
4	High transport costs contributed to high operational costs					
5	High security costs contributed to high operational costs					
6	High Stationary costs contributed to high operational costs					
7	Maintenance costs that were too high contributed to high operational costs					
8	Breakages and missing bottles were too high contributed to high					

	operational costs					

Other reasons:

Appendix 3

NORTH-WEST UNIVERSITY
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11 June 2011

The Manager
Delta Beverages (Southern Region)
PO Box 379
Bulawayo

Ref: Research by Mr Magadza Clever

This letter serves to confirm that Mr. Magadza C (Student No. 22697837) is a registered student at the above mentioned institution. He is currently doing a Masters of Commerce degree in Management. As part of his studies he is required to conduct research on a selected topic and has chosen your organization as his case for the study. The University is therefore asking for your organisation's consent to allow Mr. Magadza to conduct his research in your organization. Any confidential information will be treated as such and can only be published with your explicit consent.

We thank you in advance for your assistance on this matter

Yours truly,

.....
Dr. Kadama F (Supervisor)