

**THE RESTRUCTURING PROCESS OF THE SAMANCOR MANGANESE
MINES (MAY 2000 – JUNE 2001)**

C.L. Steenkamp Hons. B Comm.

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Supervisor: Mr H.J. van der Elst

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ABSTRACT

In terms of remaining profitable, being competitive and keeping up with technological advances, change is a familiar occurrence in the global business environment. From a business perspective, changes can take place because of, for example, new products on the market, competition, mergers of companies, different needs of clients and hostile take-overs. In order to survive and remain profitable in this dynamic business environment, companies must be able to adapt. In many cases, adaptation entails the restructuring of the company. Restructuring can coincide with, for example, the flattening of the organisational structure of a company, measures to become more cost effective and the acquisition of a larger share of the market. It is therefore required of any company to have an effective plan in place when change in the internal and external environments necessitates restructuring. Elements of restructuring are:

- effective planning;
- communication;
- management and leadership.

At Samancor Manganese Mines (now known as Hotazel Manganese Mines), a restructuring process took place as a result of an international merger between Broken Hill Productions (BHP) and Billiton International (the company is now known as BHP Billiton International). As a sub division of the former Billiton International, Samancor Manganese Mines had to restructure in order to remain profitable and become more cost effective. In terms of these criteria, it is accepted that the restructuring process was successful. The flattening of the organisational structure of the mine, however, led to mass retrenchments that resulted in the low morale of employees. Although the whole process of restructuring was a legitimate and familiar business practice, the basic assumption of this research is that the restructuring strategy should have been communicated differently to employees. If

communicated timely and effectively, the restructuring process would have been less painful. In this regard, the research intends to firstly analyse and describe a restructuring process; secondly compare that process with the process that took place at Samancor Manganese Mines; and thirdly make recommendations in regards to how the restructuring process at Samancor Manganese Mines should have been managed, with specific reference to communication from the perspective of employees.

OPSOMMING

Om winsgewend en mededingend te bly en ook tred te hou met tegnologiese vooruitgang, is verandering 'n alledaagse gebeurtenis in die globale sake-omgewing. Vanuit 'n sakeperspektief, kan verandering plaasvind as gevolg van nuwe produkte in die mark, kompetisie, samesmelting van maatskappye, die verskillende behoeftes van kliënte asook vyandelike oormame van maatskappye. Vir maatskappye om te oorleef en ook winsgewend te wees en te bly, is dit belangrik dat hulle moet aanpas by verandering. In baie gevalle beteken aanpassing die herstrukturering van die maatskappy.

Herstrukturering kan plaasvind as gevolg van 'n platter organisasiestruktuur wat verlang word, meer koste-effektiewe maniere om te produseer asook om groter aandele in die mark te bekom. Dit word dus van enige maatskappy verwag om 'n effektiewe plan in plek te hê wanneer verandering in die eksterne sowel as die interne omgewing herstrukturering teweeg bring. Elemente van herstrukturering is:

- Effektiewe beplanning
- Kommunikasie
- Bestuur en leierskap.

By Samancor Mangaanmyne, nou bekend as (Hotazel Mangaanmyne), het herstrukturering plaasgevind as gevolg van 'n internasionale samesmelting tussen Broken Hill Production (BHP) en Billiton Internasionaal, (die maatskappy staan nou bekend as BHP Billiton Internasionaal). Samancor Mangaanmyne, as 'n divisie van Billiton Internasionaal, moes herstruktureer om winsgewend te bly asook om meer koste-effektief te produseer. In terme van hierdie kriteria, was die herstruktureringsproses baie suksesvol. Die afplating van die organisasiestruktuur het egter gelei tot grootskaalse personeelvermindering wat daartoe aanleiding gegee het dat werknemers se moraal gedaal het. Alhoewel die herstruktureringsproses 'n wettige en alledaagse sakeproses is, fokus hierdie navorsing op die feit dat die kommunikasie voor en gedurende die herstruktureringsproses meer effektief

hanteer kon word. Indien kommunikasie betyds en effektief hanteer was, sou die herstruktureringproses minder negatief ervaar word. In hierdie opsig sal die navorsing eerstens die herstruktureringproses analiseer en beskryf, tweedens sal die herstrukturering van Samancor Mangaanmyne vergelyk word met die teoretiese navorsing, en derdens sal voorstelle gemaak word aangaande hoe die herstruktureringproses by Samancor Mangaanmyne, met spesifieke verwysing na kommunikasie uit die oogpunt en ervaring van die werknemers, hanteer moes word.

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CHAPTER ONE

INTRODUCTION

1.1. ORIENTATION AND PROBLEM STATEMENT

Restructuring a company is a familiar business practice in order to become more effective and efficient, with the minimum resources. To restructure usually means that a company wants to have a more flattened structure with fewer reporting levels.

The restructuring of Samancor Manganese Mines, which led to the formation of Hotazel Manganese Mines, was mainly based on a decision taken by top management. This led to the retrenchment of fifty per cent of the employees within the company and had a negative impact on the morale of the remaining employees. The restructuring process took place over a period of thirteen months and it ended in June 2001. On 29 June 2001, the last of the identified positions were vacated (M5 Team Report 2000:3).

The employees argued that they never had any "say" in how and when the restructuring would be done. This neglect to ask their opinion on decisions concerning the restructuring process seriously affected the morale of the remaining employees. This in turn negatively affected the trust relationship with management. In this regard, employees also felt that the communication process about the restructuring exercise was insufficient and vague.

These developments raise concerns about how management should have managed the restructuring process. In this regard, the following questions can be asked:

- What in the managerial process caused the low morale?
- Could it have been lack of effective consultation?

- Could it have been a lack of communication about management decisions regarding restructuring?

1.2. OBJECTIVES

The objectives of this research are:

- (a) To do a theoretical analysis of an effective change and restructuring process.
- (b) To analyse the reasons for restructuring and how the restructuring process at Samancor Manganese Mines was planned and implemented.
- (c) To determine if and why the attitudes of the employees at Samancor Manganese Mines have changed and what the morale of the employees was like during and after the process was planned and executed.
- (d) To provide recommendations to improve the low morale that resulted from the restructuring process, as well as the lack of employee trust at Samancor Manganese Mines.
- (e) To indicate how the restructuring process at Samancor Manganese Mines should have been managed.

1.3. CENTRAL THEORETICAL STATEMENT

The strategy followed to flatten the organisational structure of the Samancor Manganese Mines was managed ineffectively, resulting in a low morale amongst remaining employees.

1.4. METHOD OF INVESTIGATION

In conducting research for this dissertation the following methods will be used:

- Literature study
- Semi-structured Interviews

Adequate literature is available to conduct this study. Publications such as newsletters, available textbooks, searches on the Internet, management reports and investigative reports used by the consultants will form the basis for the literature study.

The interviews will be structured in a manner that allows the researcher to present the interviewee's opinion on the matter. This will be done in order to establish whether there are specific patterns in how employees experienced the restructuring process. These interviews will be conducted with the management of four trade unions representing all the employees. At least two managers of each trade union who were part of the decision-making process for this restructuring will be consulted. At Samancor Manganese Mines there are four unions/associations namely the NUM, the largest bargaining unit, the MWU, UASA, and NETU.

The analysis of data obtained from the interviews will be done statistically and recommendations will be made on the outcome of the results.

1.5. STRUCTURE OF RESEARCH

Chapter one firstly provides a description of the problem at hand, being the low morale amongst employees resulting from the restructuring process that took place at Samancor Manganese Mines (May 2000 to June 2001). Secondly, the method in which research was conducted will be described.

Chapter two presents the theoretical foundation of research and describes a way in which restructuring can take place within a company. This theoretical foundation will be used as measure instrument for chapters three, four and five.

Chapter three narrows research down to an analytical description of the restructuring plan used at Samancor Manganese Mines.

Chapter four identifies the reason why employees regard the restructuring process as unsuccessful.

Chapter five is the concluding chapter and provides an overview of the research conducted in chapters one to four. The important contribution of this chapter is that recommendations are being provided (from the perspective of the employees) on how the restructuring process should have been handled.

1.6. CONCLUSION

Restructuring is a process that all companies are subjected to at one stage or another. A restructuring process is the result of a variety of changes and internal and external events. Any restructuring process in any company will inevitably have an effect on its employees, which can be either positive or negative. In order to ensure a positive outcome, it is therefore necessary to plan, communicate, manage and lead a restructuring process effectively. A successful restructuring process will be to the benefit of any company as a whole. In the following chapter, the nature of change and restructuring in the business environment will be described. In this regard, a restructuring process that can take place within companies will be identified.

CHAPTER TWO

THEORETICAL ANALYSIS OF CHANGE AND RESTRUCTURING

2.1. INTRODUCTION

The business objectives of any company are to be competitive, to maximise their profit, to satisfy their clientele, to be known among the best in their field of expertise and to progress with new technology. In order to achieve these business objectives any company depends on the quality of work delivered by employees. To function optimally in their working environment, the morale of employees must be high and their needs must be satisfied. These needs include security, promotion opportunities, market-related salaries, and benefits such as pension, leave and medical aid. It can therefore be assumed that companies and employees within companies co-depend. If a company wants to be successful, it must tend to the needs of its employees. Employees must, above all, be kept informed during times of change and restructuring within the company. The success of any restructuring process depends on mutual cooperation.

Against the above background, the conclusions drawn in this chapter are based on a process that can take place when a company needs to change and restructure. In order to achieve this goal, the chapter firstly examines the nature of a company as well as the concepts of change and restructuring. Secondly, the chapter investigates how change comes about and explores the potentially positive and negative implications of a restructuring process for employees. In conclusion, the chapter identifies and describes an effective restructuring plan as well as the advantages and outcomes of such a restructuring plan.

2.2. CHANGE AND RESTRUCTURING IN A COMPANY

Due to the fast evolving and dynamic nature of technology, production and the needs of customers, companies must be able to adapt to their environment and circumstances. In order to adapt to environments and circumstances, companies are in many instances forced to redesign or reconstruct themselves. To understand the nature and consequences of change and restructuring in a company, it is necessary to define each of the following concepts: company, change and restructuring.

2.2.1. The nature of a company

A company is a structure that can be described as an organisation made up out of individual components that have an impact on each other through the functional relationships they form (Fritz 1999:15). This definition can be explained more clearly by the following descriptive concepts:

a) Structure:

According to Collins and Porras (2000:1), a structure can be compared to an integrated unit. For the purpose of this study, an integrated unit is compared to a company made up of individual components with different functional activities (See figure 1).

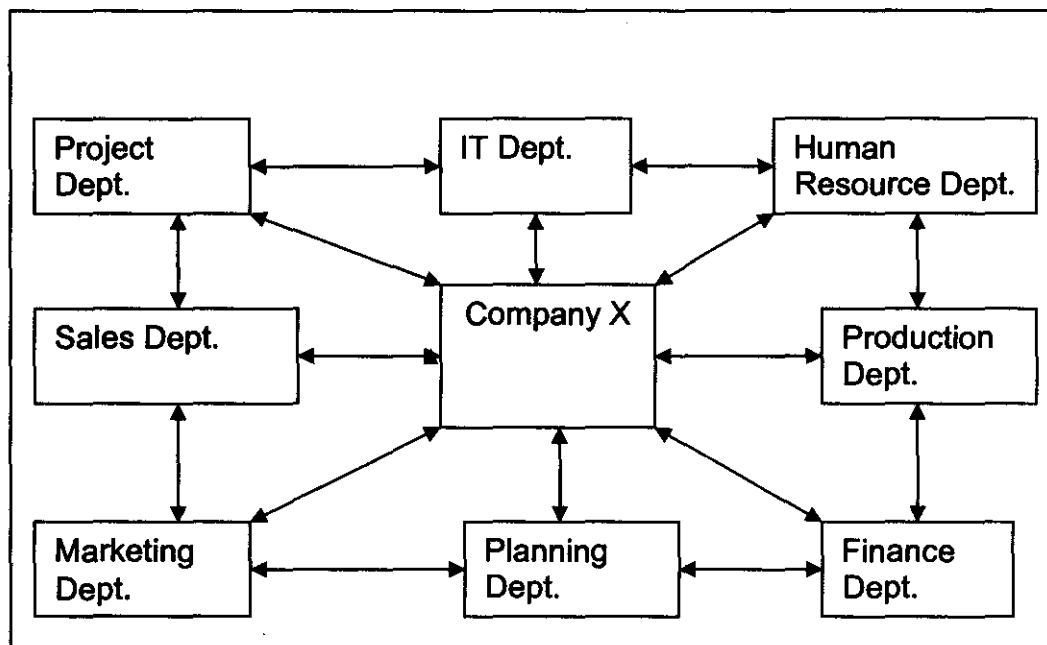
b) Individual components:

In order to explain the interaction that takes place between the different individual components of a company, a comparison with the function of a car can be made. A car is manufactured in such a way that it consists out of different functional components such as the wheels, radiator, headlights, engine parts, windscreen and so forth. Individually, these components (or parts, in automotive terms) do not make a car drive. These components function as an integrated unit. Only when these individual components

function as an entity is the car able to drive. If an integral component, such as the wheels or brakes, is removed or replaced with an inferior product, it is possible that the car will not function effectively or will break down (Fritz 1999:15).

This comparison can be made applicable to the functional activities of companies. Companies consist of different individuals with different functions, needs, views and opinions. However, to reach their goal, every one of the individuals functions as an entity in an organised manner. According to the *Cambridge Dictionary of American English* (2004), a company is a group of people who work together as an entity in a structured way, for a common or shared purpose. This common purpose would be to sell goods or provide services in order to make a profit (see Figure 1).

Figure 1: Functional activities of individuals within companies



Source: M5 Team Report June (2000:5)

A company is an organisation because it is comprised of different functional components, which sell goods or services in order to make money (*Cambridge Dictionary of American English*, 2004).¹ This implies that a company can also be seen as an organisation that is created to conduct business. In this regard, Carter (2003:1) states that an organisation is an institutional entity reflecting an organisational structure that integrates technology with databases and expertise (See Figure 1).

For companies to achieve their business objectives, top management must in many cases make strategic decisions such as implementing new procedures, cutting cost by minimising overtime and maybe flattening the organisational structure² (West 1988:4-5). These strategic decisions, which entail structural changes, can have an effect on the company as a whole, but most importantly on the employees. It is therefore up to management to ensure that their strategic decisions take into account the needs of their employees. If top management does not tend to the needs of their employees, the outcome may lead to destabilising events such as strikes, vandalism, lockouts, loss of production and sabotage. These events usually occur when employees are not informed of what to expect during and after a company's change process.

2.2.2. The way change occurs in companies

Change in a business environment is a multi-dimensional and complex process where a familiar situation enters a new stage unfamiliar to employees. Smit and De Jonge Cronje (1997:260) views change in a company as the process through which a company takes on new ideas to become different.

Change can also be seen as the process to make something pass from one form to another (*Oxford Dictionary* 1995:184). Change can therefore be

¹ For the purposes of this study the terms company and organisation must be regarded as synonyms.

² To flatten a structure entails minimising levels of reporting in a company in order to streamline the functional activities of that company.

closely linked with terms such as different, new, adaptation, adjustment, conversion or rearrangement that takes place in a business environment (*Oxford Paperback Dictionary and Thesaurus 2003*).

2.2.2.1. Types of change that can take place in companies

When a company is influenced by business events such as competition, technological innovation, new products on the market or international trade regulation changes must take place. A company can undergo one of the following three types of change:

a) Adaptive change

This is when a company reintroduces a familiar practice. The company is therefore familiar with the changes that are going to take place. During this stage the degree of complexity, the cost and the potential resistance to change are low (Kreitner and Kinicki 1998:618). An example of adaptive change is when an engineering company needs to adapt by replacing old equipment regularly due to technological advancement. Another example would be when a company specialising in information technology regularly needs to update computers and programs in order to stay competitive and to adapt to the constantly changing technological environment.

b) Innovative change

In this case, a new practice is introduced to the company. No one is familiar with this practice and people are unsure of the result. The complexity, the cost and the potential resistance to change are graded as low, which means that with the necessary planning the impact of the change can be managed effectively (Kreitner and Kinicki 1998:618). For example, a mining company can close down hostel dwellings to ensure that employees can apply for housing subsidies to acquire houses in a nearby town. The reason being that they could then be joined by their families, who at first could not live in the

hostels that were ill equipped to house the employee as well as his or her family.

c) Radically innovative change

A new practice is introduced in the entire industry and not only in the company. The degree of complexity, the cost and the resistance to change can be high (Kreitner and Kinicki 1998:618). For example, the fazing in of the Euro in the European Union (EU) forced international companies to radically change their business strategies in terms of the determination of prices, acquisition of products, marketing and general planning. In order to stay competitive and profitable, companies actually had to make a radical mind shift. If change is not correctly managed, the consequences could be fatal to an industry.

2.2.2.2. Forces of change affecting companies

Before a change process is brought about, certain events have to instigate change. A specific event must take place that requires change to be the outcome (Pilditch 1989:280). In other words, elements outside its control can force a company to change. Elements of change could for example be technological advances and innovation, the sudden upward valuation or devaluation of a country's currency, or stronger competition that provides or sells the same service or product at a more competitive price. These events that force companies to change can be divided into the following two categories:

a) Planned change

According to Smit and De Jonge Cronje (1997:261), planned change requires the entire company or a major part of it to adapt to significant changes in the company's goals or direction.

Planned change could also be perceived as a situation where the company is aware that certain structures need to be restructured. An example of planned change could be when the company merges with a bigger company. Planned change is therefore a reaction to expected developments in a company's external environment and entails an anticipation of future events. A practical example of planned change is the merger in the South African banking industry when Trust, Allied, United and Volkskas banks merged and became Amalgamated Bank of South Africa (ABSA).

b) Reactive change

Reactive change is the opposite of planned change and occurs when the company reacts to a situation without having anticipated it or expecting it (Smit and De Jonge Cronje 1997:161). For example, if a company suddenly has to take on a new managing director with new views and management styles, or if a company goes bankrupt, or gets into financial difficulties. Reactive change can be seen as a form of crisis management. Another practical example of reactive change is when a mining company loses production time as well as its product because the suppliers of their heavy machinery went on a full-blown strike, and no maintenance can be done on machines that extract minerals. Thus, the management of such a company needs to react fast in order to prevent the company from operating at a financial loss.

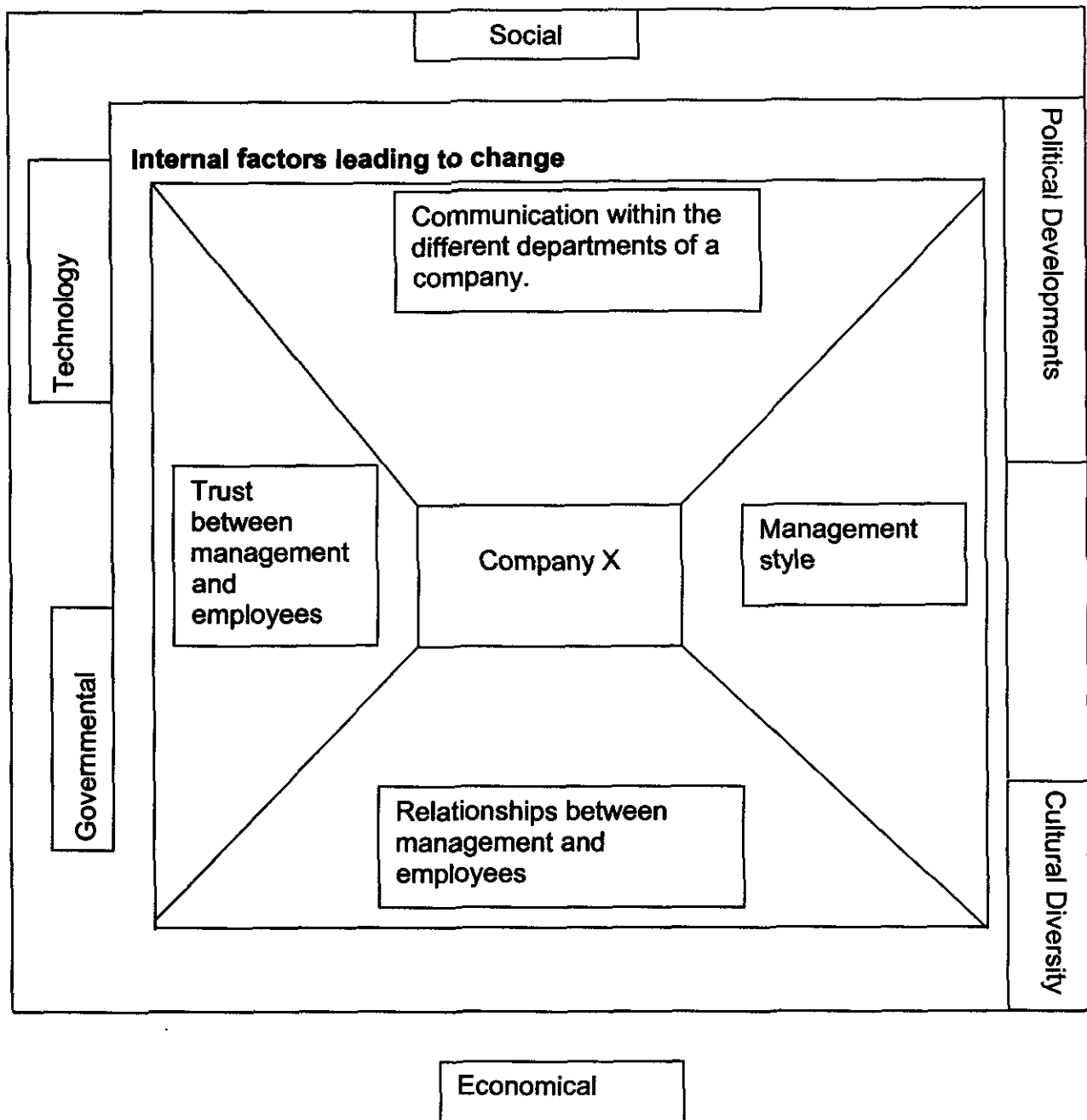
2.2.2.3. Factors necessitating change in a company

The process of change has many facets because external factors as well as internal factors can bring about change. External factors can be described as those factors outside the structural boundaries of a company (Van der Waldt and Du Toit 1999:138). These external factors include technological progress, international influences, sociocultural elements, the political climate and changes in the economic environment. The internal factors are those factors within the structural boundaries of a company (Van der Waldt and Du Toit 1999:138-139). As illustrated in Figure 2 (page 12), it is clear that

elements such as communication, relationships, styles of management, the product that the company produces, the company's competitors and its suppliers all forms part of the internal factors that may lead to change in a company.

Figure 2: External and internal factors leading to change

External factors leading to change



Source: Van der Waldt and Du Toit (1999:95)

Internal factors must therefore be seen as all those elements within the company that influence the company to make changes. For example, if the communication structures in a company are non-existent, then the management and the employees of that company should work together to design a new practical and feasible communication system. These are forces that the company can control and manage. When a company is influenced to change from within, it can be seen as caused by internal influences. Employees, their tasks, the behaviour and attitudes of people, the financial status of the company, or events happening within the company, can bring about these internal influences (M5 Team Report 2000:7).

In order to know when change must take place, managers must understand the dynamics and context of external and internal influences that have an impact on the working environment.

It is therefore clear that changes in a company can potentially cause uncertainty amongst employees because it is their needs, security and future that are at stake. Uncertainty can in turn lead to instability. If a company changes, there is always the possibility that the process could go meet with resistance. This resistance must be dealt with in an empathetic and effective way. It must also not be dealt with in haste. If the resistance is dealt with in the right manner, it will benefit the company and the employees (Morgan 2001:1-2).

2.2.2.4. Resistance to change in a company

As indicated, change in a company is multi-dimensional and complex. There will therefore always be an element of potential resistance in companies subjected to a change process.

Resistance to change is an emotional or behavioural response to real or imagined threats to an established environment, whether it is at work or in the home environment. According to Kreitner and Kinicki (1998:626), there are

leading reasons why employees resist change. The most common reasons are the following:

- An individual's predisposition towards change;
- Surprise and fear of the unknown;
- Degree of trust;
- Fear of being unsuccessful;
- Loss of status and/or job security;
- Pressure from groups, colleagues, friends and family;
- Disruption of cultural traditions and or group relationships;
- Personality conflicts;
- Lack of tact and poor timing;
- No reinforcing reward systems.

In addition, Smit and De Jonge Cronje (1997:264) identify the following reasons why employees tend to resist change:

- Threatened self-interest;
- Lack of trust;
- Misunderstanding;
- Different assessments and perceptions;
- Low tolerance for change.

Against this background, it can be assumed that employees will become suspicious when change is introduced. In general terms, this can be related to a fear of the unknown and potential insecurity. In many instances, resisting is the natural reaction of employees who have previously had bad experiences with change and the management of the process (Strebel 1998:10-11). Consequently, resistance can in some instances even become violent when the change process is not thoroughly communicated and explained to those that are affected by the process.

To avoid such a situation management needs to consult and interact regularly with their employees regarding the companies change initiatives.

When and a company plans to restructure as a result of changes in the environment, the path of the process must be communicated. Restructuring can be a positive exercise if it is planned, if all the parties involved trust and respect each other, and when the way forward is clear and understandable.

2.2.3. The relation between change and restructuring in a company

In companies, there is a close relationship between change and restructuring. Changes in the internal and external environments of a company result in restructuring (Jeffrey 2000:1). This means that the company must make adjustments in order to adapt to the changes in the environment. For instance, a company that plans to restructure will have to outline processes, redefine company structures and the way they work, or even the company name.

2.2.3.1. Definition of restructuring

When any company has been exposed to a change process, many consequences have to be dealt with. Examples of such consequences are take-overs, bankruptcy, low production, low morale of employees, and the withering relationship between management and employees. In order to accommodate these events, a company needs to restructure. For any company to consider restructuring, it would have to admit that the previous structure of the company has become inadequate or outdated. Therefore, restructuring can be defined as re-building a company by breaking down existing unproductive features/areas in order to improve the company's output and profitability (Jarvis 1999:17).

Restructuring can also be defined as the way to organise a company, business, or system, in a new way to make it operate more efficiently (*Cambridge Dictionary of American English* 2004).

A successful restructuring process should therefore be seen as the transformation from one form to another, which means that the company has

been changed and will not be doing business in the way it previously did. However, the company is producing the same or better quality products and services as before (Jeffrey 2000:2).

2.2.3.2. Resistance to restructuring in a company

Any restructuring process will have an impact on all parties involved. In a company, the involved parties are the employees, their unions, management and other external stakeholders. The impact on the involved parties must be managed in a manner that minimises any negative effects on the employees. Thorough communication and interaction can effectively manage this. When a company is in the process of restructuring, management must be aware of the potential impact the process could have on their employees. For this reason, it is necessary for management to consider the economic and social effects of their restructuring process. This must be considered not only for the sake of the company, but for the employees as well (Coy 2001:2).

Employees can resist restructuring by being negative and by refusing to adhere to the new situation. They tend to ignore the changes that are taking place or have taken place. In companies, employees usually resist a restructuring process by becoming insubordinate and by refusing to acknowledge new structures and processes (Leather 1997:2). This in turn can have a negative influence on the performance of the company in terms of achieving its business objectives.

2.2.4. The potentially negative impact on employees as a result of the process of change and restructuring in a company

The focus on change and restructuring emphasises factors such as the resulting effects on employees when a company goes through a change and the subsequent restructuring process. It will also focus on the after effects employees have to endure after the process has taken place. The two worst case scenarios that can occur during the change and restructuring process are identified and described in the following section.

2.2.4.1. Low morale as a result of restructuring

If employees (who are the most valuable asset a company has) are unaware of changes taking place, the actual process could have a devastating effect on their morale and productivity. For this reason management, who is at the helm of the restructuring process, must keep their employees informed. By keeping employees informed and up to date, resistance to the process will be lessened, because all parties are aware of the changes to come (McKinsey Consultants Report 2000:40).

By informing employees of the changes that are to come and keeping the workforce up to date, management will be able to include the employees in the decision making process. It is therefore important that employees must be consulted in processes that take place in a company (McKinsey Consultants Report 2000:42).

If employees are not consulted and their needs not acknowledged during such a process, it could be devastating to the company's success and profitability. The impact such a strategy would have on employees would be to cause panic. This is usually the first stage employees go through when their livelihoods are at stake. The next stage would be anger. During this stage the employee show signs of anger towards management and their ideas, as well as the company as a whole. This type of anger, if not managed correctly, could lead to violence, vandalism and even suicide. The last stage the employee goes through is usually depression. This confirms that the employee has accepted the fact that the process will take place (Puth 1994:96-98). In the working environment, this will affect the employees' morale and motivation, as well as the loyalty they have towards the company.

2.2.4.2. Retrenchment as a consequence of restructuring

To keep morale high and ensure optimal productivity, it is of utmost importance that the process of restructuring is fully and accurately communicated to the employees.³ When a company decides to restructure, downscaling of employees and the flattening of the organisational structure can take place (Implementing and managing change 2003:5). Positions can, for instance, become redundant through the instalment of automatic machinery that requires little human assistance, or when one employee is multi-skilled and able to do the jobs of two or three employees. Thus, when positions become redundant, some employees would have to leave the company through a retrenchment process (M5 Team Report 2000:12).

According to Wickens (1995:13-14), retrenchment can be described as the termination of services of an employee or groups of employees due to cyclical downturns, market losses or other economic factors that compel the employer to reduce the labour force. In simple terms, retrenchment means that some employees may lose their positions because of supply and demand factors in the market. If demand for the company's product or service is low, the company will need fewer employees because production will be lower.

According to Nel (1997:236), companies are forced to reduce their workforce under the following circumstances:

- Economic reasons or considerations due to decrease in production;
- Increased competition or factors beyond the company's control;
- Relocating the company or divisions of the company;
- Technological development and mechanisation;
- Hostile take-overs and mergers.

The two worst-case scenarios need to be avoided when a company has to restructure as a result of change in the environment. According to Steen

³ By downscaling is meant that certain positions will become redundant.

(2002:15), the challenge for today's managers lies in the fact that they need to assist their employees in understanding change and the restructuring process, the necessity for it and how they, as well as the process, are expected to adapt. This in itself will counter the resistance to the restructuring process. In order to make a restructuring process successful, planning, communication and management through leadership are of utmost importance.

2.3. A RESTRUCTURING PROCESS IN A COMPANY

As indicated in chapter one, the business objectives of any company are to be competitive, to maximise their profit, to satisfy their clientele, to be known among the best in their field of expertise, and to progress along with new technology. Any restructuring process has both positive and negative outcomes. The positive outcome of restructuring is the success of the restructuring process.

A restructuring process can be regarded as successful when all the affected parties part amicably and when the company remains profitable.⁴ This can be achieved through a give and take scenario (Knapp 2003:5). For example, when two companies merge, all stakeholders need to be consulted and need to negotiate the merger process. Communication during the restructuring process should therefore be effective. Through consultation and negotiation the contributions and sacrifices that each company must make can be identified and discussed. Both companies would possibly have to retrench personnel, but can keep essential employees. The location of the new company headquarters will also have to be negotiated. If one company wants its premises to be used, the other company could have first option of office space (Pitofsky 2000:4).

The above scenario is a simple example of a situation where stakeholders can part amicably because an acceptable agreement was reached. By

⁴ Amicably means that all stakeholders are satisfied with the outcome of the restructuring process.

parting amicably, all parties ensure that the company remains profitable and the morale of the employees stays high. When a restructuring process is successful, it implies that the trust relation between employer and employee stays intact. That is the main goal that all companies strive for during a process of restructuring.

A restructuring process is usually unsuccessful when stakeholders are not satisfied with the outcome of the restructuring process. The reason for this is the lack of effective communication in the form of consultation and negotiation during the restructuring process. Stakeholders will therefore not part amicably (Knapp 2003:1). An unsuccessful restructuring process has a negative impact on employees and can cause low morale, diminishing loyalty towards the company and an eventual decrease in profit for both employer and employee. Restructuring is usually unsuccessful when management does not include the employees in their decision making process. In other words, management believes that they know what employees want and need and without consultation acts on their behalf. Planning, communication and managing the restructuring process are done according to what managers think the employees want. If employees are not properly consulted, it can however result in a low morale, which in turn can lead to incidents such as vandalism, theft and strikes. In extreme cases, this may lead to violence where employees are injured and lives are lost. Not only does the company suffer business losses, it also loses the loyalty of the employees (Pitofsky 2000:5-6). This is a situation that all companies want to avoid.

The success of a restructuring process therefore depends on effective planning, the creation and utilisation of channels for communication, strong management and leadership.

2.3.1. The importance of planning the restructuring process

To plan is to ensure that all aspects of the process are carefully thought through. Planning is done to design the elements of each stage of restructuring in order to reach the objectives of the restructuring process.

According to Smit and De Jonge Cronje (1997:96), planning entails setting goals for the company, determining the type of structure required to achieve the set goals, and acquiring the leadership and management skills necessary to steer the company in a specific direction to achieve its set goals.

Planning therefore focuses the attention on any pitfalls, such as how the process will affect productivity and the morale of the employees, and how they might react to events that will be triggered by the restructuring process (Smit and De Jonge Cronje 1997:96). It can consequently be assumed that when planning is not done properly, the restructuring process might not be successful. This means that before embarking on any restructuring process in a company, planning is needed.

By planning for the future, a company is being pro-active. Pro-active companies are continuously improving their structure and are accustomed to change and able to anticipate restructuring. According to Smit and De Jonge Cronje (1997:97-98), planning is important for any company, especially in South Africa, for the following reasons:

- Planning gives direction to the company;
- Planning promotes cooperation amongst stakeholders;
- Planning compels managers to anticipate future events;
- Through planning the company stays in touch with technological innovations;
- Companies must accommodate South Africa's multicultural composition;
- Companies must remain in touch with the rapid changes and innovations in the global business environment.

By planning any process in a company, management will be prepared for any eventuality that might occur. The management team will therefore be prepared to handle situations where employees feel that their interests have been neglected.

In contrast, if managers see planning as unnecessary, relations with employees could become strained. If this happens, management did not anticipate the reaction of their subordinates to the restructuring process. This is also the stage in the restructuring process when open and effective communication channels play a vital role (Reynolds 2003:2). The company must therefore plan and be able to implement a specific and effective communication strategy.

2.3.2. The importance of effective communication during the restructuring process

To communicate is an integral and necessary part of any company's operational function. It can be regarded as the foundation for success. The practice of communication within a company can be compared to the practice of communication within a family situation. In a family situation, communication between family members is essential to enable the family to support, get along with and love each other. Communication in a company is of the same importance. Effective communication links from top to bottom and from bottom to top within the company as a whole should be forged. This ensures loyalty and support amongst employees and employers within the framework of the company (M5 Team Report 2000:7).

In order to reach their objectives and goals, companies need to communicate to their employees what these goals and objectives are. They should furthermore also explain the reasons for these goals and objectives, especially during a restructuring process, and clarify why and how they should be met. Thus, communication must be seen as one of the most important skills that a manager must have if he/she wants to manage a company. In this regard Kreitner and Kinicki (1998:429) define effective communication as follows:

“The exchange of information between a sender and a receiver and the inference (perception) of meaning between the individuals involved.”

Smit and De Jonge Cronje (1997:333) describe the communication process as: "The process of transmitting information and meaning. The communication process is used when there is something that the sender wants the receiver to know or act upon."

During any restructuring process, it is therefore necessary for management to communicate and interact with its employees. According to Fielding (1993:7), the reasons why communication and interaction are necessary in any company are:

- a) to make restructuring successful employees must be involved in the restructuring process;
- b) other ideas, perspectives or suggestions can be generated and considered;
- c) management would know exactly how employees interpret restructuring;
- d) the reasons and consequences of restructuring will be better understood and accepted by all stakeholders; and
- e) through communication, there is a good chance that management would be able to obtain the support of employees.

If communication in a company had been ineffective prior to and during the implementation, a restructuring process would most likely prove to be problematic. Communication channels and strategies must therefore reach all levels of the company. This is vital because employees are human and need to understand why restructuring must take place and what effect it will have on their positions, functional activities, financial security and families. Employees can assist by, on the one hand, voicing their concerns through the communication channels established by management and, on the other hand, knowing that their concerns are taken to heart by management (Manning 1987:37).

By communicating effectively throughout the process, management proves to employees that they value the abilities of their workforce and recognise their concerns. When employees are given feedback on their questions and concerns, they automatically feel valued because it shows that management has taken their concerns into consideration. This feeling of value will in effect lift the employees' morale at a crucial time. Management will also benefit from this situation, for employees will be more open to new suggestions and decisions taken. It is therefore crucial that employees are consistently kept informed of the reasons for and progress of the restructuring process. They will therefore know if certain positions will become redundant, whether there will be retrenchments and whether severance packages will be provided. They will therefore be able to plan for their future careers and the financial security of their families (Manning 1987:38-42).

A restructuring process within a company will always be a multi-dimensional process and a number of employees will inevitably be negatively affected through, for example, retrenchments, relocation or re-assignment. Effective communication can contribute to make the process of restructuring as painless and as smooth as possible (Mc Kinsey Consultants Report 2000:7).

2.3.3. The importance of managers and leaders during a process of restructuring

In order to understand what their respective roles and relation towards each other during a restructuring process are, it is necessary to briefly define the functions of managers and leaders in companies.

According to Maccoby (2000:1), managers write business plans, set budgets and monitor progress. Leaders on the other hand get companies and people to change. There is a distinction between managers and leaders, and Morris et al. (2000:5) describe it as follows: "Management is a function that must be exercised in any business, leadership is a relationship between leader and led that can energise a company."

The above definition can be interpreted as follows: Able leaders have the ability to select talent, motivate people, inform employees and build trust, whilst managers have a plain administrative managerial function. Against this background, the respective roles of managers and leaders in a restructuring process can be described.

2.3.3.1. The important role of managers during a restructuring process

During a restructuring process, there will always be some resistance amongst employees who feel that their interests are not being served. For the benefit of the company, it is of utmost importance that managers know what they are supposed to do and given an adequate explanation for the process. Managers need to know that any decision they take will have an effect on the company's employees. When a company plans and sets its goals and objectives during the change process, it is, according to Smit and De Jonge Cronje (1997:100), the duty of managers during a restructuring process to focus in their functional activities on the following key issues:

- a) formulate the new vision and purpose of the company;
- b) understand and convey the mission of the company to all the relevant stakeholders;
- c) ensure that the company remains profitable and inspires investor confidence within the national and international business environment; and
- d) ensure that the value system and integrity of the company and management remain intact.

All of the above issues will have an influence on both managers and employees. As mentioned in chapter one, employees are the most important assets of a company because they are responsible for the profitability and smooth operation of a company. In this regard, the following question can be

asked: How should managers tend to the needs of employees and manage resistance to a restructuring process?

There are different ways for managers of companies to manage resistance to change. To streamline the restructuring process and to ensure that resistance to the process is minimal, managers should, according to Kreitner and Kinicki (1998:626), be mindful of the following realities:

- a) the company must be ready for change;**
- b) restructuring is usually less successful when management fails to keep employees informed; and**
- c) management must realise that individuals are unique and their perceptions and interpretations of the restructuring process will affect the intensity of resistance to the restructuring.**

If a manager understands the implications of the above mentioned realities, he/she will, according to Kreitner and Kinicki (1998:626), be enabled to focus on implementing the following measures to ensure that restructuring is brought about in the least disruptive and unsettling way:

- Provide employees with as much information as possible regarding the change process.**
- Inform employees about the rationale or reason for the change. Be prepared to address employees' questions and fears regarding the process.**
- Give employees the opportunity to voice their concerns about how the change will affect them.**

In the above-mentioned regard, managers must at all times communicate all restructuring decisions made to all employees. The result will be that all employees will understand the necessity for restructuring and how the process will be managed. To strengthen and legitimise the process, managers must also be able to give regular feed back regarding issues raised

by concerned employees during a communication session (Gibson and Ivansevich 1991:546). For example, employees may want to know how long it will be before certain identified positions become redundant, or whether the company will investigate the option of taking redundant employees on as contractors. Employees may want to know if there are options to take severance packages when their positions become redundant. It is up to managers to deal with these concerns in order to ensure that morale amongst employees remains high and that the functional activities of the company continue as normal. Before and during a change process, management must also be clear about and explain the reason behind the restructuring process to employees. This manner of communication to employees will set the employees' minds at ease. Managers must be honest and clear about the company's goals and the direction it wants to move in. This will then be seen as admirable, and it is likely that the employees will appreciate management's honesty, which will be to the advantage of the company as a whole.

2.3.3.2. The importance and role of leadership in the restructuring process

Before a restructuring process, a company needs to identify who their leaders will be during the process. This needs to be done to assign tasks to the different individuals. Leaders are employees with leadership potential who can be utilised during a restructuring process. Smit and De Jonge Cronje (1997:278) describe the functional activity of leadership as follows:

"... the process of directing the behaviour of others towards the accomplishment of certain objectives. It also involves taking the lead to bridge the gap between formulating plans and reaching objectives, which means to translate plans into reality."

According to Zwell (2000:81), leaders play an important role in guiding the company to achieve its goals and objectives. Senge et al. (1999:16,18) argue that leaders can be divided into the following three categories, all of which are needed during a restructuring process:

- a) Executive leaders: Their roles are based on the fact that they are one step removed from the organisational direct value producing activities. These leaders focus on design more than on making key decisions (Zwell 2000:82).
- b) Local line leaders: Individuals who are held accountable for results and have sufficient authority to implement changes in the way that work is conducted at their level of responsibility. Their strength is their passion for creativity and for better results in their unit (Tortoriello and Blatt 1978:78).
- c) Internal networkers: These are internal staff, consultants or people in training capacities. They are a natural counterpart for the local line leaders. Their strength lies in their ability to move about in the company (White and Hodgson 1996:89-103).

It is clear that for a restructuring process to be successful all three discussed categories of leadership need to be present because they have a specific function to fulfil. These categories of leadership will be needed at different stages of the restructuring process to balance and stabilise the specific environment where change is taking place. Firstly, the executive leaders could be seen as those people who actually initiate the restructuring process. They are not directly involved in the manufacturing of a product, and they do not understand how their subordinates feel and view the change process. Secondly, the local line leaders are the creative individuals in the company who want to restructure the company as a whole, their specific spheres of responsibility or unit for the better. The problem is that this category of leadership is not always aware of the employee's true feelings and attitudes towards restructuring. Thirdly, the internal networkers are on the so-called grassroots level, which entails that they perform the duties with and within the circles of the subordinates; they can therefore gauge how employees feel. They are consequently used to investigate why the employees feel and act as they do during a restructuring process. It must be assumed that leaders have a crucial function to perform during a restructuring process.

2.4. CONCLUSION

As discussed in this chapter, it is clear that for any company to be world-class, competitive and profitable, the needs of employees must be acknowledged. Any restructuring process should therefore tend to these needs. Information, no matter how insignificant management may think it is, should be communicated to employees. It can be concluded that if well planned, clearly communicated, strongly managed and correctly led, a restructuring process does not have to have a negative impact on employees. It is however also clear that if a restructuring process is not well planned, clearly communicated, strongly managed and correctly led, it could cause the collapse of a company as the result of low employee morale and its effect on profitability.

As a practical example, the next chapter will be focussing on the restructuring process that was implemented at Samancor Manganese Mines during the timeframe May 2000 to June 2001.

CHAPTER THREE

THE RESTRUCTURING PROCESS USED AT SAMANCOR MANGANESE MINES

3.1. INTRODUCTION

In the previous chapter, an in depth, but general overview of change leading to restructuring in companies was provided. With this overview as background, the chapter identified and described in general terms an effective restructuring process that a company can follow after changes took place in the internal and external environment. It was established that, in order to be successful in terms of the business objectives of any company, it is important to tend to the needs of employees through a thorough process of planning, communication, management and leadership.

As the main objective of research, chapter three provides a holistic overview of the changes and consequent impact of the restructuring process that took place at Samancor Manganese Mines between May 2000 and June 2001. In this regard, the chapter will be narrowed down to the impact the restructuring process had on the employees of the mine. To achieve this, the focus firstly falls on the reasons for and the content of the change and restructuring that took place, as well as on the steps that were followed in order to execute the restructuring process. Secondly, the impact the restructuring process had on employees will be described. The elements of change and restructuring and the identified effective restructuring process described in chapter two will be used as framework to guide the structure of this chapter.

3.2. THE TYPE OF CHANGES THAT LED TO THE RESTRUCTURING OF SAMANCOR MANGANESE MINES

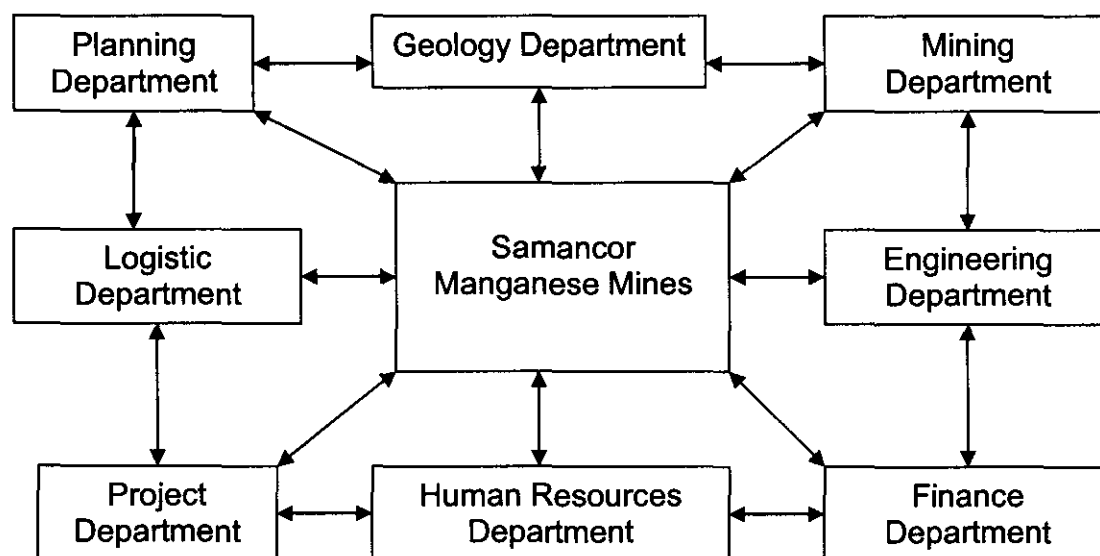
The company South African Manganese Limited was established in 1926 to mine manganese ore near Hotazel in the Northern Cape Province of South

Africa. The company Samancor was created in 1975 through a merger between the companies South African Manganese Limited and African Metals Corporation (AMCOR). Samancor later became and remains a division of the company Billiton International. According to the official website of Samancor Manganese Mines (2002:1), the company has the following three divisions:

- a) Hotazel (Formerly Samancor Manganese Mines), which produces manganese.
- b) Meyerton, which produces ferromanganese and silicon manganese in furnaces.
- c) Witbank, which produces chrome.

As in any other company, the divisions of Samancor are made up of different components that represent the functional activities of personnel. These components stand apart from each other but are interlinked in order to contribute to the productiveness of Samancor as a whole. Each of the different components has a specific function in the total production process (See Figure 3).

Figure 3: The functional components of Samancor Manganese Mines



Source: Management Report – Hotazel division (2000:7)

In the case of Samancor Manganese Mines, the restructuring process affected personnel in all of these different components.

Before the restructuring process, Samancor Manganese Mines alone had approximately a thousand employees, which included employees from management to grass roots level.

The top management team of Billiton International decided that because of changes occurring in the internal and external environment of the company, with specific reference to competition and technology, the company needed to be restructured. This decision brought about the amalgamation of the company BHP and Billiton International. The amalgamation led to the formation of the company BHP Billiton International that currently owns sixty per cent of Samancor. In order to streamline the whole company, the smaller divisions of BHP International, such as Samancor Manganese Mines as a sub division of Samancor, had to rethink and redesign their own internal structures (Jones 1995:10-26).

The type of change that ultimately led to the restructuring of Samancor Manganese Mines can be regarded as adaptive. The reason for this is that Billiton International introduced a familiar (normal) business practice to streamline the company. This familiar business practice was the merger with BHP. This merger had a trickle through effect on all the divisions of BHP Billiton International, including Samancor Manganese Mines.

This restructuring ultimately led to mass retrenchments and low morale amongst remaining employees within the structures of Samancor Manganese Mines.

3.3. FORCES OF CHANGE THAT LED TO RESTRUCTURING AT SAMANCOR MANGANESE MINES

As described in chapter two, there are different forces of change that can affect a company and can ultimately lead to restructuring. In the case of the restructuring at Samancor Manganese Mines, the focus will fall on the forms of planned and reactive change that took place in Samancor Manganese Mines, which necessitated restructuring.

3.3.1. Planned Change at Samancor Manganese Mines

In the case of Samancor Manganese Mines, planned change was the driving force behind the restructuring process. The so-called mother company, Billiton International, brought about this planned change. Billiton International merged with BHP to form BHP Billiton International. It was as a result of this merger that restructuring took place. There are two reasons why mergers between companies take place. The first reason is what is called a general merger. Some mergers are, for example, accompanied by new investments to upgrade the existing assets and acquire new ones. Other mergers take place to re-deploy and intensify the way the existing assets are utilised (Edwards 2000:2). The objective would be to streamline the company structure in order to stay profitable.

In the case of the merger between BHP and Billiton International, both the aforementioned reasons for the merger to take place were present.

A project team investigated the advantages and disadvantages of a merger between BHP and Billiton International. The board of directors from both companies appointed the team to ensure that both companies were equally represented. This team consisted of employees from both companies as well as a consultancy group, which specialised in the restructuring of companies. The project team had to keep the top management of both companies informed of the progress of their research. The final report was compiled and presented to the board of directors of both companies. Research indicated

that it was in order to stay profitable it was in the interest of both companies to merge. The obstacles that were foreseen during the restructuring process were the possibility of retrenchments, low morale, low productivity for at least three months after the restructuring process and high cost implications of a new marketing strategy for the company (Samancor/Billiton Top Management Report 1999:23).

The outcome of this report was presented to top management and the decision was taken to implement the merger. A challenge foreseen by the project team was the probability of restructuring divisions of Samancor. This restructuring could lead to retrenching the employees of certain division (Ralls and Webb 1999:4).

The final decision to merge was communicated to all Billiton International's divisions, including Samancor. Consequently, each division of Samancor had to review their structure and design a restructuring process within their own ranks (Project Team Report: Board Meeting 1999:35). The idea was that the restructuring process should be in the interest of the company as a whole.

3.3.2. Reactive change at Samancor Manganese Mines

Smit and De Jonge Cronje (1997:161) define reactive change as the process where a company reacts to a situation that was not anticipated or expected.

For example, a reactive change took place in Samancor when the investigation regarding the merger was completed and it was decided that restructuring should take place. The Mc Kinsey consultant company, which assists companies when they are on the verge of implementing a project such as restructuring, was approached to investigate the possibilities of restructuring Samancor Manganese Mines. The consultancy group recruits specialists in various fields, such as finance, project management, strategic planning and human resources (Depicho, 2000:4).

The initial investigation of the Mc Kinsey consultants indicated that to be aligned with the new merged BHP Billiton International objectives, Samancor Manganese Mines would have to downsize at least fifty per cent of its workforce. The reasons for downsizing were, according to the Mc Kinsey Consultants Report (2000:4):

- to reduce expenditure on overtime, spare parts and breakdowns of mining equipment;
- to acquire and utilise more efficient equipment, which would save cost in the long run;
- to establish a flatter company structure;
- to be more competitive internationally; and
- to produce a higher quality product.

The management of Samancor Manganese Mines expected the report to show some kind of downsizing, but they did not anticipate that the downsizing could be as much as fifty per cent of the workforce (Cushway 1999:205).

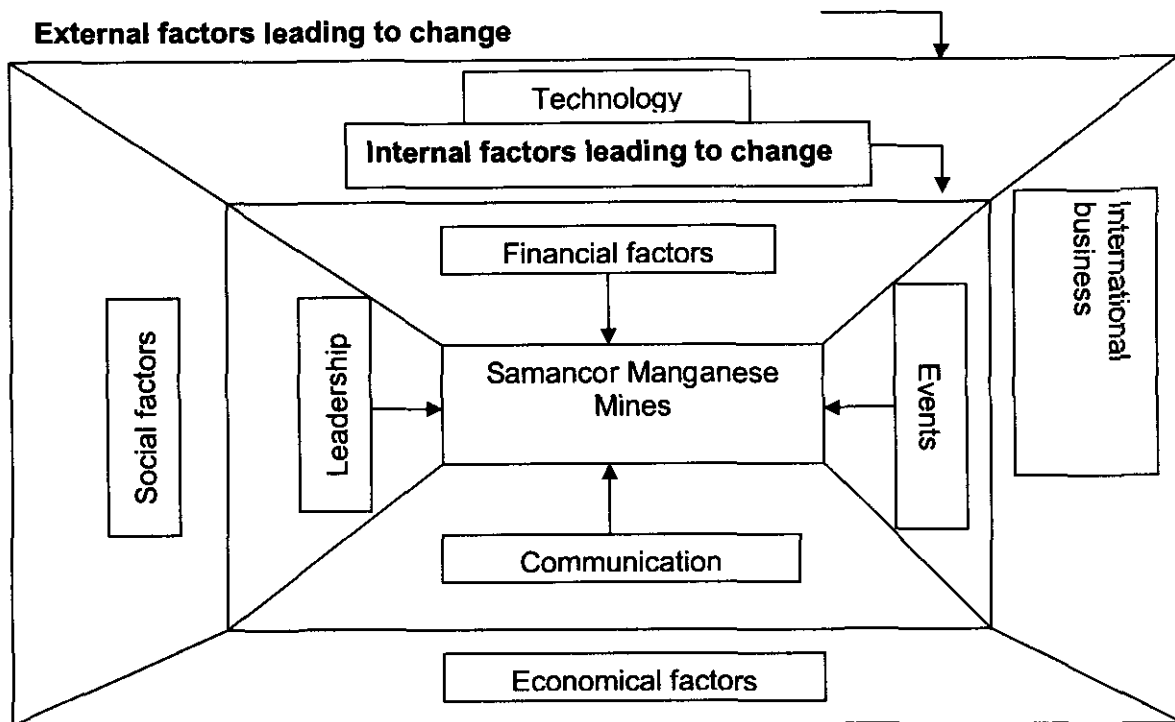
Another example of reactive change is the manner in which management did not anticipate the employees' reaction to the proposed downsizing. According to interviews held with Philips, Boer and Majojuma (2000), management expected employees to be affected negatively by the restructuring process, but not to such an extent that employees would become violent, abusive and insubordinate.

The combination of planned change, which led to mass retrenchments and the reaction to these changes negatively, affected the morale of the remaining employees.

3.4. FACTORS OF CHANGE THAT INFLUENCED THE RESTRUCTURING AT SAMANCOR MANGANESE MINES

The restructuring process at Samancor Manganese Mines was influenced by both external and internal factors (See Figure 4).

Figure 4: Internal and external factors



Source: M5 Team Report (2000:15)

3.4.1. Selected external factors that influenced the restructuring process

External factors are those factors that the company cannot control (see Figure 4). In the case of Samancor Manganese Mines, the merger between BHP and Billiton International was the factor that led to the restructuring. Other examples of external factors that influenced the restructuring process, and in many cases conditioned the behaviour of employees, were the following:

3.4.1.1. Technological factors

The technological factors were brought about by faster and computerised machinery in the mining market. Smaller machinery, which could work longer hours and could be maintained at a lower cost, was introduced to the mining industry. This led to the realisation that one of these new improved machines could perform the function of at least five employees. This would save production costs for the company and fewer employees would be needed (Harvard Business Essentials 2003:8; Mc Kinsey Consultants Cost Savings Report 2000:18).

3.4.1.2. Economic factors

The economic factors were influenced by stronger competition in the mining environment. The option was to focus more on the international markets and markets where mining was still a new industry. This brought about part of the decision to restructure. The idea was that Samancor Manganese Mines will become more cost effective and will compete productively on an international as well as on a national level (Harvard Business Essentials 2003:8-9) and (Mc Kinsey Consultants Cost Savings Report 2000:19).

3.4.1.3. Cultural diversity

As in most mining industries, mining towns are usually a small community of people. Employees come from different areas of South Africa, as well as from neighbouring countries, to earn a living in mining towns. Because of this, people with different backgrounds and cultures have to work together, which sometimes leads to animosity between groups of people and causes distrust between employees and management (Harvard Business Essentials 2003:9) and (Mc Kinsey Consultants Cost Savings Report 2000:22).

3.4.2. Selected internal factors that influenced the restructuring process

As defined in chapter two, internal factors are those elements within the company that bring about change. Factors such as leadership style, events such as new management in short spaces of time, new procedures being implemented without involving employees in the new processes, can all destabilise and even derail a restructuring process. From an employee's point of view, the following internal factors complicated the restructuring process at Samancor Manganese Mines:

Firstly, as a result of the merger and the investigated options of how to streamline the company, the leadership structure in the company changed. An unfamiliar leadership core therefore replaced a familiar leadership core. The result was an immediate communication gap and lack of trust between employer and employee (Edwards 2000:3).

Secondly, the way in which the merger was communicated within the company also had a negative influence on how employees perceived and experienced the changes (Mc Kinsey Consultants Report 2000:6). Employees felt that they were not completely informed about why restructuring should take place. In fact, employees were only officially informed of the merger a few weeks before the Mc Kinsey consultants arrived on site. Due to this lack of effective communication, employees were sceptical and felt uncertain of what to expect (Mass Meeting NUM, July 2000).

3.5. INFORMATION GATHERING PRIOR TO THE RESTRUCTURING PROCESS

After the merger between BHP and Billiton International, Samancor Manganese Mines in principle made the decision to restructure the company in the timeframe May 2000 to June 2001.

After the initial decision to restructure, it was decided that specialised assistance would be needed to investigate and initiate the total restructuring process. In order to achieve the objectives of restructuring, Mc Kinsey Consultants were contracted to facilitate the process (Lee and Kayer 2003:18).

In preparation for the actual restructuring process, Mc Kinsey Consultants were given the task to gather information regarding the operations, profitability and human resources of Samancor Manganese Mines. Their method of information gathering could be divided in three phases and had the following impact on Samancor Manganese Mines.

3.5.1. Phase one: Creating a business profile of Samancor Manganese Mines

A team of ten McKinsey consultants did the initial planning for research purposes. Eight full time permanent Samancor employees assisted this team of consultants. These eight employees were all specialists in project management, finance, remuneration, production, geology, human resources and surveying. A team of eighteen people was assembled. The task of the team was to decide on what name to call the team. All eighteen employees gave their suggestions on what the name of the team should be. They eventually came up with the name M5 for Making More Money Mining Manganese. This name symbolised the objectives of the restructuring process (Information brochure 2000:1).

In what can be regarded as phase one of the restructuring process, the M5 team spent the first four to six weeks during June and July 2000 gathering information and investigating the following three functional sites of Samancor Manganese Mines:

- Wessels underground mine (site 1)
- Mamatwan opencast mine (site 2)

- Hotazel administration (site 3)

This was done in order to establish in which capacity many employees were employed at each site, which equipment is used at each site, each site's production process, how many shifts are worked per week, and how each site's administration process flows (Depicho 2000:3).

At the end of the sixth week, the team gathered information about the:

- exact number of positions in the company;
- amount of existing jobs in the company;
- amount of permanent as well as temporary employees;
- cost related to the amount of employees;
- machines and equipment that are being used;
- time spent on downtime and breakdowns;
- overtime and the costs thereof (Management Report 2000:16-25).

During this phase of the information gathering process, employees were kept up to date only through weekly brochures. These brochures were distributed at each site. The brochures kept employees up to date with information about whom the members of the M5 team were, the number of employees employed at Samancor Manganese Mines, and how many hours all employees were working. At this stage, prospects of possible retrenchments or downsizing were not communicated to employees. According to interviews and discussions held with Maarman, Grobbelaar and Van Zyl, (2000), this information could have been kept from employees because:

- the investigation process may not have reached that point;
- management may have decided to not upset employees over a retrenchment that may not even be implemented;
- the investigation team did not yet have a full picture of the impact of the restructuring process.

Management at Samancor Manganese Mines and the M5 team also saw the activity of information gathering as an introductory phase, during which team members could familiarise themselves with one another and the environment. Information was gathered in order to pre-empt the entire restructuring process or the so-called road ahead. Implementation deadlines were discussed and standing appointments were made with management for presentation purposes. The team furthermore decided on when and how their progress reports would be organised. Each member of the team was assigned a specific task and had to report to the entire group once a week. This gathered information was then verified to ensure complete accuracy (Dierkes 2001:535-542).

The formalised process for the restructuring and gathering of information envisaged by the M5 Team Report (June 2000:3) can be summarised in the following steps:

- STEP 1: Get to know the team and its members.
- STEP 2: Decide what the objectives of the team will be.
- STEP 3: Gather all necessary information to reach that set goal.
- STEP 4: Verify the gathered information.
- STEP 5: Link definite deadlines to the process.
- STEP 6: Give each team member his or her task.
- STEP 7: Communicate progress regularly to management as well as employees.
- STEP 8: Do a thorough investigation into the objectives that were set.

The objective of the first phase of the M5 team was to establish a strong effective restructuring team.

3.5.2. Phase two: Identifying possible implementation mechanisms

After all the aforementioned information was gathered, the M5 team presented the information to the management team. Discussions were held with departmental heads, engineers, human resources personnel and some

supervisors regarding the gathered information and to verify it. The next phase in how to proceed with the restructuring process was then given approval by management. This phase entailed specific steps to reach identified objectives, to communicate the team's progress to management, to identify the financial implications of the restructuring process, and to compile suggestions, with step-by-step plans, for the improvement of the current productivity of Samancor Manganese Mines (M5 Team Report August 2000:8).

During this process, employees were not clearly informed about issues relevant to them, such as how new equipment will affect their positions, how the reduction of shifts will impact on their salaries, and who will be affected if the option of retrenchment were to be taken. Communication to employees only stated that Mc Kinsey Consultants were assisting the company in certain issues, but these issues were never identified. The following rumours then started doing rounds:

- Hotazel might be taken over by another company;
- the mine might close down as a mining town;
- seventy per cent of employees might be retrenched;
- contractors might be hired instead of permanent employees.

Unions were affected because members started to question their leaders' integrity and ability to lead. Employees started to lose faith in their union and many employees ended their membership with one union and joined another. The unions' livelihood was also threatened as a consequence. In reaction, union leaders started to question the goals and objectives of the restructuring process. The message from management was that the restructuring process would not affect the positions of employees. This could be because management believed that this would be the case (NUM Mass Meeting, 2000).

According to interviews held with Dikolenyane, Klaaste, and Van Zyl (2000), management might at that stage have believed what they were

communicating to employees, because the investigation was still ongoing and the idea of massive retrenchments was at that stage not an option.

In reaction, union representatives such as NUM, NETU and UASA were, however, not satisfied with the answer management provided. For this reason, the behaviour and attitudes of employees started to change. Employees became less trusting of what management and the M5 team communicated. There were instances of violence underground at Wessels mine. According to interviews with Eilerd, Renoster and Maitse (2000), employees started to lose their respect for their supervisors, which in turn made it harder for supervisors to reach the set production targets.

During this phase, the M5 team was investigating ways for the company to operate more cost efficiently. For the company to be cost efficient, savings had to be realised. After investigations, it was decided that these savings could only be realised if the company adheres to the following (Paige 1977:79-81):

- fewer employees;
- fewer positions;
- employing multi-skilled employees;
- cutting on overtime;
- reducing transportation costs;
- using resources efficiently

After consideration and investigation, it was decided that downsizing on employees as well as equipment is a necessity. According to Salaman (2002:211-219) the following questions were further investigated:

- What would the actual cost saving be?
- Is there an alternative?
- How would the process affect production?
- What would the effect on employees be?
- Is the process necessary?
- Would a severance package for employees be offered?

The answers to the aforementioned questions were uncovered after further investigations took place. Answers to each question were:

- The cost saving would be realised if the Samancor Manganese Mines retrenched at least forty per cent of their workforce. Cost savings would also be realised if the Samancor Manganese Mines could get a contract company to supply spare parts for equipment solely for Hotazel.
- The M5 team found that the only alternative would be to cut on shifts and overtime, which would affect employees' salaries.
- The initial impact on production would be hard, because of fewer employees and possible instances of sabotage or vandalism; but the M5 team ensured management that to get production on track would take no longer than one month.
- The M5 team's investigation showed that the restructuring would definitely have a negative impact on employees. However, the percentage of employees that the M5 team suggested would react negatively to the process was much smaller than the actual percentage. The actual percentage of employees who were negatively affected was between sixty and seventy percent of the workforce.
- Investigations proved that this process was indeed necessary to make Samancor Manganese Mines more cost effective.
- The severance package for employees was calculated on a maximum of two weeks' salary for every year worked (Stone 2002:2-3).

The aforementioned questions had to be answered before the process could get underway. This phase of the restructuring process took approximately four to eight weeks, from mid July until the second week of September 2000 (Mc Kinsey Consultants Report 2000:16).

3.5.3. Phase three: Communicating information to employees

The next phase saw the initial M5 team split into groups of three. Each group was stationed at a mine site, one team at Mamatwan mine, one team at Wessels mine and one team in Hotazel. The initial group of eighteen members increased to twenty-four members.

During this phase, one-on-one discussions were held with engineers, supervisors and specialists in their specific fields. This was done to get expert opinions on new processes and equipment that were needed to streamline the company. Through the involvement of the experts, initial cost saving ideas were refined and revised.

However, like the first and second stages of the information gathering process, none of the work floor employees were consulted or involved. This stimulated growing opposition amongst employees (Edwards 2000:8).

It was clear that these new cost saving ideas would definitely affect employees and their positions, because by streamlining operations fewer employees would be needed. For instance, by installing automatic machines that needed only one operator per shift, the three operators currently employed would be affected. It also meant that employees who were multi-skilled would have an advantage over those who were not (European Industrial Relations Observatory 2001:1).

After all investigations had been completed, management made their final decision to proceed with the restructuring process. Employees felt that they had not been consulted in the matter (Management Report 2000:13).

This lack of communication during the gathering of information period prompted more resistance from employees. Therefore, when management finally decided to involve employees in the process, they resisted in the following ways:

- regular informed discussion sessions with unions and associations;
- open and honest communication with employees;
- taking employees through the restructuring process theoretically;
- negotiating terms and conditions of retrenchments if any (Conrad and Poole 1998:152-153).

However, they did not adequately research issues such as the emotions of their employees, which was what eventually influenced the outcome of the restructuring process.

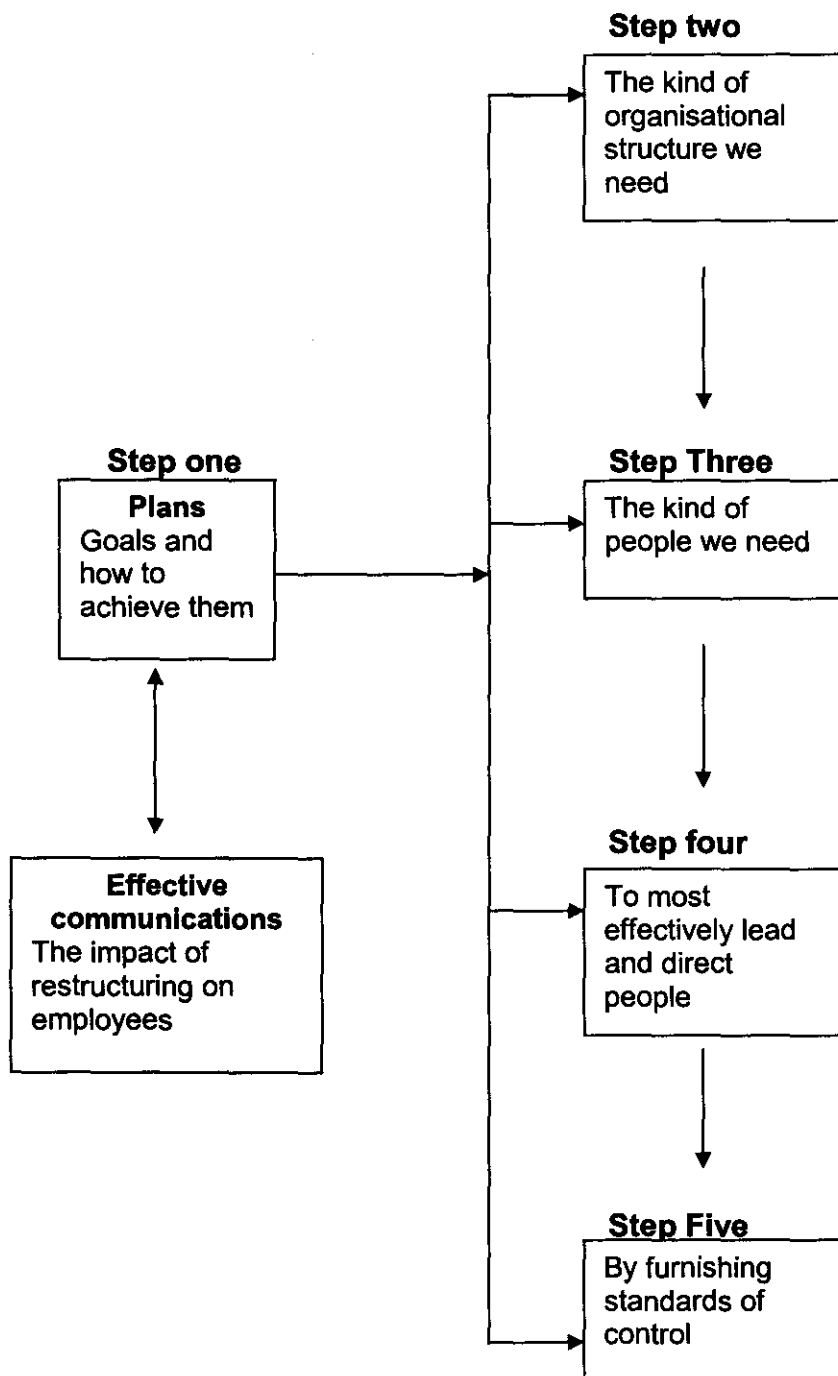
3.6.1. Planning the restructuring process

Planning is a critical step in initiating any new process within a company and can be seen as the process whereby the management team of a company constantly stays ahead of the change process (M5 Team Report 2000:1).

The management team of Samancor Manganese Mines knew how to reach their goal. This was done by compiling the following information (See Figure 5):

- strategic plans on how to reach their goal were in place;
- the new organisational structure that was needed was in place;
- identifying what kind of employees the new structure would need;
- specific business standards that the company had to adhere to (Management Report 2000:11).

Figure 5: The steps in the implementation of the restructuring process



Source: Smit and de Jonge Cronje (1999:99).

The above figure illustrates the steps in the planning process. The first step was to identify specific goals, which the company must be able to attain. The second step would be to discuss and decide how the company must be structured at the end of the change process. The third step would be to know

Before any of the communications went out, management had to approve the contents of the communication (Maude 1977:213-314).

The second level of communication was part of the actual restructuring process. During this phase, management approved less and less information about employees' careers, their salaries, medical aid and so forth. Information relating to issues such as the percentage or possibility of a retrenchment, the implementation of new structures and identifying the date for the implementation of the final stage of the process was not shared with employees. This was because the brochures, e-mails and notices were not distributed regularly, i.e. once a week. If any communication went out, it did not really have any crucial information that affected the employees. Employees received information about how the investigation was progressing, for instance, that the M5 team was at the second stage of investigation. The brochures also informed employees of which team was on which site and where the team will be situated the following week (Adair 1997:31-32).

This again led to a situation where, if any communication went out to employees, only a few actually read the documents. This made the unions suspect that management was withholding relevant information from them. This feeling of distrust caused a chain reaction and the unions demanded regular meetings with management, but on condition that management convey necessary and relevant information.

3.6.3. The role of management and leadership during the restructuring process

It is clear that the restructuring process at Samancor Manganese Mines created a situation of distrust between employees and leadership. This distrust was aggravated by the following events:

- fifty per cent of the employees of Samancor Manganese Mines were retrenched;

retrenched employees were the sole supporters of their families. These families were now without an income to support their livelihood. Because of the fact that employees felt left out and betrayed by the process and management, the relationship between management and employees were strained.

Employees who were not subjected to retrenchment felt a sense of guilt because their colleagues lost their jobs and they did not. This damaged the basic trust relation between employees and even friends. Some employees who were retrenched suffered from depression and others had high stress levels. This in turn led to some employees not being fit to find other employment (Reynolds 2003:5).

3.8. CONCLUSION

As illustrated and discussed during this chapter, it is clear that there are different issues to take into consideration when planning to implement a process such as a restructuring. Although it was indicated that the restructuring process was a result of adaptive change, it was also clearly illustrated that the following elements had a great influence on the outcome of the restructuring process, with specific reference to the morale of employees at Samancor Manganese Mines:

- types of change;
- forces of change;
- external and internal factors that can lead to a change process;
- planning the restructuring process;
- communicating the restructuring process;
- management and leadership.

It is evident that if the above elements are not dealt with in an effective way, it can have a destabilising effect on a restructuring process. The next chapter will investigate certain empirical findings on how the restructuring at

Samancor Manganese Mines was managed to establish what went wrong during the restructuring process.

CHAPTER FOUR

EMPIRICAL FINDINGS

4.1. INTRODUCTION

Chapters one to three were mainly compiled through a literature research. This was done in order to theoretically analyse and describe the restructuring process that took place at Samancor Manganese Mines in the timeframe May 2000 – June 2001. It was established that the nature and outcome of the restructuring process led to mass retrenchments and eventual low morale of employees within the company. The main objective of chapter four is to empirically indicate, from the employee's perspective, what went wrong and which issues could or should have been dealt with in a different way. These empirical objectives were mainly achieved through semi-structured interviews with leaders of all involved trade unions representing the employees of the mine. The findings of this empirical research are presented under the categories planning, communication, management and leadership as components of an effective restructuring process as identified and described in chapter two.

Against the background of the literature research conducted in chapters one to three and the empirical findings in chapter four, recommendations on how the restructuring process could or should have been conducted will be made in the concluding chapter.

4.2. THE CONTENT AND CONTEXT OF THE SEMI-STRUCTURED INTERVIEWS

Between June 2000 and November 2000 semi-structured interviews were conducted with all the leaders of the trade unions that represented the employees of Samancor Manganese Mines during the restructuring process. Eight trade union leaders were interviewed. The sample was therefore one

At Samancor Manganese Mines, the NUM represented at least eighty per cent of the workforce (Industrial Relations Report 2000:7).

4.2.2. Vision and support base of the UASA

UASA evolved from the amalgamation of various unions in 1998. However, its roots date back to 1894. Recently other unions joined UASA, for example the National Employees Trade Union (NETU) and unions from Denel. According to Motloung (2004:2), the benefits UASA had to offer to employees at Samancor Manganese Mines were assistance in the following areas:

- disciplinary or appeal cases;
- pension fund matters;
- funeral assistance;
- collective negotiations; and
- retrenchments.

At Samancor Manganese Mines, UASA had the second largest membership on the mines and represented thirteen per cent of the total workforce (Industrial Relations Report 2000:9).

4.2.3. Vision and support base of the MWU

The MWU is a small union and represented five per cent of the employees at Samancor Manganese Mines. According to an interview with Hennie Ross, lead representative (2000), although the union only represented a small number of employees, they felt that they were a union that was able to pay individual attention to all their members.

4.2.4. Vision and support base of the NETU

According to their official website (2003), NETU was formed on 1 August 1995 as a result of a merger between the following Unions:

- Amalgamated Engineering Union of South Africa;

- South African, Iron & Steelworkers; Shipbuilders and Welder's Society;
- Engineering Industrial and Mining Worker's Union; and
- Iron Moulders' Society of South Africa.

NETU started with a membership of sixty-six thousand members and represent employees in more than eighty-three industries. This union represented members of all occupations irrespective of race, gender or occupation. In the case of Samancor Manganese Mines, NETU was a recently established union and represented only two per cent of the workforce. NETU adheres to the following principles: freedom of association, democracy, no politics and excellent service to members (NETU 2003:1).

4.3. ANALYSIS OF DATA

The following open-ended questions were asked to the leaders of the trade unions.

- What was the initial feeling of employees regarding the restructuring process?
- How would the employees describe the way management planned the restructuring process?
- Was management's communication strategy regarding the restructuring process efficient enough?
- How well were employees informed of the consequences the restructuring process might have on their current status?
- How did the sudden news of possible retrenchments have an impact of employee's family life?

- Would employees of Samancor Manganese Mines, after the restructuring process, recommend the company to others as secure, profitable and a good choice for career opportunities?

The employee perceptions regarding the above questions were the following:

4.3.1. Employee perception in terms of restructuring

Sixty per cent of employees indicated that the official announcement of the restructuring process came as a complete surprise. At that stage, they had not felt alarmed because the possibility of retrenchments had not been mentioned.

4.3.2. Employee perception in terms of planning

In general terms, forty-five per cent of employees felt that management planned the restructuring process thoroughly in terms of keeping the company profitable. In their view management knew exactly what they wanted and how they were going to achieve their objectives. Fifty five per cent of employees however felt that the needs of employees were neglected during the planning of the restructuring process.

4.3.3. Employee perception in terms of communication

Sixty five per cent of employees felt that Samancor Manganese Mines had a very good and established communication structure in place. However, management only utilised this strategy after the emergence of rumours about take-overs and possible retrenchments. Communication about the restructuring process and the possible consequences thereof came too late.

4.3.4. Employee perception in terms of the consequences of the restructuring process

Seventy per cent of respondents answered that management was not honest because they did not inform employees in good time that retrenchments could be expected.

4.3.5. Employee perceptions in terms of retrenchments

Ninety per cent of employees responded that the restructuring process and announcement of retrenchments had a negative effect on their lives. The most common effects were:

- a) loss of status, self esteem and security;
- b) uncertainty;
- c) anger toward family and colleagues;
- d) alcoholism;
- e) divorces;
- f) depression; and
- g) suicides.

4.3.6. Employee perceptions in terms of Samancor Manganese Mines after the restructuring process

Sixty per cent of employees felt that Samancor was still a secure and profitable company to be associated with.

In combination with the literature research already conducted in chapters one to three, the above outcomes and elaboration on the open ended questions enabled the researcher to come to specific conclusions (from an employee's perspective) regarding the shortcomings in the planning, communication, management and leadership of the restructuring process at Samancor Manganese Mines.

4.4. SHORTCOMINGS IN THE RESTRUCTURING PROCESS AS PERCEIVED BY THE EMPLOYEES

In order to point out shortcomings the focus in this section falls on how the restructuring process actually affected the employees, and how they experienced the process.

4.4.1. Ineffective planning of the restructuring process

Forty five per cent of the employees felt that management planned the restructuring process thoroughly. All the structures and procedures were in place to ensure a successful restructuring process and the future profitability of the company. Management knew exactly what they wanted and how they were going to achieve their goals.

Fifty five per cent of employees, however, felt that they did not know where they fit into the planning strategy and in many instances experienced the restructuring process as follows:

- Thirty per cent of employees felt that they were not included in the initial decision to restructure.
- As a result of the restructuring process, fifteen per cent of employees did not really care what became of them as long as they received adequate retrenchment packages.
- Three per cent of employees interpreted the restructuring process as a racial issue, which intended to exclude black workers from the company structures.
- Seven per cent of employees felt that the restructuring process was unnecessary. It was in their view a mechanism to retrench employees who could not get along with management.

The major area of concern for employees was that the restructuring plan only covered the period of the restructuring process itself. Planning did not focus on the period before the initial restructuring process and the period after the process was implemented. Employees therefore experienced the restructuring process as apathetic, rigid and mechanical, and as excluding their needs. The retrenchment of fifty per cent of employees strengthened this belief. This in turn resulted in the escalation of the already present low morale amongst the remaining employees.

4.4.2. Ineffective communication during the restructuring process

Sixty five per cent of the employees felt that Samancor Manganese Mines had an established and effective communication structure in place. The management team however did not utilise these existing structures to communicate the reasons for and progress of the restructuring process to employees effectively. These employees experienced the communication strategy as follows:

- Two per cent of employees indicated that management thought their communication strategy was effective. In practice, from the employee's perspective, the strategy failed.
- Ten per cent of employees felt that if management's initial communication strategy had been efficient enough, there would not have been rumours of, for example, retrenchments and the closing of the mine. These rumours added to the uncertainty that employees already experienced.
- Twenty per cent of employees believed that management was not honest in the information communicated to them. Employees felt that they were not informed in advance that retrenchments could be expected.

- Ten per cent of employees felt that the information management conveyed was not always clear. Some of the terminology used in the communication had no clear meaning to them.
- Three per cent of employees felt that management overloaded them with unnecessary information.
- Fifteen per cent of employees indicated that relevant information, which was important to employees, had not been communicated to them in good time. The first information sent out by management was after everyone had already heard the rumours.
- One per cent of employees felt that management interrupted the union leaders on more than one occasion when they wanted to voice the employees' opinion during meetings.
- According to four per cent of employees, the information sent out was usually for employees who were educated with at least a matric certificate. Illiterate employees were unable to understand the message that was communicated.

Employees felt that during the initial planning of the restructuring process, they were not fully informed of management's intention to downsize the company. To most of the employees and their unions, the official announcement by management came too late because the restructuring process was already underway.

4.4.3. Ineffective management of the restructuring process

It is clear that employees experienced the management of the restructuring process negatively. The overall experience was that management practices displayed by the management team of Samancor Manganese Mines were far from efficient. One hundred per cent of the employees that were represented

by the unions indicated that they no longer trusted management. Their experiences of how the restructuring process had been managed can be summarised as follows:

- According to fifty five per cent of employees, management displayed dishonesty on more than one occasion regarding the reasons and potential implications of the restructuring process.
- Thirty per cent of employees indicated that they never really had any trust in the management team. The way in which the restructuring process was managed just confirmed their beliefs.
- Three per cent of employees also indicated that they trust one or two members of the management team, but not all of them.
- Ten per cent of employees indicated that management should have focussed on employee issues more, because employees are the company's most important assets and should be among the first priorities management ought to focus on.
- Two per cent of employees were shocked at the announcement of retrenchments.

When all the above experiences of the employees are considered, it can be concluded that, from an employee's perspective, all the characteristics of good management practices were absent.

4.4.4. Ineffective leadership during the restructuring process

In the opinion of the majority of employees of Samancor Manganese Mines, all of the qualities attributed to effective leadership were absent during the restructuring process. For the employees, the restructuring process was

characterised by poor communication, resistance to change, low morale and motivation, and a lack of general leadership.

Seventy per cent of employees indicated that according to them there were no real leaders within the management team during the restructuring process. The employees experienced this lack of leadership as follows:

- Fifteen per cent of employees felt that the lack of leadership qualities was because there was no actual commitment from certain management members to tend to the needs of employees during the restructuring process. These members never took responsibility for their actions; they always blamed the process or someone else.
- Thirty per cent of employees indicated that in their opinion some management members were not competent enough to manage a restructuring process. They felt that some managers did not take the restructuring process seriously enough.
- Ten per cent of employees also felt that management was not mature enough, because when employees voiced their opinion regarding certain issues, some members of the management team took the disagreement personally.
- Fifteen per cent of employees felt that they as workers had the right to be emotional because most of their jobs could become redundant. They felt that management was quite safe and should therefore not take disagreements personally.

It was the combination of ineffective planning, communication, management and leadership that from an employee's perspective made the restructuring process ineffective

4.5. CONCLUSION

It is evident that the management team of Samancor Manganese Mines overlooked the following important issues during the restructuring process:

- not involving employees from an earlier stage during the process;
- withholding important information from employees;
- members of management sometimes not being competent enough to handle discussions with employees;
- the lack of trust employees had in the management team; and
- management not being really aware of how the whole restructuring process affected their employees.

Against this background, it can be concluded that there was a clear lack of communication, which led to misunderstandings and distrust between management and employees. It created the impression amongst employees that to keep the company profitable their needs were being neglected. The retrenchment of fifty per cent of employees strengthened this belief, which in turn led to low morale. In the next chapter, recommendations will be made about how management should have conducted their communication strategy to ensure that the restructuring process was implemented as painlessly as possible.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1. INTRODUCTION

In order to stay competitive and profitable in a constantly changing environment, occurrences such as mergers and restructuring are legitimate and familiar practices for any company. Restructuring is a product of internal and external changes in the environment. In order to adapt to these changes and remain profitable, it is required of most companies to restructure at one stage or another. This process will inevitably always have an impact on the organisational structure of the company and on the functional activities and positions of employees within that company. A restructuring process can therefore be regarded as a transformation process whereby a company moves away from one (business) dispensation to another in order to remain profitable. The ideal would be that a restructuring process is implemented as painlessly as possible.

Due to the nature of restructuring, employees will, however, always experience some degree of instability, uncertainty and negativity during the process. This was clearly demonstrated in the merger that took place between BHP and Billiton International (Now BHP Billiton International). Competition in the mining industry triggered by influences from external markets, as well as measures taken to remain profitable and reduce internal cost, led to this merger. The merger in turn brought about the restructuring of Samancor Manganese Mines as a sub division of BHP Billiton International (May 2000 – June 2001). The way in which the restructuring process was implemented led to low morale amongst the majority of employees.

The business objective of the restructuring process at Samancor Manganese Mines was successful because the company remained cost effective and even became more profitable. From this perspective, the following issues are apparent:

been communicated more effectively to employees. Consequently, the research was concerned with the way in which restructuring could take place within a company and the way in which the restructuring process should have been handled at Samancor Manganese Mines.

5.2.1. Achieving the Objectives of Research

The following objectives of research were stipulated in chapter one:

- (a) To conduct a theoretical analysis of an effective change and restructuring process.
- (b) To analyse how the restructuring process at Samancor Manganese Mines was planned and implemented and the reasons for restructuring.
- (c) To determine if and why the attitudes of the employees at Samancor Manganese Mines have changed and what the morale of the employees was like during and after the process was planned and executed.
- (d) To provide recommendations to improve the low morale that resulted from the restructuring process, as well as the lack of employee trust at Samancor Manganese Mines.
- (e) To indicate how the restructuring process at Samancor Manganese Mines should have been managed.

These objectives were achieved in the following ways:

Chapter two provided the theoretical foundation of research and described a way in which change and restructuring could take place within a company. This theoretical foundation was used as measure instrument for chapters three, four and five.

Chapter three narrowed the research down to an analytical description of the restructuring plan used at Samancor Manganese Mines.

Chapter four identified the reasons why employees regarded the restructuring process at Samancor Manganese Mines as unsuccessful.

Chapter five is the concluding chapter and provides an overview of the research conducted in chapters one to four. The important contribution of this chapter is that recommendations are provided (from an employee's perspective) on how the restructuring process should have been handled.

The following section identifies recommendations from the employee's perspective about how the communication between management and employees should have taken place before and during the restructuring process. These recommendations are applicable to the restructuring process as a whole and to the way in which retrenchments could have been communicated to employees.

5.2.2. Recommendations on how the restructuring process could have been communicated to employees

In the case of Samancor Manganese Mines, it is assumed that if the communication process had been conducted differently, the restructuring process would have been less painful for employees. In this regard, the following recommendations can be made:

- a) The management team of Samancor Manganese Mines should have communicated to employees that the restructuring of Samancor Manganese Mines is being investigated as a possibility right at the start of the process. In this way, management would have kept employees up to date with the progress of the investigations.
- b) After the final decision on the merger was taken, the Samancor Manganese Mines management team should have communicated to

employees that Mc Kinsey Consultants had been contracted to make recommendations regarding the effect of the merger on the employees of Samancor Manganese Mines.

- c) An employee representative should have been part of the M5 team. This individual should have been nominated through a process of cooperation between management and the trade unions. The process would have reaffirmed and established an important relationship of trust between management and the employees. This representative would then have been enabled to liaise with employees and management on a regular basis.
- d) Management should have involved the trade unions at an earlier stage of the process and not just during the negotiation phase. The unions represent the employees and they had an influence on employees and their reactions. If management had established and utilised this communication channel, employees would have been less resistant before and during the restructuring process.
- e) By communicating effectively with employees, management would have known exactly how the restructuring process was affecting the employees. This could have been achieved if management members attended union and association meetings on a regular basis.

These measures would have created a reliable communication link between management and employees, providing management with a better understanding of the emotions, fears, needs and aspirations of the employees. Although this may not necessarily have changed the outcome of the restructuring process, it would have provided management with an opportunity to gain insight into the impact of the restructuring process on lives of employees.

5.2.3. Recommendations on how the mass retrenchment could have been communicated to employees

During the early phases of the restructuring process, it was still unclear what impact the process would have on employees. However, retrenchment was a possibility that employees were aware of. Although employees suspected this, the probability of a retrenchment was officially communicated to them only at a very late stage of the process. Alternative strategies that the management of Samancor Manganese Mines could have used during the mass retrenchments are:

- a) Management should have been more open towards employees and informed them of the possibility of retrenchments. This process should have been done in an empathetic way. Employees would then have known when to expect retrenchments and the announcement would not have been as unexpected as it has been.
- b) Coordinating one-on-one discussion sessions with employees regarding the process of retrenchment. Management should have identified and educated specific staff members to facilitate sessions. Sessions such as these would have empowered employees to voice their concerns and fears.
- c) Management could have insisted that the M5 teams investigate other cost-saving options rather than retrenching fifty per cent of the workforce.
- e) Management should have had a better support system in place for employees that were earmarked for retrenchment. By contracting an organisation that specialises in retrenchment or retirement issues, management could have provided counselling to employees to prepare them for retrenchment.

Against the above background, the realisation of the objectives of this research can be summarised in the following section.

5.3. CONCLUSION

If management had placed more emphasis on its employees and on the process of communication with employees throughout the restructuring process, the impact of the retrenchments would have been less negative. This means that a trust relationship would have been established before and during the restructuring process. It is clear that during the entire restructuring process, every step of the process was planned in detail except that part of the process dealing with communicating between management and employees. During any restructuring process, it is crucial that management take into account the human element within its own ranks. This will ensure that a restructuring process can be implemented as smoothly and humanely as possible.

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