THE IMPACT OF TELKOM'S TRANSFORMATION ON TELECOMMUNICATION SERVICES IN MAFIKENG: A CUSTOMER'S PERSPECTIVE

By

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DECLARATION

I, PHENYO WILLIAM JOHNSON declare that the dissertation for the degree of Master of Business Administration (MBA) with the University of North West hereby submitted, has not previously submitted by me for a degree at this or any other university, that is my own work in design and execution that all materials contained herein have been duly acknowledged.

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ABSTRACT

The purpose of the study is to determine the impact of Telkom's transformation on telecommunication services in the Mafikeng area. Many interruptions to Telkom's services go beyond agreed contract time and customers find it difficult to be without services. Some customers use these services to generate income to their businesses and it is the only means they use for living. Decisions taken by some customers were that they would rather defect to competitors as they anticipated getting better services from them.

The study questioned the reliability of Telkom's resources (both physical and human), Telkom's commitment to its customers and customers' loyalty to supporting Telkom during the transformational period.

The study revealed that transformation has improved telecommunications services rendered by Telkom. Telkom customers have demonstrated their unwavering support and total commitment when 63(98.4%) respondents indicated that they would recommend Telkom services to families and friends, which is contrary to majority of concerns customers had from outset.

The study recommended that customers be given free detailed billing facilities, which are not subscribed for so as to be able to see if their services are fraudulently intercepted. This will also address the high billing concern customers have. All possible means of communications are recommended in this study to ensure that customers are aware of

changes that are taking place. To combat crime to the network, it is recommended that Telkom's infrastructure be placed in secured places, thus ensuring security to testing points.

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CHAPTER 1

ORIENTATION

1.1 INTRODUCTION

Telkom, the previously exclusive telecommunications company providing telecommunications services to South Africa, announced that it would not exercise its option to request for a sixth year of exclusivity. Currently massive staff cuts within the telecommunications giant continue to fill all employees with fear, since almost each person fears that he or she may be next. There are unconfirmed speculations that staff members whose employment has been terminated are those who cause major disruptions such as sabotage to the infrastructure. This is a point to be placed under scrutiny in this study to determine the impact of transformation on services to be rendered to clients, personnel and physical resources.

Client / customer base growth versus available labour force serve as a point of concern in establishing the need to retrench staff. The management of transformation within Telkom is questioned since some of the personnel who were laid off due to restructuring and other transformation related programs, evaluated the process as being biased and inconsiderate. An argument that has been making the situation more complex, is that the employees who were retrenched, were the ones whom customers had relied on heavily for service delivery, since their knowledge of network and infrastructure served as an asset that added value to the performance of the company.

In South Africa, the accelerating pace of technological evolution will have a major impact on both Telkom's present and future customers. New technology-enabled change is already apparent in the South African telecommunications industry.

"Sophisticated customers are demanding enhanced and value-added services, because their suppliers, customers and competitors have access to these services abroad; any new competitors would certainly bring with them the technology required to deliver these services" (Telkom Leadership Forum; May/June 2001).

The implications of technological evolution for Telkom are multi-fold. Bandwidth (capacity) supply may increase faster than demand. Competitors, potentially using less expensive technologies, may enjoy significant cost advantages. Sophisticated end users are likely to demand new and enhanced value-added services that competitors will be able to supply, using network intelligence to provide increased functionality to existing applications. It remains unknown what entirely new classes of competition Telkom will be exposed to as a result of technological advances.
On a positive note, however, Telkom may be able to leverage new technologies, wireless for example, to reach rural areas more cost effectively than in the past (Telkom's Transformation Strategy1996: 15).

Telkom's period of exclusivity only ended in May 2002 and it is already facing increasing competition from the current mobile operators, Independent Service Providers and Value-added Network Operators. To successfully compete in today's increasingly competitive environment, all Telkom employees need to develop a competitive mindset and need to start acting competitively. Success is no longer a matter of meeting performance targets. The Company's ability to attract and retain customers in the highly profitable segments of the communications markets will increase shareholder value and secure the future of Telkom. Every Telkom employee needs to understand that competition means customers will increasingly have a choice - to stay with Telkom or to use a competitor's services (www.telkom.co.za/corporate_infor/html).

1.1.1 ORGANISATIONAL ACTIVITY

Organisational transformation as a discontinuous event, involving most or all domains of organisational activity, requires measuring organisational characteristics over several different domains. The writer asserts that domains should also be selected on the basis of their importance to organisational survival and centrality to an organisation's core competencies. It is taken as axiomatic that organisations are changing in some ways virtually every day. The study of organisational transformation as a process or outcome that is distinct from routine replacements of personnel, normal improvements of equipment and control processes, and regular changes in customer composition requires that the organisations explore domains in which substantial change can systematically alter the overall pattern of organisational activity (http://web6.epnet.com/citation.asp).

Changes in structure, for instance, a functional to a divisional structure, or major changes in centralisation or decentralisation are reasons compelling organisations to transform. Theoretical interest in the topic of organisational transformation hinges conceptually on a distinction between routine and revolutionary organisational changes. This suggests that major changes in the strategies, structures, and power distributions of the organisations are the main ingredients to transform any business.

1.1.2 ORGANISATIONAL LEARNING

Transforming organisations into adaptive, learning enterprises has captured the imagination of operations and human resources executives across virtually every industry. Some organisations transform because they never had an opportunity to know certain skills approaches, for instance the writer stated that the transformation into a learning organisation requires the identification of core competencies, that is, the strengths that allow the organisation to successfully compete in its market. The approach varies depending on the technology and strategy of the organisation.

The organisation can systematically develop and reinforce employee competencies that support the organisation's strategic and technical aims. This system enables the organisation to adapt to changing business environments. In addition, the organisation can generate change before being forced to change. This however, poses a great challenge to Telkom.

1.1.3 ORGANISATIONAL COMPETENCIES

Organisational core competencies are what companies do best, whether it is a technology, a process, or a service. Competencies develop in a sequence from maintenance of the routine, to ability to adapt to changing requirements, and finally to mechanisms that allow the organisation to anticipate and generate change. Organisations in the process of reengineering can identify organisational core competencies and then commit additional resources to support those competencies. The re-engineering dimension captured the interest of Telkom in many ways and it is the intension of this study to evaluate its reliability. For example, where marketing and distribution are critical success factors, employee training and development to support these processes would be expanded.

1.1.4 EMPLOYEE COMPETENCIES

Many conventional companies have remained reactive and view quality improvement competencies as additions to core job duties. Customers do not like service providers to be reactive; rather, they prefer providers to be more proactive than ever before. Adaptive organisations tend to incorporate continuous quality improvement (CQI) skills and competency demonstrations into the core job, usually as a higher-level competency. Continual learning characterises the adaptive organisation. Learning organisations design their future based on what they learn from customers, competitors, and partners. It is every company's prerogative not to delegate responsibility without adding an accountability dimension to its leadership. The frontline people bridge the gap between the company and the customers, meaning that they have to represent the company well. In turn the company has to rely on their undisputable abilities when focused on core organisational competencies.

People first learn the fundamental responsibilities of their jobs, such as technical competencies and reporting requirements. Decisions are made in response to existing standards, policies, and procedures. Servicing customers and implementing procedures are fundamental to this level of development. Employee competencies progress toward interpreting policies and programs, coordinating job responsibilities, and finally supervising others and ensuring their outcomes. At any given level of organisational transformation, people functioning at the highest level of competency manage by training, teaching, and leading others. Employees demonstrate a variety of skills at any given time depending on how their job role was designed and how well they have learned it. Competencies that sustain an organisation's ability to adapt to changing requirements include the following:

- Employees analyse trends and interrelationships.
- Demonstrate problem-solving skills.
- And institute changes that bring about lasting, significant improvements in

processes (http://web6.epnet.com/citation.asp).

1.2 OBJECTIVES OF THE STUDY

The study will be guided by the following objectives:

- To determine from literature the nature and scope of organisational transformation and its impact on customer service satisfaction, and ultimately customer retention.
- To determine empirically the impact of transformation on the delivery of services in Telkom, and customer satisfaction in relation to this.

1.2.1 WHY TELKOM CHANGED

In the case of Telkom, one can imagine that the utility's high level of dependence on imported capital equipment implies that costs must have increased sharply. Ahead of partial privatisation, Telkom must have felt pressured to maintain profitability by raising tariffs (http://www.economertix.co.za/snaps/snaparch/).

The sale of 30% of Government equity has improved shareholder value, met the licence targets, advanced the training programme and transformed the company to meet the goals of the democratic Government. Indicative valuations of Telkom are that the company has increased significantly in value since the partial privatisation in May 1997 (http://www.polity.org.za/html/govdocs/speeches/2000/sp0209a).

Telkom's recent filing for an overall price increase for 2003 of 9,5%, including a 12,5 % increase for basic services (the primary rental rate and basic call charges) has prompted a wave of critical responses from the public and the press (http://link.wits.ac.za/research/wm20021130.htm).

The basic telecom service is subscribed to by poorer members of society who are suffering exploding inflation in the price of food and a decline in their real incomes. The price increase of 12,5% for the basic service could force even more poor people to give up their service, denying them a lifeline public necessity and participation rights in the economy. Paradoxically it would deny Telkom some of the revenue it anticipates from its proposed price increase and increase its costs of payment collection and bad debts (http://link.wits.ac.za/research/wm20021130).

South Africa's telecom network includes other players besides Telkom, and will include more in the future. It will require the contributions of many players to develop a complete national network capable of meeting the many diverse needs for an increasing variety of telecom services. However, in South Africa, as in most other countries, the incumbent fixed line operator, and the basic fixed network services it provides are the overwhelmingly dominant components of the network. It is extremely important that Telkom be a strong operator capable of raising large amounts of funds for investment in network expansion and upgrading, and providing a wide variety of efficient services (ibid).

The South African Government has stated its intention to liberalise the fixed line telecommunications market in South Africa, beginning in May 2002 through the issue of a licence to a Second Network Operator ("SNO"). The services to be provided by the SNO have yet to be finalised and Telkom will lose some market share (www.itweb.co.za/office/telkom/0107051027.htm).

Telkom's focus must remain on, among other things, improving customer satisfaction through providing the best products and services at affordable prices to defend and grow its core markets (ibid).

1.3 IMPORTANCE OF THE STUDY

The conclusions drawn and recommendations made as a result of this study will inform Telkom management about the shortcomings as well as the benefits of transformation management. Relevant strategies bearing appropriate action plans will be suggested where it would be found that transformation has impacted on operations negatively. The development of sustainability programs will be encouraged where transformation ignites benefits for the company. The study is also important in order to ensure reliability of services customers receive from Telkom, since some complaints have been made that service interruptions place constraints on their businesses. It is important to identify what the impact of transformation has been on Telkom so as to reflect on whether the company needs to adjust its approach to improved management of the transformation process

1.4 SCOPE OF THE STUDY

The topic under consideration is very broad and complex therefore the theoretical and conceptual focus of the study relates to the organisational development. Due to the limitations posed by small-scale research, this study was confined to the management of transformation and service delivery by Telkom in Mafikeng; the region of North West Province.

1.4.1 RESEARCH LIMITATIONS

It is possible that some of the research limitations that are listed below can be addressed even before the study is completed. The limitations are as follow:

- New Government Competition policies.
- Ever changing economic policies.
- Development of telecommunication policies.
- Unorganised living settlements.
- Respondents who are not willing to give feedback.
- The research will give the results, which are not accurate if any of the above factors takes place.

1.5 PLAN OF STUDY

The study is divided into six different chapters and are as follows:

<u>CHAPTER ONE</u>

ORIENTATION

<u>CHAPTER TWO</u>

LITERATURE REVIEW

<u>CHAPTER THREE</u>

PROBLEM STATEMENT AND RESEARCH QUESTIONS

<u>CHAPTER FOUR</u>

RESEARCH DESIGN AND ANALYSIS

<u>CHAPTER FIVE</u>

RESULTS AND INTERPRETATION

<u>CHAPTER SIX</u>

DISCUSSION, RECOMMENDATIONS AND CONCLUSIONS

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FOUNDATIONS

2.1 INTRODUCTION

This chapter explores all avenues within organisational behaviour literature to find what transformation is. The characteristics of transformation and concepts with similar behaviours like re-engineering, change, downsizing, restructuring and reorganisation form a base for this chapter. Service management literature serves as a guide to ensure that transformation does acknowledge the good service rendering principle. This chapter will seek to integrate three sets of literature, namely service management, organisational transformation and telecommunications services.

Transforming a business involves more than just re-engineering some of the key processes; rather, it involves overhauling the way business is done. Gouillart and Kelly (1995) stated that the transformation process must create a vision that will make the company lean and fit, create market opportunities and impart new ways of doing things. Gouillart et al. (1995) alliterate this using four "R"s: reframe, restructure, revitalise and renew. They argue that the transformation exercise would fail if one of these "R"s were missing.

2.1.1 DEFINITION OF TRANSFORMATION

A successful transformation is one in which management has succeeded in institutionalising the behavioural change required for long-term financial success. Creating behavioural change throughout the organisation was found to be the critical element separating organisational transformation from other changes such as downsizing and restructuring (Bluementhal and Haspelagh, 1994).

An organisational transformation is best defined as a planned change designed to significantly improve overall organisational performance by changing the behaviour of a majority of people in the organisation (Kralovek, 1995).

This definition serves to distinguish organisational transformation from so-called natural change processes, which although often significant and planned, are more routinely. Such routine large changes usually do not affect overall performance, and they are not typically implemented by influencing the behaviour of most organisational participants (Kralovek, 1995).

2.1.2 ANOTHER VIEW OF TRANSFORMATION

Organisational transformation means intra-organisational change that leaves the organisation better and able to compete effectively in its competitive milieu. This is different from some views of organisational change in which scholars examine change itself, without regard for the effectiveness of the change. It was further stated that there is a distinction that can be made between ineffective and effective change, noting that institutional upheaval may encourage the former but inhibits the latter. The writer concurs with Moreton (1996); both explained that transformation means changing the organisation so as to perform better.

2.1.3 TRANSFORMATION FRAMEWORK

Transformation follow certain processes which form the framework for analysing the type of change an organisation is experiencing and the implications for successfully managing the effort in terms of time needed to achieve results and the role of top management. The author states that improving operations, strategic transformations and corporate self-renewal offer a good framework for analysing the type of change (Bluementhal and Haspelagh, 1994).

2.1.4 TRANSFRORMATION FOCUSING ON RENEWAL

The most difficult, most problematic, and potentially most valuable variety of transformation goes beyond both operational and strategic performance to focus on the organisation's ability for self-renewal.

A transformation focusing on renewal involves the creation of such higher-level organisational capabilities as learning, self-renewal, and innovation. It requires a change in the organisation's culture and its systems, and in the way in which participants think and behave (Gouillart and Kelly (1995).

Organisational transformation, whether evolutionary or revolutionary, and whether operational, strategic, or renewal in focus, will be undertaken by most firms that desire to compete in the new world of low costs, global reach, fast cycle times, and customer satisfaction. Managers who embark on organisational transformations should clearly define their objectives. Muddled thinking, which confuses incremental approaches with revolutionary ones, or operational transformation objectives with strategic goals, inevitably leads to chaos and the abandonment of the transformation effort (King, 1997).

2.2.1 CHANGE AND TRANSFORMATION

First-order change is incremental and convergent. It helps firms maintain internal reliability; it may involve adjustments in systems, processes, or structures, but it does not involve fundamental change in strategy, core values, or corporate identity. First-order change is most likely during times of relative environmental stability and is likely to take place over extended periods of time. It improves the fit and consistency between an organisation and its competitive and institutional contexts. It does not produce fundamental transformation (Newman, 2000).

Whatever a firm has traditionally done well may no longer be of such great importance. Although it is difficult to let go of a beloved traditional capability, organisations often must do so. If letting go of a traditional capability is done to significantly improve performance, it usually involves the level of behavioural change required in a transformational change.

The strategic organisational transformations follow operational transformations. Transformational activity starts at the strategic level when strategic issues are more problematic or offer greater opportunity than those at the operational level (King, 1997).

2.2.2 FOCUS OF TRANSFORMATION

Within both the evolutionary and revolutionary approaches, organisational transformation may focus on:

- Operational performance.
- Strategic performance.
- Creating the capacity for continuing renewal (King, 1997).

The most common form of organisational transformation focuses on operational performance by selecting goals to be achieved through operational changes. For instance, the author found that reduced cycle time, enhanced customer satisfaction, improved product quality, and reduced costs being commonly pursued, often in some combination (King, 1997).

Based on these objectives, organisational performance measures and standards are revised and actions are taken to enable the standards to be met. These actions often include the restructuring of elements of the organisation; reengineering of tasks, activities, or processes; and redefinition of roles and responsibilities.

Operational transformations are often enabled by employee empowerment, new information systems, cross-functional team approaches, case management techniques, and changes in the role of managers from evaluators and controllers to facilitators (King, 1997).

2.2.3 WHEN TO CHANGE

This is a very critical issue for all organisations. If organisations cannot decide as to what is the right time for them to consider a change, it is as good as they are not changing. A decision-making about transformation is a priority (Mruthyunjaya, 1995).

Transformation is a second-order change that is radical, and fundamentally alters the organisation at its core. It also takes organisations outside their familiar domains and alters bases of operations.

It is triggered by a change in competitive conditions that may emanate from either the institutional or market contexts; a change in leadership, or a decline in actual, expected, or aspiration-level organisational performance. The outcome of second-order change is far from certain (Newman, 2000).

One way to understand the uncertain outcomes associated with second-order change is to take into account the interaction between the institutional context in which the organization exists and the organization's ability to learn from experience (ibid).

Changes in the organisational core usually require adjustments in related parts of the organisation, causing coordination uncertainty that complicates change equipment and knowledge, for example, means that change in one causes changes core changes also alter the organisation's relations with actors in the environment, such as customers and suppliers (King, 1997).

2.2.4 RE-ENGINEERING

Re-engineering offers a formal method for identifying and achieving radical performance gains. Re-engineering is a key to unlocking such performance improvements in all industries, these impressive gains are only the beginning; enterprises can initiate a more powerful process of business transformation, yielding a broader range of benefits over time. In a nutshell transformation yields more enhanced benefits than re-engineering (Davidson, 1999).

Business re-engineering efforts encompassing a wide scope of activities can drive radical gains in business performance. When linked to integrated infrastructure development and long-term business vision, re-engineering can trigger a three-phase process of business transformation reaching far beyond the immediate objectives of operating excellence. The alignment of infrastructure development efforts, operations improvement programs, and long-term business planning is central to realisation of the full potential of business transformation.

The transformation process faces many barriers. Anticipation of those barriers and use of appropriate tactics to reduce or eliminate sources of resistance is a central issue for business leaders intent on pursuing transformation programs (ibid)

Of course, the two approaches may be combined. For instance, re-engineering is usually an element of a total quality program, although the re-engineering effort may not be at the level of major business processes.

The best transformational programs, in fact, are usually complementary combinations of the evolutionary and revolutionary approaches (Kralovek, 1995)

2.2.5 SCOPE OF TRANSFORMATION

Business transformation encompasses more than improvements in operating performance. According to the author three distinct phases of transformation can be identified and are listed below:

- Phase 1 - Operating excellence.
- Phase 2 - Business enhancement.
- Phase 3 - Business redefinition and new business development

(Davidson, 1999).

2.2.6 SECOND ORDER CHANGE

Thus, although the antecedents of second-order change are clear in the literature, the consequences are not. One way to understand the uncertain outcomes associated with second-order change is to take into account the interaction between the institutional context in which the organisation exists and the organisation's ability to learn from experience (Newman, 2000).

2.2.6.1 DOWNSIZING

Organisations downsize in order to have a proper control of their resources. Different authors had different views on this aspect, for instance Cameron and Kim (1993), Cascio (1993), De Witt (1993) and McKinley et al. (1995) all agree that the reductions are achieved consciously and are expected to be permanent. Most organisations recently have reduced personnel levels using layoffs and these acts have represented a deliberate strategy to eliminate personnel permanently. It is confusing to realise that organisations like Telkom need to grow in order to make a better profit, instead they downsize. One of the advocates of the downsizing principle ensures that personnel level is permanently eliminated.

The meaning of downsizing is clouded because many authors view it from different perspectives. Cascio (1993), Dougherty and Bowman (1995), Freeman (1994), McKinley et al. (1995), Mishra and Mishra (1994) all concur that downsizing and restructuring appear as synonymous phenomena or portrays downsizing as a general concept that encompasses restructuring. In contrast Hall (1991: 85), refers restructuring to changes in an organisation's formal bureaucratic structures, which may include cutting hierarchical levels and divisions, consolidating and merging units, and reorganising work tasks.

According to Freeman (1994), Mishra and Mishra (1994) an organisation can restructure without shrinking in size, and vice versa. They argue that downsizing and restructuring are independent conceptually, but that these phenomena may be linked empirically causally. Transformation serves as a mother of all changes taking place in any organisation, it does not matter which term is being used.

2.2.7 BUSINESS CRISIS AS A TRIGGER

Alignment initiatives are helpful in any setting, but the most powerful trigger for business transformation appears to be a business crisis. Many of the companies that exhibit the most dramatic success in business transformation initiated their efforts in a period of business crisis, which indicates that nothing happens without a reason. In a real world situation there must be a difficulty or problem that has arisen to trigger transformation. In the case of Telkom, the latter was triggered by competition. The requirements of these two phenomena/concepts necessitate that there has to be a certain quota of employees retained by the company.

2.2.8 BUSINESS CONTINUITY

Change or transformation is a basic requirement for maintaining the continuity of business processes. This realisation should lead organisations to an inevitable path namely "Keep Changing to Match the Changing Environment". Change should thus become the order of the day for all organisations (King, 1997).

2.2.9 STRATEGY DEVELOPMENT

In order to develop proper strategies for business expansions, organisations need to understand customer perceptions properly. For understanding these perceptions in totality, it is necessary to dissect them into various constituent perception components and to identify their individual contribution to total perception (Mruthyunjaya, 1995).

While the customer can have his/ her own perceptions, organisations cannot afford to have their own perceptions independent of customers. Customer perception is critical to business success. Unless organisations align their perceptions in line with customer perceptions, transactions would always lead to either a loose-loose situation or a loose-win/win-loose situation, which is not conducive for business. The degree of organisation perception alignment with respect to customer perceptions can give rise to three levels of customer interaction (Mruthyunjaya, 1995).

2.3 TRANSFORMATION STRATEGIES

The broadest organisational transformation strategies involve either evolutionary or revolutionary approaches. The adoption of a total quality management (TQM) program is usually illustrative of the evolutionary approach, because it involves long-term attention to many incremental improvements that, in some and over time, may achieve quantum change and high involvement. Business process re-engineering (BPR), with its clean-slate philosophy, is illustrative of the revolutionary approach (Kralovek, 1995).

2.3.1 BARRIERS AND TACTICS

Barriers are any forces or objects opposing success. All companies or institutions aspiring to transform their services experience barriers. They exist in many forms or phases:

- Physical.
- Conceptual.

All companies face a series of barriers in attempting to implement transformation programs. These barriers vary in intensity, but are present in virtually all enterprises. The initial barrier to successful transformation is conceptual. Without a focal point, transformation becomes fragmented and stunted. Furthermore the enterprise can become paralysed attempting to implement a large number of unrelated initiatives. The most powerful solution to this problem is a focused long-term vision that has the full support of the entire organisation. An integrated program aimed at radical improvements in productivity, velocity, precision, service, and quality can provide effective platforms for broader business transformation (Davidson, 1999).

2.3.2 TRANSFORMATION MODEL

The transformation model explains the underlying concepts for instance the steps that are taken in strategic management of the company and the development of the products.

2.3.2.1 REFRAMING

Reframing is the process of setting a corporate vision: a new strategic understanding usually as the result of a dialogue. Top management asks questions and solicits inputs, while at the same time setting the agenda and direction of the debate. Reframing is needed to generate commitment; without it the company is vulnerable to passive resistance and to sabotage by co-operating without enthusiasm (Gouillart et al., 1995)

2.3.2.2 RESTRUCTURING

Restructuring is the process of removing the fat from an organisation. A company must restructure regularly by pruning away the fat often accumulates in unexpected places. Restructuring is the most visible part of a transformation and is seen by employees as a test of the top management's commitment.

2.3.2.3 REVITALISING

Revitalising is the process of finding new products and markets. Without revitalising, the company develops a cynicism that comes from perpetual downsizing (Gouillart et al., 1995)

2.3.2.4 RENEWAL

While reframing tackles the company at an organisational level, renewal is the process of development that focuses on the individuals. It is needed to align individual skills with organisational requirements. Without renewal, the individuals lack the tools to perform, and tend to focus negatively on protecting their territory (Gouillart et al., 1995)

2.4 THE "HUFF" MODEL

The Huff, J., Huff, A., & Thomas, H. (1992) Model, bears details of the nature of this evolutionary process by simulating alternative renewal paths and exploring the interaction of the cumulative stress and inertia that naturally develops in organisations over time. Of particular note for the present review are two observations based on repeated model simulations:

- An organisation's past experiences with strategic change have an influence on subsequent tendencies to change strategic direction.
- And the beginning levels of inertia and stress within an organisation have a long-term beating on the length of time it persists with its current strategy

2.4.1 THOMAS MODEL

Thomas (1992) developed and then simulated a characterisation of how organisations renew their strategic direction. Underlying the model is the notion that strategic renewal is an evolutionary process that comes about through a juxtaposition of inertia (i.e., commitment to a current strategy) and stresses resulting from dissatisfactions that signal, a need for change.

Gouillart et al. agree that the model is important in that it brings some changes to the organisation. They all acknowledge the fact that it is needed for strategic purpose. Thomas stated that it comes as a commitment to a current strategy whereas Gouillart asserts that the model is needed for the alignment of individual's skills with those of the organisation. Alignment and juxtaposition carry similar thoughts in this regard and therefore the mentioned authors agree on the model.

Huff and Huff agrees with Thomas in that he found that the transformation is evolutionary and also details simulated renewal paths. In short all the authors do concur on the model.

2.4.2 MODEL OF TRANSFORMATION

Burke and Litwin (1992) designed a model, which predicts individual and organisational performance and, thus, deals with organisational conditions and resultant effects. Burke et al., (1992) identified transformational and transactional dynamics inherent in successful change efforts. This model does not focus on aspects that can make an organisation to fail hence it is predictive.

Both the above mentioned authors do concur on the components of the model as stated below:

The Burke-Litwin (1992) and Vollman (1996) models each focus on content factors (e.g., strategic orientation, organisation structure, and organisation-environment fit) that define an organisation's overall character, mission, and direction, as well as underlie its long-term success. Both models are comprehensive in coverage and appropriate for conducting organisational diagnoses, as well as planning and evaluating the impact of an organisational change.

2.5 WHY CHANGE EFFORTS FAIL

Like transformation, change efforts do fail on many occasions. According to Sastry (1997: 237), various insights are suggested into how organisations may fail in attempting to introduce change. Principal among these is that a change effort is likely to fail if an organisation adopts a strategic orientation that does not match the requirements of its external environment. According to Sastry (1997), no proposal for additional explanations for the successfulness of varying organisational change processes can be made (such as allowing time to elapse before initiating subsequent changes) and, thus, possible avenues for future research.

2.6 LIMITATION TO "R"MODEL

The "four R" model is descriptive rather than prescriptive in that it tells you what a transformation programme needs and not how to implement it. The four "R"s are organically intertwined; they have to run in parallel and cannot be separated. Gouillart et al., (1995) asserts that the model will fall into disrepute when consultants are tempted to run transformation projects in four separate streams. This results in the company firing on four independent cylinders and there is no synergy therefore the project is bound to fail. This means that once transformation has been planned, everything that goes with it has to be changed in order to create a balance.

2.7 PURPOSE OF TRANSFORMATION

The purpose of organisational transformation or business re-engineering is to change radically the way in which businesses behave (Moreton and Chester, 1996:2). This explains why transformation and re-engineering differ slightly on certain aspects, but the core purpose remains the same.

Organisational transformation requires the fundamental reappraisal and redesign of business process to achieve dramatic improvements in organisational performance (Moreton and Chester, 1996:2). The desire to make such a fundamental change is driven by three aims:

- To develop an inbuilt capability to detect and respond to changing circumstances.
- To gain immediate and direct economic benefits, particularly as a result of much higher levels of customer satisfaction and more streamlined operations. Conceptual.
- To achieve positive employee benefits, such as increased job satisfaction and personal development (Moreton and Chester, 1996:2).

Transformation involves a change from a functional organisation of the business to one that is centred on the main business process. It also refocuses the business on its customers and involves the reshaping of management style and culture, as well as of organisation structure, combined with considerable delegation of authority and an emphasis on the continuous development of staff (Moreton and Chester, 1996:2)

Organisational transformation has become a popular goal in business. The term has become so faddish that it is sometimes used as a synonym for change or downsizing and even to describe situations in which firms follow an outsourcing strategy (King, 1997).

2.7.1 TRANSFORMING COMPANY FOR GROWTH

Successful corporate transformation is more than an exercise in reducing costs. Restructuring as it has commonly been practiced has resulted in short-term layoffs and demoralisation, without producing long-term change and competitive advantage. It was found that the most successful efforts are those where there is widespread, sincere recognition of the need for change, a shared sense of mission, and willingness to participate in the process of transformation. Too often there is a disconnection between the imperatives of the corporate headquarters and the perceptions through the ranks of middle management and the front lines. There is a worth in agreeing that a shared mission will take the corporation or a company where all desire and this will be to the best interest of all (http://transforming_growth.pdf).

The total performance of the organisation results as an integral performance of individual business units, which resulted from performance of individual employees.

2.7.2 A TRANSFORMED ORGANISATION

For a quantum change to take place, management must articulate the values that people in the transformed organisation must live by in order to guide effective decision making and behaviour. The process of reinforcing these values is often referred to as the culture change (http://www.unifi.com/4x/miles)

To say that an organisation is fully transformed it will be without "buts". The following is a list of many potential barriers to dampen the enthusiasm of all but the hardiest transformation leaders:

- Managers don't have enough time.
- The organisation doesn't have sufficient process skills to pull it off.
- They can't afford to have everyone away from his or her job at the same time.
- They need to get everything right before launch.

You can't just drop employees into one of these without getting them ready first (http://www.unifi.com/4x/miles)

At this point, it needs to be emphasised that organisational transformation is not the same as restructuring or downsizing. These terms imply a reduction in capacity as a result of decreasing demand; in effect, “doing less with less”. Transformation is about achieving dramatic improvements in organisational performance, thereby “doing more with less” (Moreton and Chester, 1996:7)

2.7.3 CHARACTERISTICS OF TRANSFORMATION

Moreton and Chester (1996:15) defined organisational transformation as, “Profound, fundamental changes in thought and actions, which create an irreversible discontinuity in the experience of the system”. They also discovered that business re-engineering is not merely tinkering with existing systems, but “tossing aside old systems and starting over. It involves going back to the beginning and inventing a better way of doing work”.

2.7.4 SHARED VISION

Transforming businesses places great emphasis on the development and communication, throughout the business, of a vision of “how things could be”. The development of this business vision, its communication and the task of gaining commitment to it are usually the principal activities of the first phase of transformation (Moreton and Chester, 1996:16).

Initial recognition of the necessity of transformation usually comes from the chief executive officer. Although increasingly in organisations, there is a widespread appreciation of the need for some kind of organisational change to improve performance. Thus a necessary precondition for the transformation process - a readiness for change - does not exist. Frequently, the need for change is a consequence of considerable competitive pressure eroding market share and profit margins. In other cases, the move to transform the organisation may be associated with a strategic drive to globalisation, which in itself requires radical re-organisation.

Transformation is about fundamental changes in the organisation and its values, it is important that staff (and possibly selected external business partners) is fully aware and involved from the outset. If employees participate, they will understand the need for changes and the logic behind new structures and procedures. Trust is built up by ensuring that staff is aware of the realities of the competitive environment (Moreton and Chester, 1996:17).

2.7.5 FROM RE-ENGINEERING TO TRANSFORMATION

Different companies and institutions or organisations have different reasons why they are transforming. They follow different routes to change how they operate.

The three phases of the transformation process are intimately linked and it was found that efforts to achieve operating excellence can lead to the development of new capabilities and enhanced services. New services can become independent and become free-standing businesses. New capabilities can redefine the traditional business from within. Many companies would simply like to stick with their tradition, meaning that they prefer running business according to proven and tested methods. There is a natural bridge between these phases, but without careful management, re-engineering initiatives can limit a company's ability to achieve its Phase-2 and Phase-3 potential (Davidson, 1999).

Companies pursue improvements in operations with a variety of methods and philosophies. Those that become focused on near-term operating performance and financial results may be led to pursue a variety of unrelated re-engineering projects. It was emphasised that each project may offer seemingly impressive results, but a fragmented approach to operations improvement may limit the company's ability to realize its full growth potential. A set of unrelated and uncoordinated re-engineering projects is not likely to create the infrastructure necessary to propel a company into Phase 2 and Phase 3. This is how slightly re-engineering differ with transformation. Projects are run parallel during transformation phase of a company, which is why it changes completely either revolutionary or evolutionary (Davidson, 1999).

2.8 CUSTOMER SATISFACTION

It is of great importance to identify factors, which are relevant to evaluating satisfaction. Three different sets of critical-to-quality factors, which generate customer satisfaction and dissatisfaction: basic, articulated, and excitement factors. The relationship between them and customer satisfaction is essentially linear: better quality results in higher satisfaction. The basic and excitement factors are different from articulated factors in two ways. Although improvements in basic elements don't change satisfaction levels appreciably, their absence generate strong dissatisfaction:

- Basic factors - Required for customer satisfaction. The absence of these attributes is exponentially related to dissatisfaction.
- Articulated factors - Known to the customer. Increases on these dimensions of quality lead to increases in customer satisfaction.
- Excitement factors- often not understood or anticipated by customers. The absence of these factors does not lead to dissatisfaction, but their presence leads to surprised excitement, and thus increased customer satisfaction. In a nutshell the author is saying that customers may be satisfied by some factors and others do not have any significance in satisfaction level of customers (Bond 111 and Fink, 2001).

In line with the social identity theory, one's social identity, which forms part of one's self concept, is based on links with the organisation. Employees will identify strongly with their organisation if they have the image of their organisation as prestigious, are satisfied with being part of their organisation and have long service.

Best practices can help utilities avoid those outcomes by providing a short cut through what would otherwise be a complex analysis of the human performance system. They offer utilities the best chance of harnessing the power of change to produce substantial business benefits and shareholder value (Bond 111 and Fink, 2001).

2.8.1 COMMITMENT TO CUSTOMER SERVICE

Customer service is an orientation, not an event. A passion for customer service must start at the top of the organisation and be communicated to every employee. A commitment to customer service is but one of the essential steps that must be taken if companies want to be successful in running their businesses effectively (Bond 111 and Fink, 2001).

Commitment to customer service is an attitude and a behaviour to which limited attention has been paid. Normative and affective orientations to customer service tended to most significantly result in a commitment to customer service. Normative orientation reflects the employee's belief that it is their duty and customers' right to receive good customer service.

2.8.2 IRATE CUSTOMERS

According to Reichheld (1996), complaints are free advice on what is wrong with the company and where to make improvements. It is when people do not complain and there is no opportunity to rectify problems that customers are lost.

It is not every company that bothers to find out why customers are defecting. According to the author, customers are important to companies, and understanding what continues to create value for them will keep them loyal, and the organisation competitive. Understanding the real why's of defection can inform the company of what they are missing in terms of customer wants and needs. The author further suggests simple "root cause analysis" techniques for teasing out the information about why customers go to competitors (Reichheld, 1996)

2.8.3 SERVICE RELATIONSHIPS

Getting the service right the first time is what is highly recommended by customers since it saves them time and money. Customers achieve greater trust, satisfaction and loyalty in service relationships than they do in service encounters. Honestly speaking it is important to be proactive thus creating a base of solving problems before they surface (Reichheld, 1996).

2.8.4 DISSATISFIED CUSTOMERS

A dissatisfied customer has many reactions to the process. He/she does not allow the transaction to go unnoticed. He/she would either come back to the supplier with many complaints about the product or the service received and would demand for compensation and replacement or would catalyse the process of campaigning against the supplier and his/her products and services. It was emphasised that if none of these actions would bring expected results, the customer would, in all probability, look for alternate sources to fulfil his/her application requirements since his/her main objective would be to ensure that the service he/she gets would meet application requirements. That is, the customer has great concern for both his/her own requirements as well as for the mode of accomplishing the same (Mruthyunjaya, 1995).

If the supplier does not develop concern for the customer and his/her specific requirements, such a business is bound to meet with failure sooner or later, because a dissatisfied customer would always nucleate the process of spreading the message that the organisation does not have any concern for customers' requirements and as such it would not be worth having any business transaction with that particular organisation (Mruthyunjaya, 1995).

2.8.5 DELIGHTED CUSTOMERS

A delighted customer would freely interact with many people and generates in them a true interest in the products and services of the organisation and initiates the process of generation of a customer breed (chain). It would not be a surprise if this customer pursues others to go to this organisation for all their requirements. The principal guiding factor in such customer propagation activities is that a delighted customer would very much like that all his acquaintances; friends and other known persons should also be benefited by similar transactions. The customer never feels that he is an outsider to the organisation (Mruthyunjaya, 1995).

2.8.6 CUSTOMER PROVIDER RELATIONSHIP

This type of a feeling of being a part of the organisation generates a sense of partnership between the organisation and the customer. As a natural consequence of such a partnership feeling, delighted customers do all that is necessary to propagate the products and services of the organisation. This state of organisation-customer relationship and interactions may be described as a state of "Quality Excellence". This state ensures a perpetual business growth for the organisation and keeps everybody happy and delighted all the while. There is, thus, no surprise why all organisations should vie for achieving this status (Mruthyunjaya, 1995).

Transformation is a powerful change force designed to significantly improve organisational performance. Organisational transformation is an important yet often misunderstood part of today's competitive business world (ibid).

It was emphasises that there is no universally accepted notion of organisational transformation; it is instructive to consider various approaches to it. Considering alternative approaches has also proven useful in pulling together and thinking about a variety of ideas that explain transformation (King, 1997).

2.8.7 FRONT LINE EMPLOYEES

An enterprise needs to empower its workforce to solve issues as they arise, to invent new processes and even new products as needs are identified; it will rely on the creativity of its entire workforce as never before. It can no longer be the job of just the engineers or staff experts to improve products and processes. Improvement becomes the job of every employee and the highly productive workforce will have to be trained to be able to respond (Mruthyunjaya, 1995).

According to Gummesson (1995: 31), this places the front –line employees in a position of power relative to the service organisation. Singh (1991: 228) noted that the quality of service delivery rests to a large degree on the way in which the provider-consumer interaction proceeds.

Horovitz and Cudennec-Poon (1990: 251) note that front-line service staff have a status, or at least a power, of their own. And this is the reason why they are viewed from customer point of view as opportunist. Sometime it is alleged that they abuse this power. This point refers to staff that pretend to know everything and only to find that they disadvantage the customer of their priorities.

Gummesson (1995), Horovitz and Cudennec-Poon (1990) all concur that front line employees need to be having power in order to give customers good service. Organisations invest time and money in the training of frontline employees. Frontline employees have direct contact with the public, either face to face or telephonically.

2.9 TECHNOLOGY

Operational changes in processes, technologies, and/or facilities can disrupt people's lives, rendering their skills obsolete overnight, even changing where they live. If they occur too suddenly and without adequate preparation, changes in jobs, performance management, or culture can erode trust in managers and the organisation at large. Any of these outcomes could make it impossible for employees to master the new behaviours and attitudes required if their employer is to be successful.

Moreton (1996:30) supports the idea that technology can only replace labour costs but cannot adequately replace staff skill and expertise. This is the aspect that stimulates transformation by organisations. Technological changes fuel and present several challenges to service delivery.

2.9.1 TRANSFORMING SERVICE DELIVERY

The increasing pressure to improve service delivery in a cost-effective manner compels executives to optimise their resources more carefully than ever. Utilities like Telkom are engaging in optimisation programs, thus fine tuning how it should serve its customers better. The author recommends the examples of leaders in the Canadian public sector and around the world where they explored strategic outsourcing relationships that can transform service offerings while controlling costs and minimizing risks (http://accenture.ca/)

2.9.1.1 SERVICE DELIVERY

New services rely more on repositioning for their successful delivery. Repositioning is largely seen as an issue in which new services are developed to meet the needs of the clients. However, it cannot be successful unless the other dimensions of repositioning are also adjusted - namely a thorough examination of the way in which services are delivered at the present as compared to what clients would prefer and a review of the practice's attitude to clients. Clients may not be able to evaluate the technical quality of a service but they can always evaluate the manner in which it is delivered.

Customers react instantaneously to service failures than they do in service relationships. Consumer's past, present and future considerations of current service relationships can affect the consumer's decision to continue or discontinue the service relationship. The effects of consumers' future considerations on this decision have not been examined (www.hbs.edu/dor/abstracts/9900/00-031.html)

2.9.1.2 TELKOM'S IMPROVEMENTS

In an ongoing effort to improve customer service, Telkom launched the electronic prepaid phone vouchers in March. This innovative development has made it possible for customers to now purchase their prepaid vouchers at the till point in selected retail stores (http://www.corpcomms.webfarm.telkom.co.za/intmedia).

2.9.2 THEORIES

Focusing on organisational change theory, organisational learning theory, and institutional theory and integrating the three serve as the right formula to transform any business. This serves as the mainstay of this investigation.

2.9.3 CONCEPTUAL FRAMEWORK

A conceptual framework furthers an understanding of organisational transformation and entrepreneurial activity during periods of extreme change in the institutional context of firms. The framework is important, because it offers a new model of organisational change that is simultaneously consistent with extant models of change yet also extends current models to conditions of extreme institutional change. This framework is analogous to the effect of stress on individual work performance (Newman, 2000).

Increases in stress result in increased work performance, to a point. Too much stress diminishes work performance. Similarly, although change in the institutional context of firms can lead to adaptive organisational change, the author argues that too much change in the institutional context actually inhibits adaptive organisational change by inhibiting organisational learning (Newman, 2000).

2.9.4 CUSTOSMSER VIEWS

Different individual customers experience a given service event in different ways and customers have very different views from service providers about the nature of service. Singh (1991) asserted in his healthcare studies that it concentrated upon provider dimensions, rather than aspects of health care more important to the patients themselves. He also noted the acknowledgement of holistic complexity of service experiences.

2.9.5 VIEWS ON SERVICE MANAGEMENT

Storey and Easingwood (1998:335) identified the differences between product and service development and argued that unlike companies that produce tangible goods, service firms typically cannot rely on product advantage as a means of ensuring the success of a new service. The fundamental difference between new products and new services implies that managers that strive to find the keys to the success of new services must look at factors other than sustainable product advantage. It was suggested that managers need to understand the totality of the service offering from the customer's perspective. It is explained that the purchase of a service is influenced not only by the service itself, but also by such factors as the service firm's reputation and the quality of the customer's interaction with the firm's systems and staff - in other words, by the augmented service offering. In this case Telkom would expects its employees to portray a good image about the company.

It does not look easy to see the difference between service rendering and product creation. Creating a product involves some efforts and same efforts can be equated to those of rendering a service.

Bitran and Pedrosa (1998:169) identify similarities in the creation and evolution of products and services on product development from a services perspective. Storey concurs with Bitran.

Palmer (1998) postulated that the intangible nature of services makes it relatively easy to introduce slight variants to an existing service. It means that something new can be created from this type of service offering, this is a suggestion by Palmer that an effort has been put to service and he agrees with Bitran et al. and Storey et al.

Kasper, Van Helsdingen and De Vries (1999:2) contend that new services can be market-driven or technology-driven. Market-driven innovations may result from better serving the needs of customers, for instance Telkom markets have been regulated to encompass all customer needs. Technological innovations have also influenced the nature of service rendering. According to Lovelock (1996), technology allows the benefits that formerly had to be delivered by service staff in a real-time environment to be captured in a physical product. Services that are transformed into goods, allowing customers to unlock the value through self-service, are referred to as "frozen services". The added dimension to service remains at the centre of debate since views have been presented in different ways.

Peters (1999:6) identified quality and the diversity that it brings as critical to service innovation and improvement, and suggests that dynamic questioning should lead the organisation to answering to the needs of the customer, but also enabling them to see the future. There is a hope of organisations to exist even tomorrow if customer needs are met.

Customer orientation and service quality

Foreman (1998:12) regards customer orientation as one of two key fundamentals to deliver value to customers and as a key success factor to new service development. Schilling and Hill (1998:67) regard maximising the fit with customer needs as a critical objective that must be met in product development and service rendering.

Quality of service

Edvardsson and Olsson (1996:142) suggest that the goal of service is to build in the right quality from the start. Olsson et al. argued that the main task of service development is to create the right generic prerequisites for the service. This means an efficient customer process, which must be adapted to the logic of the customer's behaviour and a good customer outcome, meaning that the service is associated with quality.

According to Evardsson (1997:22), the outcome of the service development process constitutes the prerequisites for the service by the service concept.

Nature of service

Because services cannot be stored, temporary imbalances between supply and demand present a difficult challenge for managers of service firms. The services companies are offering to customers have significance in the success of these companies because there is a value created.

Baker (1996:145) suggests that the service should be "productised" rather than defined. The idea behind "productising" a service is to actually make a service into a tangible product. He asserted that efforts should be put into creating or innovating products, thus "productising".

According to Kotler (2000:1), the value for a customer is about the resulting experience customers will have from the provider's offering.

2.9.6 TELECOMMUNICATIONS INDUSTRY TRANSFORMATION

The telecommunications industry is used as an example because of the innovative strategies used in developing new services - especially in mobile telecommunications. A similar structure is used to the previous section.

According to Lannon (1995:64), it is absolutely essential for cellular service providers to start learning about customer care. However this does not suggest that the land line service providers know everything about the service Cellular customers do not change carriers arbitrarily. The author confidently reveals that the day will come when all network services will have to know as much about consumer preferences as retailers or entertainment companies do today.

O Shea (1997:5) suggests that wireless network operators, for all their work, are not yet masters of their domains. They must still work to extend coverage where it does not yet exist. They also have to make sure that enhanced services are consistently available and well supported by customer service provision.

According to Drummond (1998:83), the world of the telecommunications industry is changing from one in which its services and network capabilities took centre-stage to one in which the full focus of attention is on customers and their needs and wishes. The hub of this new world is no longer the network, but rather the customer interface. In this new customer-centric telecommunications world, pricing and packaging of services is just as important as their technical capabilities. Customers prefer prices that are aligned with the benefits they get from a product or service.

Potter (1999:63) contends that the frenetic pace of cellular growth today exacts its toll on all levels of the network. For cellular operators, the most pressing issue is optimising the network to deliver both performance and quality of service that will ensure customer satisfaction and prevent their turning to a competitor's network.

Bolton (1998:41) satisfaction serves as an anchor that is updated with new information obtained during service experiences. The model describes cellular customers' perceptions and behaviour.

The results indicate that customers' satisfaction ratings elicited prior to any decision to cancel or stay loyal to the provider are positively related to the duration of the relationship. The strength of the relationship between duration times and satisfaction levels depends on the length of the customer's experience with the organisation.

It is a misconception that organisations that focus on customer satisfaction are failing to manage customer retention. Bolton (1998:2) suggests that service organisations should be proactive and learn from customers before they defect by understanding their current satisfaction levels.

Market segmentation

Cairncross (1997:17) maintains that the mobile telephone has been the mainstay of the telecommunications revolution over the past five years. A decade ago, the market hardly existed. Now, more than half of all new telephones worldwide are mobile. The growth in some developing countries has been even more remarkable. For telephone companies, the shift to mobility has changed the composition of their revenues. They make money in two ways: through their own mobile subsidiaries and by charging for access to their networks. This extends challenge to Telkom.

According to Marbach (1998:18), a global technology transformation is being driven by the interaction of two forces, namely, improvements in computing power, and the expansion of global communications networks. In the software markets, some of the most important trends involve communications and the growth of the small office and home office market.

2.9.7 THEORETICAL FOUNDATION

The complex nature of transformation made it possible that contingency theory should be considered as the best foundation this research study is anchored on. The meaning of the theory itself is a strong motivation why it was chosen.

Contingency theory is a perspective, which necessitates that there is a fit between the organisation's structure, its size, its technology, and the requirements of its environment. This perspective contrasts with the perspective of classical theorists like Weber, Taylor and Fayol, who thought that there probably was one way to run organisations that were best (http://www.analytictech.com/mb021/orgtheory.htm).

Transformation made it possible for Telkom to adapt quickly to its suitable environments; for example, network modernisation was ventured into so as to alleviate many service outages, which were due to aging of cables and other network elements. The study also contributed knowledge to the two-factor theory of customer satisfaction. The theory stresses that; a firm creates customer satisfaction by using satisfiers such as responsiveness, empathy, and a well-trained staff along with the necessary hygiene factors. Customers are satisfied, when value meets or exceeds expectations. If their expectations of value are not met, there is no chance of satisfying them. The benefits customers expect are shaped primarily by how they perceive product and service quality, and whether or not their perceptions are valid. All these factors have been addressed by the study.

2.9.8 CONCLUSION

Transformation is a principle depending on change to be a success. Many did express their views on what influence and stimulate the transformation process. Strategies to manage transformation remained a contentious issue because some authors mentioned that it couldn't be deterministically managed since it is a continuous process. Some authors emphasised the fact that it will be triggered by business needs for example growth. Authors who couldn't see the difference between change and transformation had their reasons to quantify their opinions. Many authors appreciated each other's views, where they asserted that transformation is a second order change and their arguments centred on this thought. Authors presented different models to defend their arguments, and they concurred on each. Perceptions on service rendering, including failures had significance in explaining why customers would defect and look for service from competitors. The quality of services offered by Telkom depended mainly on the state of the network improvements made to add value.

CHAPTER 3

DEFINING THE PROBLEM AND RESEARCH QUESTIONS

3.2 INTRODUCTION

This chapter introduces the reader to the problem statement of this research. The problem as perceived by customers to Telkom is brought by changes within the company. Telkom has the obligation to serve its customers whether they have different perceptions about service or not. One of Telkom 's values emphasises to increase shareholders value. The shareholders value increases when the following are happening:

- Many customers are subscribing to the corporation.
- Costs are reduced optimally.
- The existence of good investment prospects e.g. growth potential.
- Corporation has necessary tools to make profit e.g. skilled personnel. If employees are skilled, there is a strong possibility for them to be on par with technological changes. Digital technology, which provides everything including packet switching, has taken the lead of many operations (http://www.telkom.co.za/company/news).

3.2 RATIONALE TO THE PROBLEM

This research study seeks for reasons why customers are leaving Telkom. As mentioned earlier, no company would like to lose any of its customers. Losing customers to competitors contradicts the growth potential that Telkom has. In its value statement, it was stated clearly that Telkom values its people and their diversity, meaning that the decisions taken by its employees are valued highly. Customers too have their own way of thinking as well as taking decisions that favour them. Polarised relationships arise when customers do pay for the services that do not satisfy their needs. Equal to that is when a company renders a service and customers are not willing to pay their dues. It is within the context of this chapter that the problem that exists between the company and its customers be acknowledged. Suggestions and alternatives will be triggered by the nature of the problem. It creates a grave concern to customer driven companies when they realise that whatever they are doing to satisfy their customers needs do not reach their expectation. It is prudent that some customers are not paying for their services, the reason being that their services didn't work for a long time. Obviously, customers discontinue some services because of lack of commitment. This however does not mean that commitment should come from customers only; service providers are also duty bound to ensure commitment.

3.2.1 REASONS WHY CUSTOMERS LEAVE TELKOM

The reasons below state clearly why customers are leaving Telkom.

3.2.1.1 BILLING

- Billing becomes a problem whereby subscribers' lines get intercepted through fraudulent acts. Their bills skyrocket and it becomes a problem when they have to make payments. Nobody would be willing to pay for a service that was not rendered or received. Telkom send out these bills to customers and when they query them, Telkom remind them of the service contract they are having with them to pay their dues on time and refer their complain to a relevant department within the utility itself (http: www.telkomportal.telkom.co.za/).

Some points are important when customers complain, namely:

- It is normally investigated whether the customer has a detailed billing facility connected. The service representative then gets a chance to outline the advantages, thus marketing the product when the customer has a problem.
- The customer is requested to pay while the investigation is underway and promised to be credited upon finalisation of the investigation. Customers who are cooperative and eager to pay do not like this idea. They would prefer to be paid back the money they would have paid and not to be credited. This worsens the problem. If the customer has a genuine complaint and is still not knowing what to do, often he/she is tempted not to pay and Telkom will eventually "black list" such customers. Therefore they will have problems in future when they want to buy on credit (http: www.telkomportal.telkom.co.za/).

3.2.1.2 CONVERTED SERVICE

- Some customers found that their services have been converted to prepaid service without their consent. No proper consultation was made to customers to indicate to them the change of intention. Prepaid services have constraints;

old people forget their Personal Identification Numbers (PIN) easily and to buy recharge vouchers. Some customers say that they were asked to re-apply again for services and were requested to pay R700 in advance. Some alleged that they weren't informed as to why they have to pay this huge amount (http: www.telkomportal.telkom.co.za/).

International call subsidisation at the expense of local customers' calls creates further problems. Customers complain bitterly on this aspect thus mentioned was made that international talk time has been increased with the reduction of local calls. It is viewed to be detrimental since the area under study is not a metropolitan area and many customers do not benefit from this. Telkom justified its increases by saying that it needs to "rebalance" its tariffs. Telkom's communications manager pointed out that 82% of calls are local but it generates only 34% of the utility's call revenue. He said that Telkom's long distance calls subsidise local calls. It's because of this cross-subsidisation that long distance and international calls have come under pressure from the cellular phones companies and call-back operators phone networks to make calls (http://www.telkom.co.za/company/news).

3.2.1.3 DIGITAL ENHANCED CORDLESS TELEPHONE

- Introducing Digital Enhanced Cordless Telephones (DECT) has alleviated areas where infrastructure could not be laid. DECT has more disadvantages than advantages as viewed by customers. One of its advantages is that it is less prone to theft since there is no physical medium is available between the station and Customer Premises Equipment (http: www.telkomportal.telkom.co.za/).

- The disadvantages are that the technology was designed for rural and semi-urban areas where there is no electricity. Solar system panels are being used for power in the system. Solar panels theft is soaring. Virtually no access to internet facilities since the exchange does not support the DECT features. Extraordinary modification efforts are needed to enable internet configuration and customers are not prepared and willing to pay that huge price (http: www.telkomportal.telkom.co.za/).

3.2.1.4 INTERRUPTION TO SERVICE

- Customers appreciate attempts made by Telkom to restore their services interrupted by thefts and vandalisms but allege that there are no means made to inform them. Sometimes interruptions to service go beyond agreed contract time (minimum permissible outage time). Customers use these services to generate income to their businesses and it is the only means they use for living. It is not worthwhile for small enterprises or stores and businesses' owners to always be on the road to take orders personally. It is preferred that storeowners need to pick up their telephones and dial to the suppliers and conclude a business transaction without having to travel. The positive results on crime prevention are evident (http: www.telkomportal.telkom.co.za/).

3.2.1.5 SLOWED ACTIVATION CYCLE

- Unavailability of infrastructure in some areas is a major concern. This causes the delay cycle in terms of service provisioning. Areas are classified/categorised according to their developments and projected Return on Investments (ROI). Customers to be have it tough to have service provided and only one reason given is that there are no funds available to trigger projects. One of project managements' intent is to ensure ROI and a viable Internal Rate of Return (IRR). Statistics contributes largely to the network availability. To areas where network is available, customers attribute the delay to either unavailability of trained personnel or lack of Telkom's desire to service their clients (http: www.telkomportal.telkom.co.za/).

According to Kobus Jordaan, Democratic Party spokesman, Telkom demonstrates the worst vices of State-controlled organisations. Its profit as a percentage of sales is about 10 times that of our supermarkets industry or of a typical US telephone company. He said that its charges are excessive, making phones unattainable for the poor, and that Telkom increased rentals and reduced metering periods, partly to fund a marketing campaign telling the public how good it was. Telkom's service comes nowhere near what is taken for granted in developed countries. Complaints of poor service continue, call charges have increased and subscribers still have to wait months for a telephone line (http://www.telkom.co.za/company/news).

According to Sizwe Nxasana, Telkom Chief Executive Officer, Telkom has exceeded its network roll out licence targets for 1998/1999 in pursuit of its aggressive expansion and modernisation. He also attributed the company's success as the direct results of improved efficiencies and increased productivity, which was made possible by enterprise-wide transformation. Hitting the target went along with consequences like deterioration of network, infrastructure laid on risky areas and some cables were hung on trees (http://www.telkom.co.za/company/news)

3.3 DEFINING THE PROBLEM

- Many customers mentioned that service outage time is the main problem. They are prepared to tolerate minimal interruptions sometimes, but not always. Many customers make firm decisions that they would rather look for better service providers; their businesses depend entirely on Telkom's services to be able to function and have a competitive edge. Customers cited many reasons for defecting (http: www.telkomportal.telkom.co.za/).

Summarily they highlighted the following concerns:

- Shortage of staff.
- Lack of skilled personnel.
- Exposed infrastructure - poorly planned routes.
- Inaccurate building.
- Old technology.
- Changes within the company.
- There are times when these concerns can be proven to be real and customers are reassured a better service. Some of the remedial actions taken include for instance a changed service offering, meaning that the customer could be having

a land line service and after its discontinuation due to dues not paid for, he or she is compensated for with telephone service feeding from radio base technology. Customers appreciate the services they are familiar with and wouldn't switch easily to the ones that give them problems. Telkom has its reasons too for giving the customers the services they have. Sometimes there are no physical lines available – the network is used to almost its maximum carrying capabilities. There are many potential customers out there waiting for services and they find an opportunity to be connected when the current ones are discontinued. Upon service reconnection where possible, a mistrust relationship results between the provider and the customer; customers feel that their case is justified and seek for reasons as to why it happened to them (http: www.telkomportal.telkom.co.za/).

3.4 RESEARCH QUESTIONS

The nature of the problem necessitates that it has to be looked from all dimensions. The study is guided by the following research questions:

- Does Telkom have the capacity to serve its customers better?
- Are customers satisfied with the service they get from Telkom?
- How committed is Telkom to its customers and vice versa?

5 CONCLUDING REMARKS

Service companies that do not observe the need to grow run the risk of finding themselves without customers in future. Company growth means an increase in resources and operations, which need to be managed better. Problems will always be there despite proactive measures put in place to guard against the undesirable situations that might occur. Competition sparks a wave of uneasiness to service providers and they transform to counterbalance the changes. The research design and analysis will be discussed in the next chapter.

CHAPTER 4

RESEARCH DESIGN AND ANALYSIS

4.1 INTRODUCTION

Knowing what the client wants is the key factor to success in any type of business. News media, government agencies, large corporations and individuals need to know what the public thinks. Associations need to know what their members want. Large companies need to measure the attitudes of their employees and their customers in order to make good business decisions. The best way to find this information is to conduct a survey. The survey method of obtaining information is based on the questioning of respondents. Respondents are asked a variety of questions regarding their behaviour, intentions, attitudes, awareness, motivations and lifestyles characteristics.

4.2 SAMPLING

It is very important to explain what a sample is from the outset. A sample is a sub-group of the population selected for participation in the study. A random sample of 100 Telkom customers was drawn from Mafikeng Telkom customers.

POPULATION

A population is the aggregate of all the elements that share some common set of characteristics and that comprise the universe for the purpose of the research problem. In this study people who are using telephones and extended devices to telephone lines form a population, which will be sampled according to probability sampling technique.

PROBABILITY SAMPLING

Probability sampling techniques vary in terms of sampling efficiency. Sampling efficiency is a concept, which reflects a trade-off between sampling cost and precision. Precision refers to the level of uncertainty about the characteristics being measured (Matima, 2001:82). The study will be a success if a simple random sampling is used.

SIMPLE RANDOM SAMPLING

It means that a group of people is selected at random from a complete list or map of a given population. The simple random sampling technique was used for this study and the following are the characteristics of simple random sampling:

- In a simple random sampling each element in the population has a known and equal probability of selection.
- Furthermore, each possible sample of a given size has a known and equal probability of being the sample actually selected.
- The sample is drawn by a random procedure from a sampling frame.

- To draw a simple random sample, the researcher first compiles a sampling frame in which each element is assigned a unique identification number (Matima, 2001:83).

ADVANTAGES OF SIMPLE RANDOM SAMPLING

The following are the advantages of simple random sampling:

- Easily understood.
- Results projectable.

DISADVANTAGES OF SIMPLE RANDOM SAMPLING

The following are the disadvantages of simple random sampling:

- Difficult to construct sampling frame.
- Expensive.
- Lower precision.

4.3 MEASURING INSTRUMENT

Written structured types of questionnaires were used to obtain data from respondents. Questionnaires were designed in order to interrogate the literature used. The purpose of having questionnaires was to make sure that the opinions customers have about Telkom are made clear and are consistent with the context of the problem. Ten (10) questions comprised each questionnaire, bearing information on satisfaction, transformation, quality of service and commitment to support the service. According to Matima (2001) mail surveys should have the following attributes:

- Questionnaires are sent to pre-selected potential respondents.
- A typical mail interview package consists of the outgoing envelope, cover letter, questionnaire, return prepaid envelope, and possibly an incentive.
- The respondents complete and return the questionnaires.

GETTING BETTER FEEDBACK

Matima (2001) asserts that getting feedback on sent mail is very important and the following should be ensured:

- Make use of the mail panels and compensate them with various incentives.
- Send a stamped envelope.
- Do not formulate long questionnaires.

ADVANTAGES OF MAIL SURVEYS

Advantages of mail surveys are as listed below:

- Low costs involved.
- Quality information is received.
- Respondents can fill questionnaires in their own time.

DISADVANTAGES

Disadvantages of mail surveys are as listed below:

- Not all respondents complete the questions.

- Because the interviewer is not present the respondents may misinterpret questions.
- Sometimes questionnaires are sent back incomplete (Matima, 2001:42).
- Low response rate.

4.4 DATA ANALYSIS

Data were collected by means of questionnaires sent out to respondents and analysed. More details on analysis of data will be dealt with comprehensively in chapter 5. Descriptive statistics will be used to analyse the data obtained from respondents in this research study.

4.5 CONCLUSION

The nature of the problem will to a large extent determine the type of the instrument used to collect data, and it was clarified why questionnaires were used in this study- the research has to do with opinions, attitudes and so forth. The advantages and disadvantages of the methodologies used were looked at objectively and decisions were made based on the merit of the problem. More light will be shed to the study according to the responses that will be reported in the next chapter (chapter 5).

CHAPTER 5

RESULTS AND INTERPRETATION

5.1 INTRODUCTION

In this chapter the researcher reports on the results of the empirical investigation conducted to determine the nature and scope of organisational transformation, its impact on the customer service satisfaction and customer retention. These aims have been broken down into research questions. The responses obtained from these research questions would serve as the attainment of the aims of this study.

5.2 PRESENTATION OF RESULTS

Of the 100 distributed questionnaires, 64 were received back. Each questionnaire comprised of 10 questions and responses were as follow:

TABLE 5.1. SATISFACTION ON QUALITY OF TELKOM SERVICES

Services quality satisfaction	**RESPONDENTS**	**PERCENTAGES**
Very satisfied	16	25
Satisfied	35	54.7
Dissatisfied	10	15.6
Very dissatisfied	3	4.7
Total	**64**	100

Table 5.1 reveals that 35(54.7%) respondents indicated that they are satisfied with the quality of Telkom's services while 16(25%) respondents are very satisfied with the quality of Telkom's services. 10(15.6%) respondents are dissatisfied with the quality of Telkom's services and 3(4.7%) respondents said that they are very dissatisfied with the quality of Telkom's services.

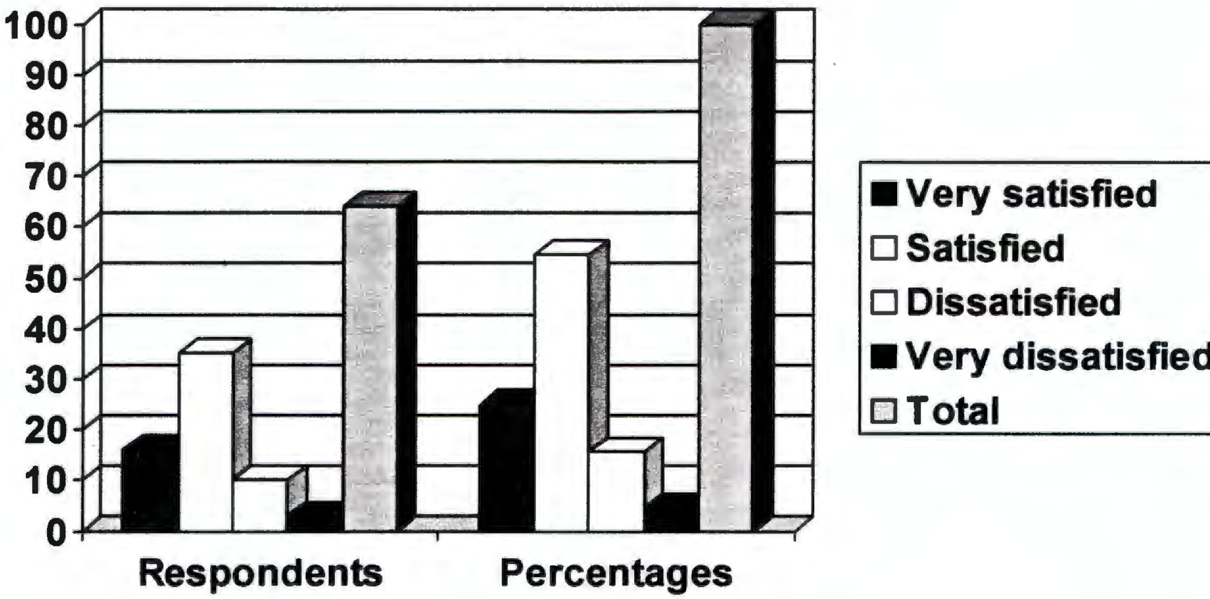

Fig. 5.1 Satisfaction on quality of Telkom's services

Figure 5.1 is a graphic representation of table 5.1 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.2. QUALITY OF TELKOM'S NETWORK

Network quality	RESPONDENTS	**PERCENTAGES**
Excellent	9	14.1
Good	30	46.9
Average	22	34.4
Poor	3	4.7
Total	**64**	100

Table 5.2 shows that 9(14.1%) of total respondents indicated that the quality of Telkom's network is excellent. 30(46.9%) respondents indicated that the quality of Telkom's network is good while 22(34.4%) pointed out that the quality of Telkom's network is average and only 3(4.7%) respondents say that the quality of Telkom's network is very poor.

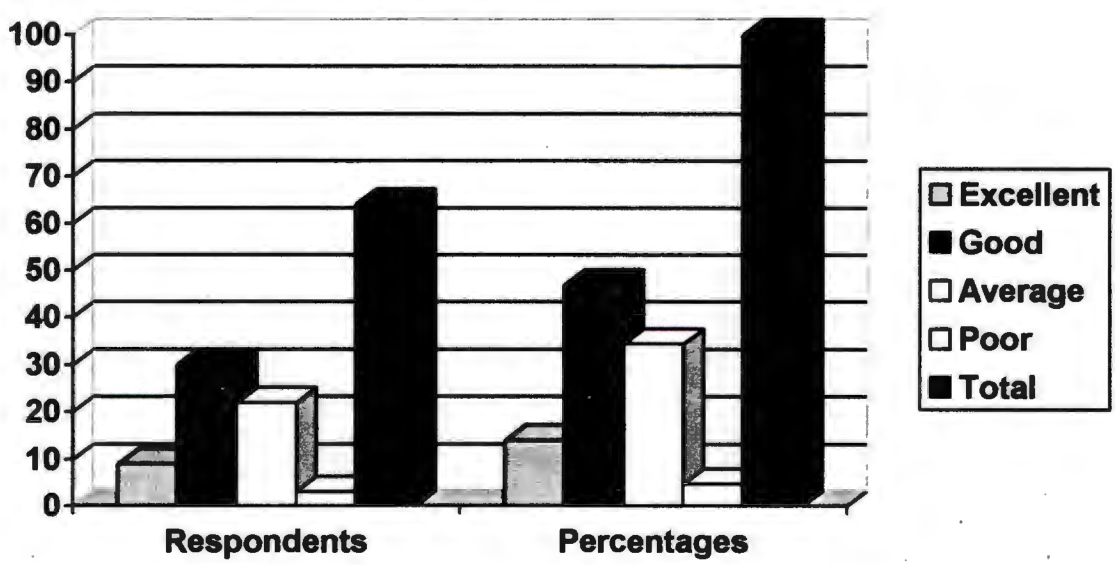

Fig. 5.2. Quality of Telkom's network

Figure 5.2 is a graphic representation of table 5.2 and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.3. TECHNICIANS' APPEARANCE TO CUSTOMERS

Technicians' appearance	**RESPONDENTS**	**PERCENTAGES**
Multi skilled	23	35.9
Skilled	21	32.8
Semi skilled	17	26.6
Unskilled	3	4.7
Total	**64**	100

Table 5.3 reveal that of total respondents, 21(32.8%) indicated that Telkom technicians appear to be multiskilled. 23(35.9%) respondents indicated that Telkom technicians appear to be skilled while 17(26.6%) respondents indicated that Telkom technicians are semi skilled. Only 3(4.7%) respondents pointed out that Telkom technicians are unskilled.

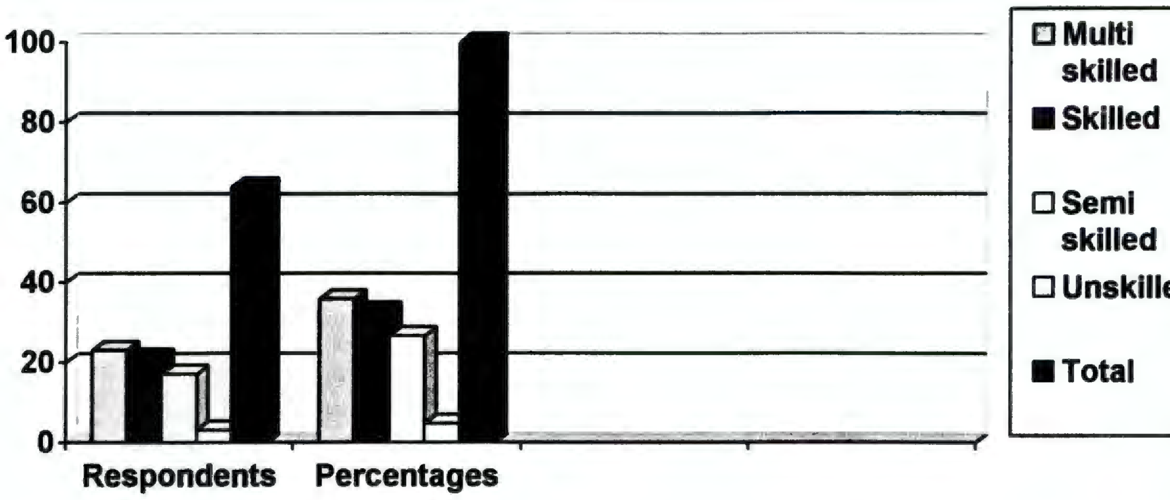

Fig.5.3. Technicians' appearance

Figure 5.3 is a graphic representation of table 5.3 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.4. DECISION TO STOP SERVICE CONTRACT

Decision to stop service	RESPONDENTS	PERCENTAGES
Yes	22	34.4
No	42	65.6
Total	**64**	100

According to table 5.4. 22(34.4%) respondents indicated that they have decided to stop their service contracts with Telkom while 42(65.6%) respondents indicated that they have not decided to stop their service contract with Telkom.

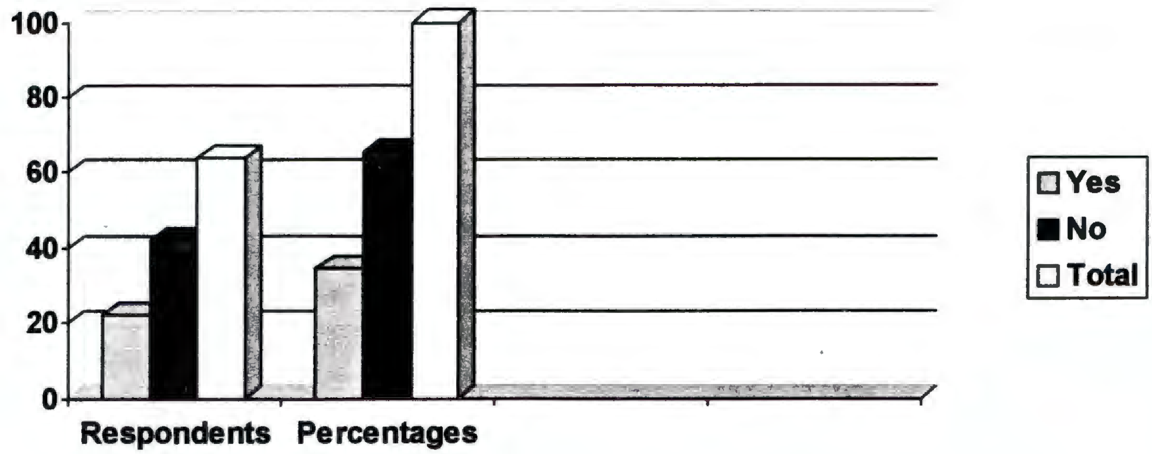

Fig. 5.4. Decision to stop service contract

Figure 5.4 is a graphic representation of table 5.4 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.5. REASONS FOR STOPPING SERVICE CONTRACTS

Reasons for stopping service contract	RESPONDENTS	**PERCENTAGES**
My bill is always high	28	43.8
Interrupted service	28	43.8
Reliable service provider	6	12.5
Clients not informed of service outage	2	21.9
Total	**64**	100

Table 5.5 reveals that 28(43.8%) respondents indicated that their reason for deciding to stop service contract with Telkom is that their bills are always high.

28(43.8%) indicated that their reason for deciding to stop service contract with Telkom is tat their services are interrupted. 6(9.4%) respondents indicated their reason for deciding to stop their service contract with Telkom being that there is a new reliable service provider and only 2(3.1%) indicated that Telkom doesn't inform clients of service outage.

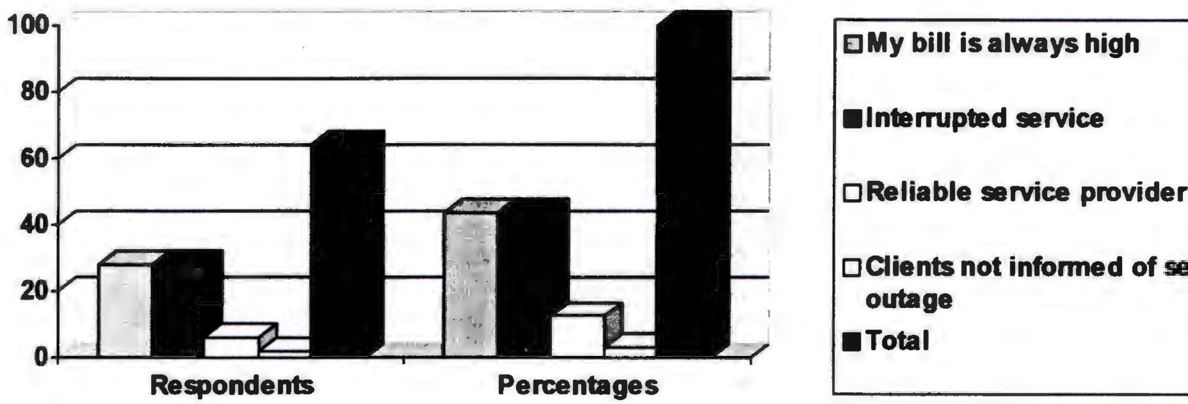

Fig.5.5. Reasons for stopping service contract

Figure 5.5 is a graphic representation of table 5.5 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.6. SERVICE INTERRUPTION FREQUENCY

Service interruption frequency	RESPONDENTS	PERCENTAGES
Once a month	18	28.1
Twice a month	5	7.8
> Twice a month	13	20.3
None of above	28	43.8
Total	**64**	100

Table 5.6 shows that 18(28.1%)respondents indicated that they do not experience any service interruption. 28(43.8%) respondents indicated that they experience service interruption once a month. 5(7.8%) respondents experience service interruption twice a month. 13(20.3%) experience service interruption more than twice a month.

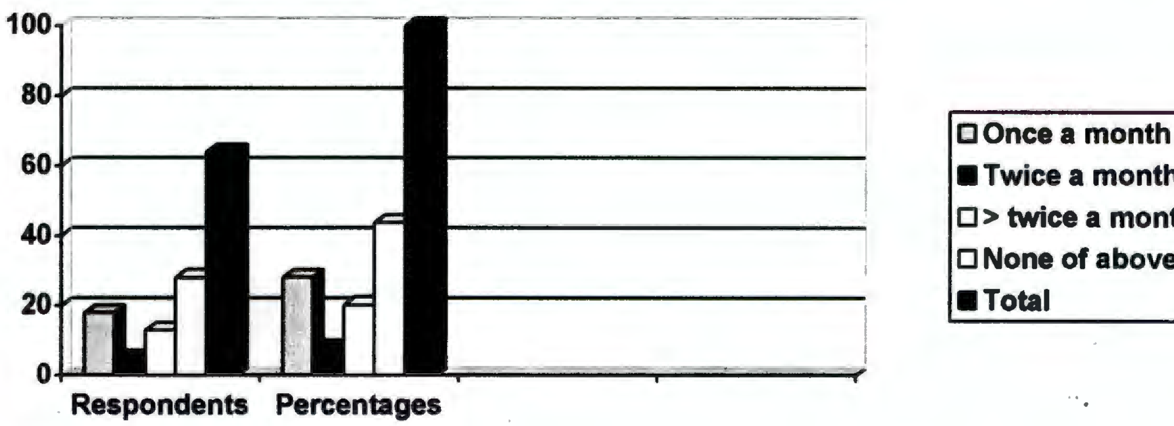

Fig. 5.6. Service interruption frequency

Figure 5.6 is a graphic representation of table 5.6 and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.7. COMMITMENT TO SUPPORT TELKOM

Commitment to support Telkom	**RESPONDENTS**	**PERCENTAGES**
Always	33	51.6
Somewhat	8	12.5
Not at all	9	14.1
Unsure	14	21.9
Total	**64**	100

Table 5.7 reveals that 33(51.6%) respondents indicated that they will always support Telkom. 8(12.5%) respondents indicated that they will somewhat support Telkom. 9(14.1%) respondents indicated that they will not support Telkom at all. Only 14(21.9%) respondents are unsure as to whether they will support Telkom despite the changes.

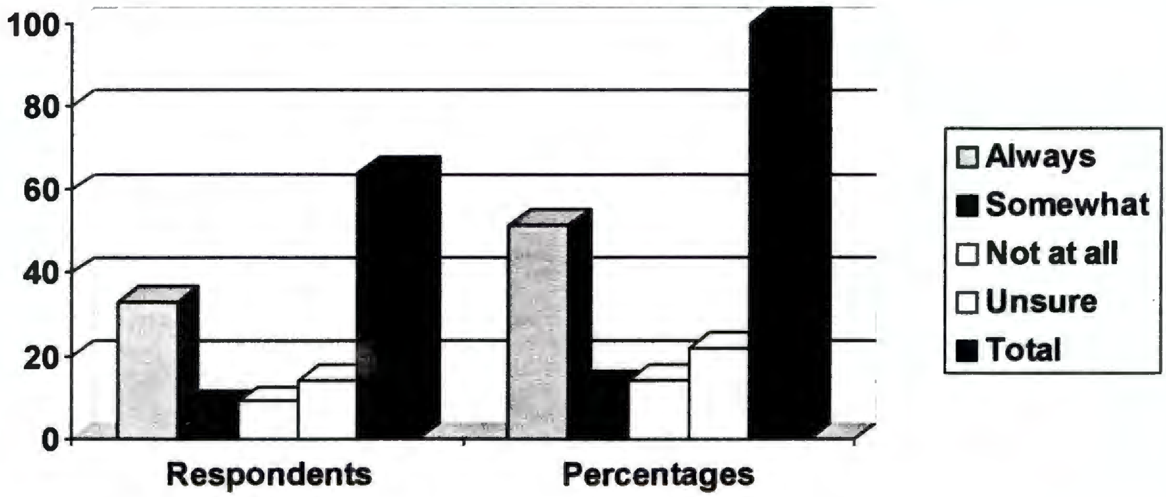

Fig.5.7. Commitment to support Telkom

Figure 5.7 is a graphic representation of table 5.7 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.8. TRANSFORMATIONAL CHANGES COMMUNICATED

New billing methods communicated	RESPONDENTS	PERCENTAGES
Yes	8	12.5
No	34	53.1
Unsure	22	34.4
Total	**64**	100

Table 5.8 reveals that of total respondents, 8(12.5%) indicated that they agree that Telkom communicates transformational changes to customers. 34(53.1%) respondents indicated no in their responses, meaning that Telkom doesn't

communicate the transformational changes to customers meanwhile 22 (34.4%) respondents indicated that they are unsure whether Telkom communicate transformational changes to customers.

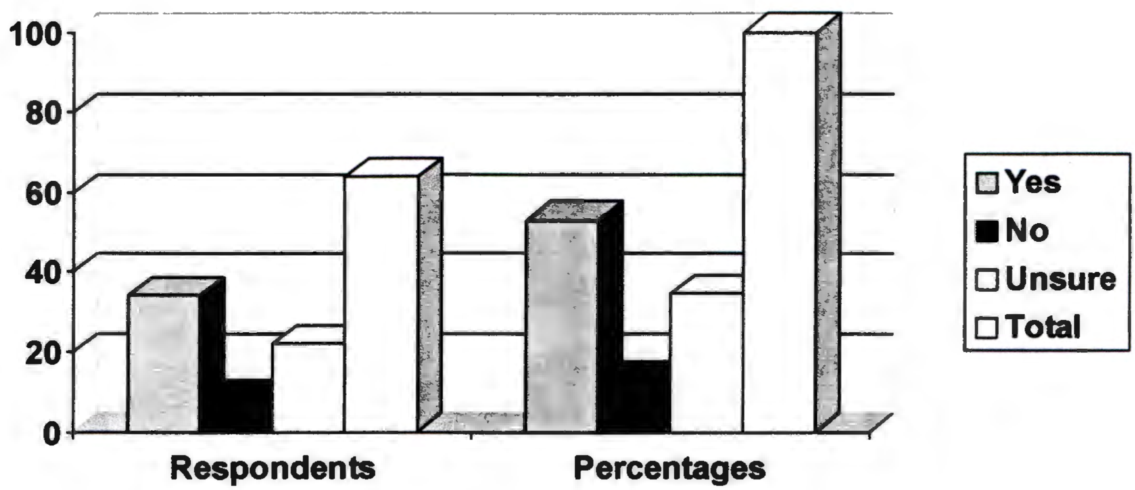

Fig.5.8. Changes communicated

Figure 5.8 is a graphic representation of table 5.8 above, and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.9. RECOMMENDING TELKOM SERVICES

Recommending Telkom's services	RESPONDENTS	PERCENTAGES
Very much	40	62.5
To a little extent	23	35.9
Not at all	1	1.6
Total	**64**	100

Table 5.9 reveals that 40(62.5%) respondents would very much recommend Telkom services to friends and families meanwhile 23(35.9%) respondents indicated that they would recommend Telkom services to friends and families to a little extent. Only 1(1.6%) indicated that he would not recommend Telkom services to friends and families.

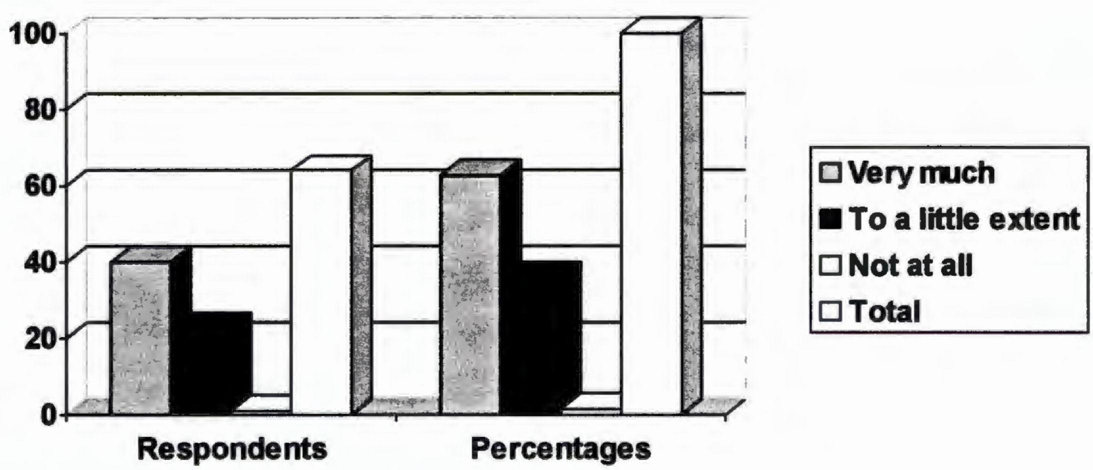

Fig.5.9. Recommending Telkom's services

Figure 5.9 is a graphic representation of table 5.9 and provides a visual perspective of the statistics interpreted in the table.

TABLE 5.10. RELIABILITY OF RESOURCES

Resources reliability	**RESPONDENTS**	**PERCENTAGES**
Strongly agree	14	21.9
Agree	36	56.3
Unsure	10	15.6
Disagree	2	3.1
Strongly disagree	2	3.1
Total	**64**	100

Table 5.10 shows that 14(21.9%) respondents strongly agree that Telkom's resources are reliable. 35(54.7%) respondents agree that Telkom's resources are reliable.10 (15.6%) respondents indicated that they are unsure if Telkom's resources are reliable. 3(4.7%) respondents indicated that they disagree that Telkom's resources are reliable and only 2(3.1%) respondents indicated that they strongly disagree that the Telkom's resources are reliable.

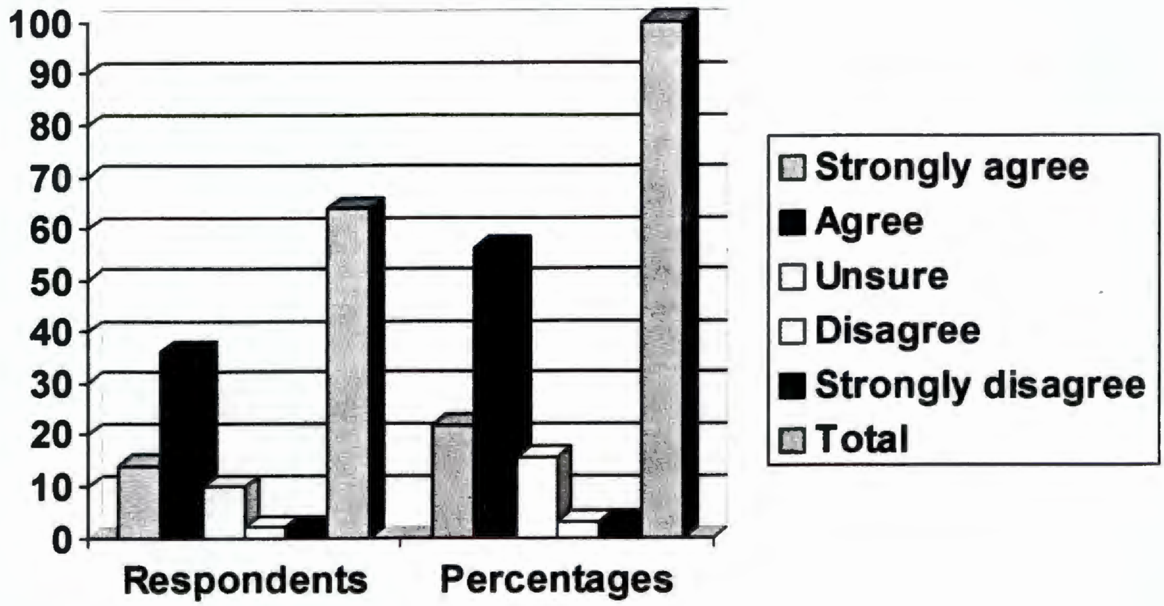

Fig.5.10. Resources reliability

Figure 5.1 is a graphic representation of table 5.1 above, and provides a visual perspective of the statistics interpreted in the table.

5.3 CONCLUDING REMARKS

Responses received from questionnaires collected were thoroughly analysed. Responses were presented on tables and graphs. Respondents gave one of their responses that they have suggestions as how they would expect their services to be rendered to them, but could not disclose those suggestions. Further comments on this aspect will be discussed in the next chapter.

CHAPTER 6

DISCUSSIONS, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The conclusions based on the findings obtained from the questionnaires returned by respondents, are discussed in this chapter. Recommendations are made on aspects researched on this study. The aims of the study depend on the attainment of the research questions to be addressed. It is the main purpose of this chapter to probe into the extent to which questions have been answered. All questions were designed to have the significance in addressing the research questions.

6.2 DISCUSSIONS AND CONCLUSIONS DERIVED FROM RESULTS

On analysing the information, the following discussions addressed the questions raised in earlier chapters. The research questions were as follow:

- Does Telkom have the capacity to serve its customers better?
- Are customers satisfied with the service they get from Telkom?
- How committed is Telkom to its customers and vice versa?

According to Table 5.1 Telkom customers are satisfied with the services they receive from Telkom. The total number of respondents who are satisfied and very satisfied with Telkom's services is 51(79.7%). This is a good indication that

Telkom renders services according to the expectation of its customers. The response of this table answered the research question: "Are customers satisfied with the services they get from Telkom?"

The results of Table 5.2 show that the sum total of the respondents who indicated that the quality of Telkom network is excellent and good is 39(61%). It can be concluded that the network of Telkom is between excellent and good. A good network has the ability to carry voice and data and can also be used to its maximum capacity. The majority of responses of this table answered the question, which was asked in earlier chapters: "Does Telkom have the capacity to serve its customers better?"

Table 5.3 revealed that 21(32.8%) of respondents indicated that Telkom technicians appear to be skilled and 23(35.9%) of respondents indicated that Telkom technicians appear to be multiskilled. The sum total of these response patterns is 44(68.7%) and is a majority response. It can thus be concluded that Telkom technicians are fairly multiskilled. This ability enables them to serve Telkom customers with confidence and dedication. They are informed of unending changes within the company for instance technological improvements.

The results of Table 5.4 reveals that majority the respondents, 42(65.6%) indicated that they have not made any decisions to stop heir service contract with Telkom. They are showing a level of commitment. Telkom can rest assured that they are backed up by more than half of their customer base. There are some risky and crucial strategic decisions that Telkom can take at this stage since they have been reassured of support for instance they can modernise the network further. The results of these responses partially addressed the research question: "How committed is Telkom to its customers and visa versa?". Indeed, the customers are showing commitment and Telkom's commitment is evidenced by its desire to transform and to be in line with the customers' expectations.

Respondents gave reasons as depicted in Table 5.5 that their bills are always high and their services are interrupted. Both reasons are of the same number of respondents, 28(43.8%) each. When bills are high, the likelihood is that they might not be paid for and the next step would be that the service is blocked. The services may be interrupted in many ways for instance it can be fraudulently intercepted, used for wrong purposes and calls made to far and foreign destinations. These interruptions inconvenience customers in many ways. Some customers are using their telephone lines for business purposes or as a source of income and when they are not in order, then it means that they will not receive income for that particular instance.

Table 5.6 reveals that the majority respondents, 28(43.8%) experience interruptions once a month. It is not good for both Telkom and its customers. Both experience losses in revenue and services respectively.

Table 5.7 shows that 33(51.6%) respondents are prepared and committed to support Telkom despite the transformational changes that are taking place. Commitment assists the company to measure itself against the world class companies. It compares the abilities of its customers and its competitors to see if they will survive. This puts a special emphasis on the solution derived for research question, "How committed is Telkom to its customers?"

The results of Table 5.8 indicate that Telkom does not communicate new billing methods to its customers. This is one of the main concerns of its customers. Changes will create uncertainties in the minds of customers when they are not communicated to. Willingness to subscribe to service is affected by the lack of communication.

Table 5.9 shows that the vast majority of respondents would recommend Telkom's services to friends and families. This is a phenomenal number of respondents, 63(98.4%). There must be something good about the service so that it can be recommended at this magnitude. This answered the research question: "How committed is Telkom to its customers and vice versa?". By now it is clear that customers have shown their loyalty and commitment.

Table 5.10 revealed that 49(76.6%) respondents agree that Telkom's resources are reliable. This is an indication that Telkom has done all its best to ensure that its resources are reliable. This gives Telkom a competitive edge to be ready for any situation. This answered a research question: "Does Telkom have the capacity to serve its customers better?" According to the results the answer to this question is yes.

6.3 IMPLICATION OF THE RESULTS

Following the perceptions and concerns customers had about the services rendered by Telkom, one would expect the results of the questionnaires to be very negative, thus verifying their views. The contrary to majority of the concerns happened. Analysis of the results however shows that transformation has improved telecommunications services rendered by Telkom. Telkom customers have demonstrated their unwavering support and total commitment when 63(98.4%) respondents indicated that they would recommend Telkom services to families and friends. The study has addressed all the objectives, which were outlined from outset. Transformation has helped in instilling effective decision making by customers to support Telkom when they realised the changes transformation has brought. Relatively small sample serve as limitation.

6.4 RECOMMENDATIONS

The effectiveness of this study depends entirely on the recommendations made hereunder to address the problem areas discovered through the responses:

- Every means of communication need to be used to inform customers of new billing methods. Follow ups in a form of distribution of flyers by Telkom are important to ensure that all customers are aware and understand why new billing methods are used.

- It is recommended that Telkom infrastructure be placed in highly secured places where it will be difficult to be tampered with. It will be value adding if all testing points can be housed in lockable places to deny criminals access. If all customers' lines can be equipped with switching parameters that cannot be switched on by any means other than the customers themselves from their respective premises, then services' interruptions and outages will decrease significantly.

- It is recommended that customers be given free detailed billing facilities, which are not subscribed for. A detailed billing facility is a feature of a fully digital telephone exchange, which keeps the memory of all calls made. Some of the features need to be explained in full before customers make decisions to subscribe for them. Customers acquire these facilities after being informed of their advantages by sales representatives who omit to inform them of their financial implications.
- It is recommended that a further research be conducted in this study.

6.5 CONCLUSION

Different organisational behaviour, service management and telecommunications literatures were consulted to determine what transformation is and its impact on the delivery of telecommunications services. In conclusion the study revealed that transformation is a second order change, which is viewed differently by many writers. A well transformed organisation offer good service benefits to its customers.

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ADENDUM A

THE QUESTIONNAIRES FOR TELKOM CUSTOMERS

TOPIC: THE IMPACT OF TELKOM TRANSFORMATION ON TELECOMMUNICATION SERVICES IN MAFIKENG AREA: A CUSTOMER'S PERSPECTIVE.

Please mark your choice with "x" in the block that matches your answer. Answers are given below each question.

1. How satisfied are you with the quality of Telkom's services?

(a) Very satisfied	
(b) Satisfied	
(c) Dissatisfied	
(d) Very dissatisfied	

2. Please rate the quality of Telkom's network:

(a) Excellent	
(b) Good	
(c) Average	
(d) Poor	

3. Telkom technicians appear to be:

(a) Multiskilled	
(b) Skilled	
(c) Semiskilled	
(d) Unskilled	

4. Have you ever decided to stop your service contract with Telkom?

(a) Yes	
(b) No	

5. I decided to stop service contract with Telkom because:

(a) My bill is always high	
(b) My service gets interrupted	
(c) There's a new reliable service provider	
(d) Telkom doesn't inform clients of outages	

6. How many times do you experience service interruption?

(a) Once a month	
(b) Twice a month	
(c) More than twice a month	
(d) None of the above	

7. I will support Telkom despite the changes brought by competition

(a) Always	
(b) Somewhat	
(c) Not at all	
(d) Unsure	

8. Would you say that the new billing methods introduced by Telkom transformation were well communicated?

(a) Yes	
(b) No	
(c) Unsure	

9. Would you recommend Telkom service to friends and family?

(a) Very much	
(b) To a little extent	
(c) Not at all	

10. In your opinion are Telkom resources reliable?

(a) Strongly agree	
(b) Agree	
(c) Unsure	
(d) Disagree	
(e) Strongly disagree	

Comment:…………………………………………………………………………………

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THE IMPACT OF TELKOM'S TRANSFORMATION ON TELECOMMUNICATION SERVICES IN MAFIKENG: A CUSTOMER'S PERSPECTIVE

By

PHENYO WILLIAM JOHNSON

ST # 10169792

SUBMITTED IN PART FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSSINESS ADMINISTRATION AT THE UNIVERSITY OF NORTH WEST , MMABATHO.

SUPERVISOR : PROF W. P.J VAN RENSBURG

DATE SUBMITTED : OCTOBER 2003

ADDENDUM B

QUESTIONNAIRE

Dear Respondent

My name is Phenyo Johnson and I am conducting a research on " **The impact of Telkom Transformation on Telecommunication Services in Mafikeng: A customer's perspective**", to fulfil the requirements of my academic (MBA) programme. Please answer all questions to the best of your ability, as responses will be used to arrive at certain conclusions. You are assured that the responses given will remain confidential and only used for the enhancement of research. You are neither required to give your personal particulars nor your name.

There are no correct or incorrect answers.

Thanking you for your cooperation.

Phenyo W. Johnson